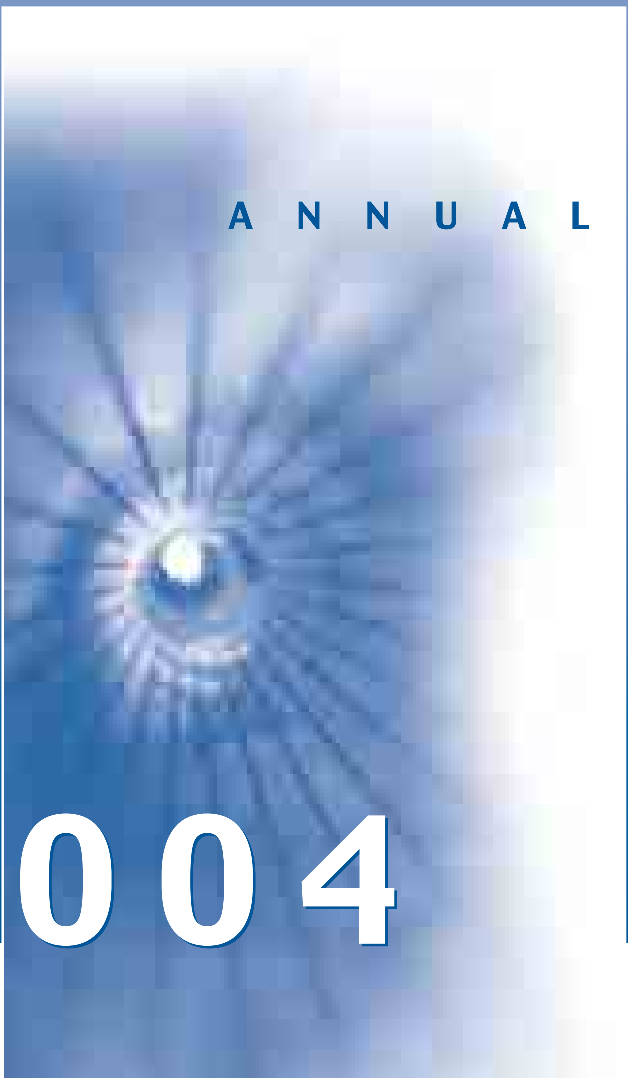
REUNERT

REUNERT LIMITED

ANNUAL REPORT



2004

VISION

REUNERT MANAGES BUSINESSES IN THE ELECTRONICS AND 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 RETURNS.

CONTENTS

REUNERT

REUNERT LIMITED

HIGHLIGHTS OF THE YEAR

Headline earnings per share up 51%

Total dividends of 160 cents per share declared

Operating profit increased by 15% to R701 million

R477 million returned to shareholders via share buy-back

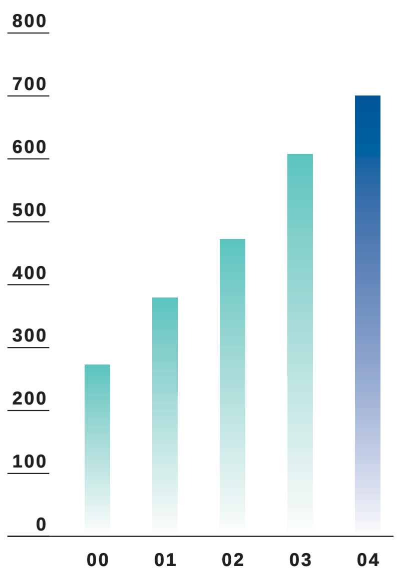
Balance sheet structure improved by selling finance book

Siemens Telecommunications returned to profitability

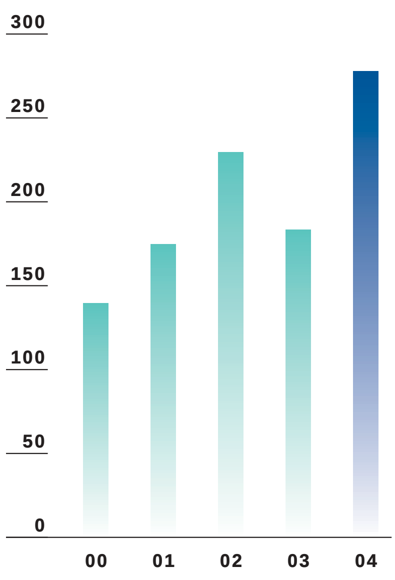
Acquisition of Pirelli NV's 50% stake in African Cables

Acquisition of Heinemann Electric in Australia

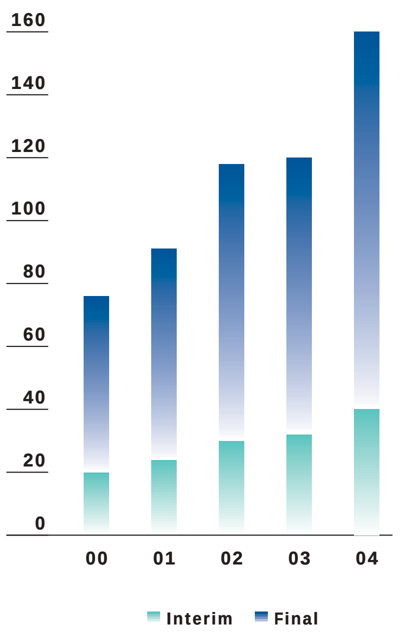
OPERATING PROFIT
(R MILLION)



HEADLINE EARNINGS
PER SHARE (CENTS)



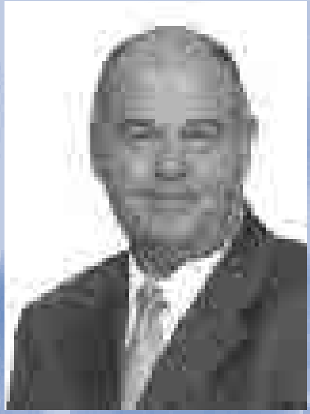
DIVIDENDS
(CENTS PER SHARE)



LETTER TO SHAREHOLDERS

Over the last five years, headline earnings per share have grown at a compound rate of 19% a year.

DEREK COOPER
– CHAIRMAN



GERRIT PRETORIUS
– CHIEF EXECUTIVE

DEAR SHAREHOLDER

We are pleased to report that the 12 months to 30 September 2004 has been another good period for Reunert. Headline earnings per share increased by 51% from 184 cents to 278 cents. This significant improvement reflects good performances for all Reunert subsidiaries and a pleasing return to profitability by Siemens Telecommunications which incurred a loss last year. Compared to the group's 2002 results, headline earnings per share grew by 21%.

Exceptionally strong cash generation during the year enabled us to propose to shareholders a buy-back of 10% of the issued shares of the company. In that way, we have returned R477 million to our shareholders who will enjoy the ongoing benefit of higher future earnings per share as the number of ordinary shares in issue has been reduced by 19,1 million. Total dividends of 160 cents for the year have been declared, a 33% increase on the previous year.

Over the last five years, headline earnings per share have grown at a compound rate of 19% a year. In calculating this rate, the effect of interest lost due to the special dividend of R500 million in 1999 was not taken into account. Over the same period, R2 billion has been returned to shareholders by way of normal and special dividends plus the recent share buy-back.

Group turnover grew by a marginal 2,4% to R6,2 billion, restricted by the stronger rand. Interest received increased significantly, mainly due to continued strong internal cash flow and the sale of the finance book in December 2003. This sale improved the structure of Reunert's balance sheet. The finance book is building up again and, if necessary, we can repeat the process.

Since 1997, Reunert has evolved from a diversified business to one focused on its chosen core areas of electronics and electrical engineering. Investment in these areas will continue to expand the group's capacity and improve efficiency. Capital expenditure is broadly in line with depreciation. Organic growth has been encouraging and, in addition, several strategically significant acquisitions have been made. We intend to follow this dual strategy of supplementing organic growth with selected focused investments.

Given the dominant position of all the group's businesses in the South African market, the board is conscious that future growth will be limited unless we enter new markets and add products to our portfolio. Accordingly, Circuit Breaker Industries (CBI) acquired the business of Heinemann Electric in Australia. This acquisition broadens CBI's reach in the Australasian markets, augmenting the presence it already has in North America and Europe.

It is our stated intention that we would prefer all subsidiaries to be wholly owned. By acquiring Pirelli NV's 50% stake in African Cables with effect 30 September 2004, that objective has been achieved.

The introduction of empowerment partners in subsidiary companies is both a social and economic requisite. Most of our empowerment agreements concluded to date make provision for converting equity holdings in subsidiary companies into shareholding at the Reunert Limited level if considered necessary.

Effective 1 December 2004 a 25,1% interest of our cable businesses ATC and African Cables has been sold to Powerhouse Utilities, a black-owned company. Prior to this transaction Powerhouse has had a close working relationship with African Cables which has now been converted into an equity stake.

OPERATIONAL REVIEW

ELECTRICAL ENGINEERING

The electrical engineering division's turnover grew by 7% to R1,5 billion and operating profit by 11% to R217 million.

CBI has had another successful year, increasing both volumes and profits. Exports continue to rise. The recent acquisition of Heinemann Electric should provide the necessary base for growth in Australasia. CBI's export sales grew by 38% and it is aiming to increase its export sales to 50% of total sales over the next few years.

In world market terms, CBI has an insignificant market share. This presents major international growth opportunities. To increase capacity, a fourth assembly plant has been opened in Lesotho. This factory is dedicated to manufacturing specialised circuit breakers for equipment protection for the export market.

Although telecommunications cable manufacturer, ATC, continues to operate in a subdued market, operating results improved considerably during the year due to significant restructuring. The company was awarded part of the Telkom optical fibre contract and, as costs are largely fixed, any increase in volume will boost profitability.

African Cables benefited from strong demand for energy cables. We expect this situation to continue at least until 2010. The housing boom has increased the demand on South Africa's electrical distribution infrastructure. In large parts of the country, the power cable network has to be replaced. New equipment is being installed at African Cables' operations at Vereeniging to increase capacity to satisfy robust demand. In addition, Cafca, the Zimbabwean operation in which African Cables holds a 72% stake, has started supplying cable to South Africa to partly satisfy demand.

ELECTRONICS

The electronics division's turnover remained flat. Operating profit improved by 71% to R656 million.

Office systems continued its strong performance and reported a 44% increase in operating profit. Nashua, our office automation business and its associated finance company, enjoyed pleasing volume growth. Inroads have been made into the competitive laser colour-printer market. Nashua's aim is to increase its total document volume and penetration of the colour market, supported by strong product offerings and distribution channels.

The consumer products and services division increased turnover by 6% to R3,4 billion with a 44% increase in operating profit. This improvement was mainly due to Reunert Consumer and Commercial Holdings (RC&C) being able to adjust to the strong rand. Trading in Panasonic products has been good and margins have been more acceptable. Improved asset management has greatly reduced the risks associated with currency fluctuation.

The multibrand strategy adopted two years ago has enabled RC&C to address the entire consumer electronics market. In the past, RC&C concentrated on the upper end of the market by offering only Matsushita premium products. The introduction of the Futronic brand as a lower-priced alternative is proving successful. The development of the business systems division has met expectations. Its direct presence in the market is having a positive effect on sales and profits and the division has solid growth opportunities.

Nashua Mobile's success is mainly attributable to the quality of its customer base. Although the number of customers increased, it was more the low churn and high spending patterns of existing customers that yielded the good results. At year-end, Nashua Mobile had 361 000 contract subscribers and 30 000 prepaid customers.

INVEST

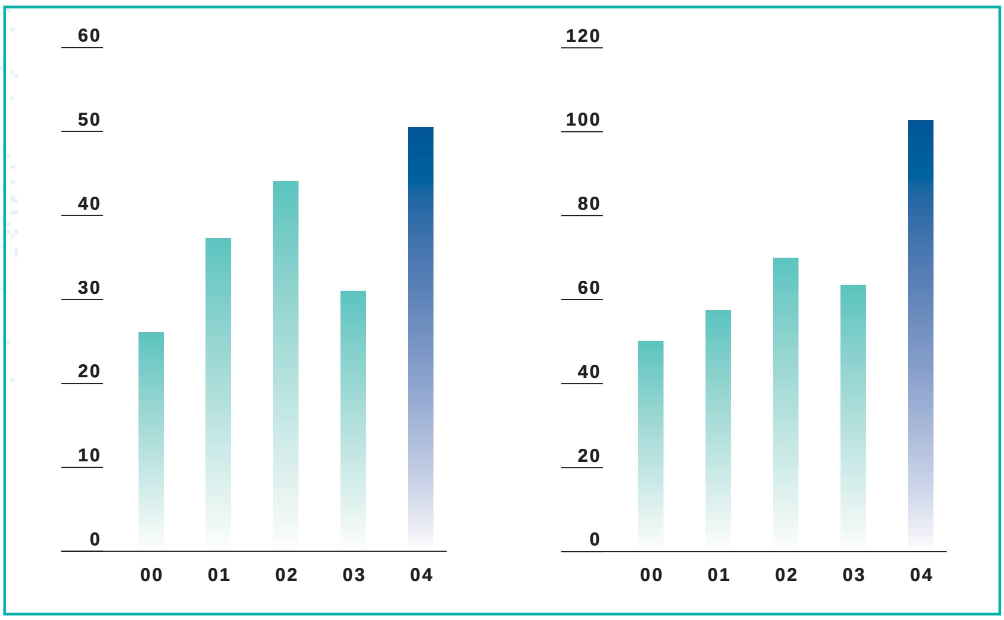
The longevity of independent service providers is topical at the moment. Reunert is in discussions with all operators. We are confident the matter will be dealt with responsibly and in the interests of stakeholders.

In the telecommunications division, increased volumes offset the negative effects of the strong rand. Siemens Telecommunications returned to profitability. Order intake remains high and prospects for both the fixed-line and wireless businesses are encouraging. Siemens Telecommunications has been selected to roll out Africa's first third-generation network. The project has commenced and switch-on is expected in December 2004. Coupled with increased activity in the fixed-line business and expected market share growth in enterprise systems, the outlook for 2005 is positive.

The defence division's performance has been disappointing. Operating profit dropped from R118 million to R49 million over the same period last year, constituting 5% of the group's operating profit. Reutech's order intake this year did not meet expectations. Exports and profits were negatively affected by the strong rand and consequently Reutech's competitive position weakened. Management remains focused on ensuring the desired long-term positioning and strength of Reutech.

RETURN ON EQUITY (%)

RETURN ON NET OPERATING ASSETS (%)



GROWTH

PROSPECTS

We are confident earnings growth will continue in the next financial year. Our focus remains on ensuring sustainable longer-term growth in headline earnings per share.

APPRECIATION

Without the support and advice of our board of directors and our loyal employees, Reunert would not have been able to achieve what it has during the past year. Our heartfelt thanks to all of you.

Earlier this year, Mr Charles Valkin retired from the Reunert board. His much-valued input over the years is deeply appreciated and we wish him well for the future. We welcome Ms Khumo Radebe to the board and look forward to a mutually beneficial relationship.

Derek Cooper
Chairman

Gerrit Pretorius
Chief executive

Sandton
15 November 2004

We are confident earnings growth will continue in the next financial year.

BOARD AND GOVERNANCE STRUCTURES

EXECUTIVE DIRECTORS

G Pretorius (56)
Chief executive
BSc, BEng, LLB, PMD
Appointed to the board in 1990

Gerrit joined Fuchs Electronics as a development engineer in 1973 and completed an LLB, studying part-time. Progressing through the ranks he was appointed managing director of Reutech in 1989.

In 1990 he was appointed to the Reunert board. Following the unbundling of the group in 1993 he restructured Reunert's telecommunications interests and established joint ventures with Siemens Limited and GEC plc. A year later he was appointed chief executive of Telephone Manufacturers of South Africa.

In April 1997 Gerrit was promoted to chief executive of Reunert Limited.

BP Gallagher (54)
Executive director
BCom, CA(SA)
Appointed to the board in 1993

Pat joined the Barlow Rand Group, Rand Mines Properties as financial accountant in 1976. He was promoted soon after and consequently served as managing director for various companies in the Barlow Rand Group.

With the unbundling of the Barlow Rand Group in 1993, Pat was appointed executive director of Reunert Limited and chairman of Reunert Consumer and Commercial Holdings.

GJ Oosthuizen (50)
Commercial director
Bluris, LLB
Appointed to the board in 1997

Gerrit practised as a lawyer for nine years before joining the Barlow Rand Group as an industrial relations advisor in 1987.

In 1996 he was appointed executive director: human resources at PPC Limited and the following year returned to Reunert as an executive director.

Gerrit's current responsibilities include general commercial work, corporate communications and legal affairs.

DJ Rawlinson (55)
Financial director
CA(SA)
Appointed to the board in 1992

After completing his articles David joined Coopers & Lybrand and was then seconded to England for three years.

He has been involved for the past 15 years 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.

NON-EXECUTIVE DIRECTORS

DE Cooper (64)
Chairman
CA(SA)
Appointed to the board in 1998

Derek was appointed non-executive chairman of Reunert Limited in May 1999 after he became chairman (for the first time) in the mid-1980s.

He started at Barlow Rand Limited in 1964 and held various positions, culminating in the appointment as vice-chairman and managing director of Barlow Rand Limited in 1992. After the unbundling of the conglomerate of Barlow Rand Limited, he was appointed chairman of CG Smith Limited in 1993. He held this position until the unbundling of this group in 2000.

Derek is chairman of Liberty Holdings Limited, Liberty Group Limited and Standard Bank of SA Limited.

BP Connellan (64)
Non-executive, independent director
CA(SA)
Director of companies
Appointed to the board in 1999

Brian retired as executive chairman of Nampak Limited in 2000, a position he had held since 1990. He joined the Barlow Group in 1964 and managed a number of subsidiaries before being appointed as director of Barlow Rand Limited in 1985.

He is director of Absa Group Limited, Illovo Sugar Limited, Oceana Group Limited, Nampak Limited, Tiger Brands Limited, Sasol Limited and an alternate director of the Bidvest Group Limited. In addition, Brian is past councillor of the South Africa Foundation, Corporate Forum and the Institute of Directors, as well as a contributor to King I and King II on corporate governance.

SD Jagoe (53)
Non-executive, independent director
BSc (Eng), MBA
Merchant banker
Appointed to the board in 2000

Sean is a senior advisor in Morgan Stanley's Johannesburg office, with 22 years' experience in banking and finance. Prior to joining Morgan Stanley, he was head of mergers and acquisitions at Deutsche Morgan Grenfell, head of corporate finance at Rand Merchant Bank and chief professional officer with the Industrial Development Corporation.

Sean also serves on the boards of AVI Limited, Consol Limited and Ceramic Industries Limited.

KJ Makwetla (63)
Non-executive, independent director
Social Work Diploma, PMD (Harvard)
Appointed to the board in 2000

Bobby spent most of his working life in the furniture industry. He served as executive director for King Food Corporation, a subsidiary of Tiger Brands (Tiger Oats) and Tiger Foods.

He is chairman of the Limpopo Economic Development Enterprise and of Johannesburg Property Company, and also serves on the boards of Lebowa Platinum, Potgietersrus Platinum and New Era Life Insurance. In his various capacities, Bobby has contributed extensively to black economic empowerment issues at governmental level.

Front: Dave Rawlinson, Brian Connellan, Gerrit Pretorius, Pat Gallagher, Khumo Radebe and Derek Cooper.
Back: Martin Shaw, Sean Jagoe, Johannes van der Horst, Gerrit Oosthuizen and Bobby Makwetla.

KC Radebe (41)
Non-executive, independent director
MEng
Appointed to the board in 2004

Khumo is general manager at Eskom in the generation department and responsible for a cluster comprising of two of the Eskom power stations: Matimba Power Station in Lephalale (previously Ellisras) and Amot Power Station near Middelburg.

She holds a BSc mechanical engineering degree from Wits University and obtained her MEng (Engineering Management) qualification at the University of Pretoria in 1998.

Khumo started as management trainee at Liberty Life becoming a computer programmer in 1989. In 1994 she moved to Eskom as a consulting engineer. She was promoted to engineering manager at Matimba power station in 1999 and progressed to become power station manager in January 2002. Khumo was appointed general manager production in September 2003.

MJ Shaw (66)
Non-executive, independent director
CA(SA)
Director of companies
Appointed to the board in 2001

Martin joined Deloitte & Touche in 1956 in Johannesburg. He was appointed a partner in 1968 and transferred to Durban. He returned to Johannesburg in 1983 and was appointed managing partner.

In 1991 he became chief executive, a position he held until 1999. Thereafter he acted as chairman of the board until his retirement in 2001. He serves as a board member of Illovo Sugar Limited, JD Group Limited, Pretoria Portland Cement Company Limited, Liberty Group Limited, Liberty Holdings Limited, Standard Bank of SA Limited and Murray & Roberts Holdings Limited.

Dr JC van der Horst (60)
Non-executive, independent director
BA, LLD
Director of companies
Appointed to the board in 1993

Johannes worked for Old Mutual from 1971 to 2002 where he was general manager (investments) from 1985 to 1997.

In September 1997 he was appointed to lead Old Mutual's demutualisation project, which culminated in July 1999 in its listing on the London Stock Exchange and the JSE Securities Exchange.

Over the past 20 years he has served on the boards of various companies listed on the JSE Securities Exchange, and he is currently on the boards of Assore Limited and Wooltru Limited.

Audit and risk committee
MJ Shaw (chairman), BP Connellan, SD Jagoe, G Pretorius, DJ Rawlinson

Remuneration and nomination committee
SD Jagoe (chairman), DE Cooper, JC van der Horst

Group executive and risk management committee
G Pretorius (chairman), BP Gallagher, GJ Oosthuizen, DJ Rawlinson

GROUP OVERVIEW

Reunert Limited is listed on the JSE Securities Exchange South Africa (JSE) under General Industrials in the electronic and electrical equipment sector. It manages 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 in the electronics sector three years later. Reunert was unbundled from Barlow Rand in 1993. Today, Reunert is represented through its different operations in the fields of electrical engineering, electronics and through its investment in telecommunications.

Reunert's turnover in 2004 exceeded R6 billion, which was achieved by serving local and international markets. Reunert has over 5 000 employees, many of whom are qualified and experienced engineers, technicians, research and development professionals and field support staff.

REUNERT

ELECTRICAL

ELECTRICAL ENGINEERING
Circuit Breaker Industries 100% *Cables 75%* *• ATC* *• African Cables*

ELECTRONICS

OFFICE AUTOMATION	CONSUMER PRODUCTS AND SERVICES	REUTECH	TELECOMMUNICATIONS
Nashua 100% *Nashua Finance 100%*	*Nashua Mobile 100%* *Saco Systems 100%* *RC&C Holdings 100%*	*Fuchs Electronics 100%* *RDI Communications 100%* *Reunert Defence Logistics 70%* *Reutech Radar Systems 57%*	*Siemens Telecommunications 40%* *Acuo Technologies 100%*

CIRCUIT BREAKER INDUSTRIES

Circuit Breaker Industries (CBI) designs and manufactures low-voltage switchgear for the protection of installations and equipment from overload and short circuit. Products include a wide range of residual current devices for the protection of people against electrocution.

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. In addition, the company offers a wide range of metering solutions, including prepayment meters and one of the smallest electronic kWh meters in the world. Research and development represents 5% to 6% of sales.

In July 2004 CBI acquired Heinemann Electric giving it a foothold in the Australian market targeting the mining and building construction industries. CBI is also involved in surge and lightning protection and has exclusive distribution rights for Mitsubishi motor control gear and factory automation equipment in sub-Saharan Africa.

Export sales account for 25% of the manufactured products. The target is to increase international sales to 50% of production over the next few years. 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 in Johannesburg. The company has three assembly plants at QwaQwa in the Free State and a fourth assembly plant has recently been opened in Lesotho. There are service branches in Cape Town, Durban, Bloemfontein and Port Elizabeth.

CBI sales offices in Europe and the United States complement these operations, as well as the recently acquired Heinemann Electric in Australia.

Managing director:
Circuit Breaker Industries Limited
Helmuth Fischer (57)
Dip Ing, Dipl Wirtsch Ing
With CBI since 1984

www.cbi.co.za

www.cbibreakers.com

ATC

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

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

Managing director:
ATC (Pty) Limited
Koos Vorster (55)
BCom, CIS, MBL
First employed by ATC in 1971

www.atc.co.za

AFRICAN CABLES

African Cables is one of the forerunners in the South African cable industry and is engaged in the design, development, manufacture, installation and maintenance of insulated power cables. Reunert acquired the 50% stake owned by Pirelli NV effective 30 September 2004.

The company is based at Vereeniging in Gauteng.

African Cables holds a 72% share in Cafca, a Zimbabwean cable manufacturer. The company is listed on the Zimbabwe Stock Exchange in Harare, the JSE and the London Stock Exchange.

Managing director:
African Cables Limited
Ernst Schutte (55)
BSc Eng (Elec)
With the Reunert group since 1999

www.africancables.co.za

RESTRUCTURING OF REUNERT'S CABLE INTERESTS WITH EFFECT FROM 1 DECEMBER 2004

Following Reunert's acquisition of Pirelli NV's 50% stake in African Cables with effect from 30 September 2004, Reunert is restructuring its cable interests with effect from 1 December 2004.

- Reunert will acquire the 25,1% indirect shareholding that Kgorong Investments Holdings (Pty) Limited holds in ATC (Pty) Limited.
- ATC will acquire the business of African Cables Limited as a going concern.
- Powerhouse Utilities (Pty) Limited, a black-owned company, will subscribe for new shares in ATC (Pty) Limited resulting in it holding a 25,1% stake in the restructured cable entity. This transaction will be effective 1 December 2004.

NASHUA

The advancement of digital technology has enabled Nashua Limited to provide document storage, transmission and printing solutions in a networked environment. Products are sourced predominantly from Ricoh, the market leader in Europe, Africa, Asia and Japan. The current product line-up includes digital multifunction devices that are able to copy, fax, scan and print. Monochrome and colour networked printers have shown large growth over the past year. Other products in the range include plain paper facsimile, scanners and wide format plan printers.

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

Nashua has a well-established network of 56 franchises in South Africa, Namibia, Swaziland, Lesotho, Botswana, Zimbabwe and Zambia.

Managing director:
Nashua Limited
Chris Scoble (43)
BBusSci
With Nashua since 1985

www.nashua.co.za

NASHUA FINANCE

RC&C Finance Company, trading as Nashua Finance, provides asset-based financial solutions to Nashua, Panasonic, Saco Systems and Siemens Telecommunications customers. The company is based at Midrand in Gauteng.

General manager:
RC&C Finance Company
Mike Purnell (41)
CA(SA)
With the Reunert group since 1995

NASHUA MOBILE

Nashua Mobile is one of South Africa's leading independent cellular service providers born of the merger between Nashua Cellular and NedTel Cellular in July 2000. It enjoys the respect of suppliers and customers alike, and is positioned to offer cellular choice and advice.

Nashua Mobile is impartial as it markets and sells the cellular offerings of all three of South Africa's Network operators, Vodacom, MTN and Cell C. Its main focus is on providing cellular services to business and high airtime users in the contract market. With the convergence of voice, data and multi-media, Nashua Mobile is ideally positioned to enhance its total communications service offering, in a deregulated telecommunications environment.

Nashua Mobile's customers are serviced through an extensive network of more than 150 touchpoints, consisting of regional offices, franchises and dealers throughout South Africa. Nashua Mobile has grown its base to more than 361 000 contract subscribers and 30 000 prepaid customers. It was voted one of South Africa's best companies to work for in the Finance Week and Corporate Research Foundation survey.

Managing director:
Nashua Mobile (Pty) Limited
Mark Taylor (41)
With the Reunert group since 2002

www.nashuamobile.com

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 past year, Saco developed and took to market a unique payroll and time-and-attendance solution in addition to the standard Saco Enterprise system. This provides small and medium-sized business with a comprehensive outsourced payroll solution.

Sole distribution rights of the Intellident RFID library system were recently acquired further enhancing Saco's position in this emerging technology.

Managing director:
Saco Systems (Pty) Limited
Bill Reeler (50)
BSc Eng Elec (Hons)
With the Reunert group since 1981

www.saco.co.za

RC&C HOLDINGS

Reunert Consumer and Commercial Holdings (RC&C) is the exclusive importer and distributor of such well known brands as Panasonic, Technics, Futronic and Nintendo in southern Africa. Panasonic boasts an extensive range of upper end consumer products and business systems products. 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, home appliances and gaming products from the foremost international manufacturers.

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

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

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.

Group managing director:
Reunert Consumer and Commercial Holdings Limited
Martin Maddox (43)
BA Econ (Hons)
With the Reunert group since 1983

www.panasonic.co.za

www.futronic.co.za

www.nintendo.co.za

Panasonic ideas for life

Technics

Futronic

Nintendo

REUTECH

Managing director:
Reutech Limited
Piet Smit (42)
MEng, MBA
With the Reunert group since 1987

FUCHS ELECTRONICS

Fuchs Electronics is recognised and globally respected for its innovation and excellence as a supplier of electronic fuse ordnance, electronic air weapon fuses and pre-fragmented air weapons.

Its capabilities include design, development and manufacture of:

- electronic fuse ordnance and associated setting devices for all medium and large calibre tube launched ammunition; and
- electronic air weapon fuses and pre-fragmented air weapons.

Fuchs' product range is suitable for use on naval, artillery, mortar, and rocket and air weapon applications. More than 80% 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 is based at Alberton in Gauteng.

Managing director:
Fuchs Electronics (Pty) Limited
Andreas Theodorou (55)
Dip Elec, Dip Datametrics
With the Reunert group since 1975

www.fuchs.co.za

RDI COMMUNICATIONS

RDI Communications, located at Pinetown in KwaZulu-Natal, designs and manufactures state-of-the-art, very-high frequency (VHF) and ultra-high-frequency (UHF) tactical airborne and ground-based radio communication systems.

Managing director:
RDI Communications (Pty) Limited
Martin de Beer (39)
BSc Eng (Elec)
With the Reunert group since 1989

www.rdi.co.za

REUTECH

REUNERT DEFENCE LOGISTICS

Reunert Defence Logistics (RDL) is a system engineering and support company. The company's services cover the entire spectrum of installation, logistic support and management of electronic equipment with specific emphasis on telecommunication and radar systems.

RDL develops and manufactures gun and fire control systems for armoured vehicles and naval guns, and supplies and supports Alcatel carrier internet working equipment. RDL also supplies, installs and supports automatic fare collection and control solutions in the transportation marketplace.

Reunert Limited holds 70% and Kgorong Investment Holdings (Pty) Limited 30%. RDL is based at Midrand and has support facilities throughout South Africa.

Chief executive officer:
Reunert Defence Logistics (Pty) Limited
Selwyn Newnes (47)
BCompt
With the Reunert group since 1984

www.rdlog.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 (Pty) Limited, a black-owned group. 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.

Chief executive officer:
Reutech Radar Systems (Pty) Limited
James Verster (38)
BEng (Elec)
With the Reunert group since 1989

www.rrs.co.za

SIEMENS TELECOMMUNICATIONS

Siemens Telecommunications is a leading supplier of voice and data networks with a comprehensive portfolio of products and services for service providers, enterprise networks and carriers. Reunert holds a 40% stake in Siemens Telecommunications (Pty) Limited, while Siemens Limited holds the remaining 60%.

Siemens is one of the largest players in the global telecommunications industry, offering customers seamless end-to-end solutions through a portfolio ranging from network infrastructure through services, applications and other communication solutions.

Siemens is the innovation leader in convergent technology products, services and solutions for mobile, fixed and enterprise networks. Key clients include Telkom, Vodacom, Cell C, Celtel and other operators in Africa as well as the top 100 South African corporates.

Chief executive officer:
Siemens Telecommunications (Pty) Limited
Pete da Silva (44)
Dip Computer Science, Dip Light Current
With Siemens since 1977

www.siemens.co.za

SIEMENS

ACUO TECHNOLOGIES

Based near Stellenbosch in the Western Cape, 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. The company provides development services, involving real-time software, mobile distributed systems, remote management and monitoring, as well as transaction management systems. Acuo offers configurable product components including fingerprint biometric, transaction tracking and prepaid billing subsystems. The company's areas of development expertise include Microsoft.NET, Biztalk, Java, J2EE and Linux.

General manager:
Acuo Technologies (Pty) Limited
Carl Kies (41)
MEng
First employed by the Reunert group in 1988

www.acuo.co.za

BUILDING AND DEVELOPING PEOPLE

The Reunert group of companies retains a strong commitment to building and developing people. This group-wide commitment encompasses all employees, as well as the group's corporate social investment programme, where the emphasis over the last decade has been on enhancing the quality and efficiency of students who are about to enter the labour market.

Over the last 12 years the Reunert College has become the cornerstone of our social development activities and a primary recruitment source of the group's employment equity programme.

REUNERT COLLEGE

Over the last 12 years, the Reunert College, which was established as an academic advancement programme for matriculants from disadvantaged communities, has become the cornerstone of our social development activities and a primary recruitment source of the group's employment equity programme. The college helps students from historically disadvantaged communities to improve their matriculation results for mathematics, science, english and accounting.

More than 400 of the 500 students who have graduated from the college have received technikon and university study bursaries. College employees remain in contact with each bursar until he or she has completed his or her studies as part of an integrated mentorship programme. This programme has been designed to ensure students can overcome obstacles during training. The college's overall pass rate is between 98% and 99% and students have accumulated 60 distinctions over the last decade.

Because each student is regarded as a potential Reunert employee, in most instances they receive experiential training from group companies during their final study year at a tertiary educational institution. This is an important step in forging strong business and cultural links between the prospective employee and group companies.

Most of the students have qualifications in electrical engineering, mechanical engineering, civil engineering and computer sciences because the college focuses on subjects normally required for entry into the Reunert group. Over the last five years, Reunert companies employed 40 college graduates and further new employment opportunities are being created for graduates. The group appointed eight graduates during the 2004 financial year.

The Reunert College is accredited for experiential training by the Witwatersrand, Vaal Triangle and Tshwane Universities of Technology. The college is also an examination centre registered with the Gauteng Department of Education and the Independent Examination Board.

The college fulfils an important role in managing the skills development of group employees. The college principal serves as the group human resources development manager and, together with the training managers of group companies, has ensured that skills plans have been introduced and are being monitored carefully in all business units.

Through the Reunert College, the group is represented on the National Skills Authority (NSA), the highest authority for skills development in the country, and at Business Unity South Africa on the training and development and the social policy committees. The college principal Marina Gunter, is currently the chairperson of the human resources committee and the human resources development committee of the Afrikaanse Handels-instituut (AHI).

She is president of the International Coaching Federation of South Africa and contributes to the sector skills planning committee of the ISETT Sector Education and Training Authority (SETA). This SETA is responsible for financing and coordinating strategic skills-development projects in the information technology sector.

MENTORSHIPS

Reunert's trendsetting employee mentorship programme continues to strengthen. This programme enables experienced employees to mentor and guide less experienced employees in the workplace. The programme was introduced in 2003 predominantly to retain and develop high-performing staff with particular emphasis on developing employees from historically disadvantaged communities. It helps to effectively integrate new employees, as well as those people who join the group as a result of business acquisitions and mergers.

To date, 177 employees have participated in the Reunert employee mentorship programme and their progress is continuously monitored.

Both mentors and protégés participate in an initial project which serves as a framework for the developmental programme. Participants first have to understand themselves and their relationships with other people to enable them to effectively focus on what they want to achieve. To ensure this happens, they also have to develop a keen understanding of how to be and remain effective.

It is critical that employees understand and optimally use their own energy levels. The programme also includes a section on change management through which participants not only learn how to deal with change in the workplace and marketplace, but also to understand the reasons and nature of change. Since many of the participants will hopefully participate in accelerated development programmes, emphasis is placed on equity with integrity and what makes an employee successful. Finally, participants also learn how to handle their own finances.

We are encouraged by the programme's successes. We believe it will help the group to recruit, train and successfully integrate employees. Equally important, the programme also helps to retain high-level skills and to enhance productivity and self-esteem.

Tangible benefits are already evident. Several employees have been promoted and others have been recognised as potential managers to be developed and are attending management training.

OTHER TRAINING ACTIVITIES

African Cables, in partnership with the Riverside High School at Vereeniging, has been sponsoring a Saturday school since 1994. The Saturday school is aimed at increasing the competence in english, mathematics and science of children from historically disadvantaged communities. As a result of improved marks in the subjects, more children now have access to university or technikon education. More than 500 children have graduated from the Saturday school over the last decade.

ATC is preparing to establish the Cable Academy. Once opened in our 2005 financial year, this academy will provide training to small and medium-sized enterprises in the field of cable installations. ATC has registered eight training modules with the MER SETA (the SETA responsible for metal and engineering related training) for cable installations and, in association with a black empowerment consulting firm who are currently promoting the academy's training programmes, ATC will undertake all training.

A R2,2 million upgrade and restoration project at the Mhlonthlo Senior Secondary School at Mount Fletcher in the Eastern Cape, initiated by former President Nelson Mandela, came to fruition in March 2004. Panasonic contributed R1 million to the project, R600 000 of which was invested in the school's laboratory, computer centre, administration block and eight classrooms. The balance of R400 000 was made up of Panasonic business and consumer products. These products included a fax machine, photocopier, projector, television set and video-cassette player, a digital video camera and digital still camera.

Since 1985, CBI has participated in the Commercial Advancement Training Scheme (CATS). This has been assessed and is recognised as a NQF 5 qualification after completion of a two-year study and experiential training period. Many of the CATS trainees have successfully continued their studies and have either achieved a Bachelor of Technology (BTech) degree or a National Diploma in mechanical engineering, electrical engineering or finance.

BURSARIES

In addition to the Reunert College bursaries, many Reunert companies have their own established bursary schemes for employees' children and for disadvantaged children.

Reunert Defence Logistics adopted a street child who is currently studying industrial electronics. He has successfully passed the N5 qualification stage. African Cables has been helping its staff's children since 1982 by awarding bursaries for tertiary education. In 1998, the scheme was opened to the general public and 283 bursaries have been awarded in various disciplines over the last nine years.

For the 2004 academic year, 77% of the bursaries were awarded to historically disadvantaged children. The company has invested about R300 000 in this project over the last three years. African Cables also provides study assistance to current employees and 12 employees participated in this scheme during 2004.

EMPLOYMENT EQUITY

All Reunert companies maintain established employment equity plans and forums in terms of the Employment Equity Act of 1998. Most of these employment equity plans have been formulated and are being managed in conjunction with employee representatives of business units. The Reunert College serves as a primary source of employees from the historically disadvantaged communities.

The group's approach to employment equity is part of an integrated plan aimed at ensuring a constant stream of new entrants to the college and the retention of skills through the Reunert mentorship programme and the skills development plans. These place strong emphasis on developing young people from historically disadvantaged communities. These activities, including the level of funds contributed by group companies, are monitored monthly.

BLACK ECONOMIC EMPOWERMENT

Reunert progressed the group's black economic empowerment (BEE) programme during the year. At Reunert group level, an independent survey shows that the direct and indirect shareholdings held by black empowerment groupings are now between 19% and 21%.

Reunert continues to seek appropriate shareholder groups who can add value to the group's business strategy and operations. Strategic BEE partners have been introduced to several Reunert subsidiaries. This strategic partnering process is ongoing.

Kgorong Investment Holdings currently holds 10% of Reutech Radar Systems (RRS) and 30% of Reunert Defence Logistics (RDL). Kgorong holds two seats on each of the RRS and RDL boards. Following the acquisition of the Pirelli shares in African Cables Holdings Limited, a BEE partner, Powerhouse Utilities, will be introduced to ATC and African Cables from 1 December 2004.

OUTSOURCING AND ASSISTANCE TO SMALL AND MEDIUM-SIZED ENTERPRISES

Over the last 10 years, Reunert companies have dedicated considerable effort to creating small and medium-sized businesses and promoting business activities in historically disadvantaged communities.

Since 2002, African Cables has helped Bogabane Engineering to establish itself as a small engineering business in the Vaal Triangle. Bogabane specialises in undertaking maintenance work for industrial companies in the Vaal Triangle, as well as in the engraving of embossing wheels.

African Cables has rented machinery and premises to the company and it will soon help this business to buy its own machinery.

African Cables also established a small enterprise, Atlehang Ma Afrika, which specialises in batting cable drums. In addition, Abridge Construction was set up as a maintenance and light construction business to provide services to the company.

Doocks Construction is responsible for rewinding the galvanised wire used in the production process at African Cables. Another small empowerment company, Xylo, was established to recover scrap metal generated during the production process.

As part of ATC's programme to assist retrenched staff members, training was provided and assistance given to those people who wanted to start their own businesses. In 2004, two of these small businesses became viable. One provides a delivery service to ATC and the other is a recycling centre. Three empowerment contractors have been trained as cable installers who are subcontracted when turnkey solution projects are undertaken.

AIDS AND HEALTH SERVICES

All Reunert group companies have to introduce an Aids policy based on a guideline issued by Reunert Limited. It is group policy not to discriminate against anybody who may be HIV-positive. The strategy is aimed at educating employees about the importance of preventing this potentially fatal medical condition. All employees who have tested HIV-positive are counselled.

Although the group focuses mainly on educating children, many Reunert companies are playing a major role in the wider community by helping to reduce the plight of Aids sufferers.

Nashua continues to sponsor Nkosi's Haven, a home for Aids orphans and children living with Aids. Nashua bought the house next door to the haven at Berea in Johannesburg to allow for much-needed expansion. The company organised a soccer festival in 2003, which formed part of the SuperSport corporate soccer league. A portion of each team's entry fee and the full gate takings were donated to Nkosi's Haven.

Nashua also supports the Banakekeleni Haven at Kew in Johannesburg. The haven, staffed by volunteers and caregivers, distributes food to the homes of Aids orphans who stay with relatives and foster parents. Nutrition is also provided to terminally ill Aids patients.

Nashua Botswana recently built a kitchen at the Kgasa Primary School to enable it to provide food and other assistance to Aids orphans in the Gaborone area.

ATC adopted the Tumelong Hospice and home-based care programme in 2003. The company provides food, clothing, financial assistance, pharmaceutical items and management support.

SUPPORT FOR COMMUNITY PROJECTS

Reunert group companies contribute meaningfully to a variety of organisations, especially those who provide food and shelter, education and training and assistance to victims of the Aids pandemic.

ATC has a close association with the University of Johannesburg (previously Rand Afrikaans University) and donates R100 000 a year to its incentive for optical communication. ATC also made grants to the ATC NUMSA Child Care Day and helped to provide water to the RAS Primary School, along with the provision of electricity and cabling.

Nashua group companies have helped the Walter Sisulu School in the Olivenhoutbosch informal settlement and the Irene Home which provides residential and day-care and support in skills training for mentally handicapped women.

In Pietermaritzburg, Nashua started a programme for disadvantaged people at Edendale, with the emphasis on helping Aids sufferers and community assistance programmes.

In the Western Cape, Nashua made a sizeable donation to the disadvantaged Elandsrivier Preparatory School, which also operates a feeding scheme for school children.

Since 2001, Panasonic has been involved with the Twilight Shelter of Johannesburg, a home for more than 60 children. During the year, two of the young men selected for the Panasonic mentoring programme achieved their N3 qualification through Johannesburg College. Panasonic sponsors their tertiary education and is helping them to complete their practical training modules through the company.

The intention is to offer these two men employment in the Panasonic group. In addition, more Twilight Shelter children will be identified for sponsored education and, ultimately, future employment.

HUMAN RESOURCES

The group's corporate social investment, employment equity, BEE and all other social activities have been integrated into the human resources strategies and activities.

The Reunert College coordinates the skills development programme in each group company. College employees are responsible for introducing the group's mentorship programme. This approach not only helps college students to progress from being learners to employees, but it also provides ongoing growth and development for existing Reunert staff who participate in the programme.

The group skills development forum meets four times a year and coordinates all the group skills development. The targets for skills development, as set out in the national skills development strategy (NSDS), are discussed at this forum. All Reunert companies have contributed substantially to this strategy.

All the skills-related legislation and standards are discussed at the forum to ensure Reunert companies keep abreast of current skills-development policy and practices.

During the year, the Minister of Labour accepted the investor in people (IIP) standard as the quality standard for developing human resources in South Africa. Two representatives of the Reunert skills development forum have attended training courses for the IIP standard. Three Reunert group companies have already committed themselves to achieve this standard during 2005.

African Cables is currently at the forefront of skills development in South Africa and is accredited by the MER SETA and the Telecommunications and Cable Association as a trainer in learnerships in NQF levels one to four. The company has been instrumental in developing the unistandard for an NQF1 learnership.

Reunert's trendsetting employee mentorship programme continues to strengthen.

In 1988, the group launched a long-term skills assessment programme to more accurately determine individual training needs at senior level and also to identify future management potential as part of the group's ongoing succession planning. To date, more than 150 employees have been assessed. Our intention is to assess at least 30 senior managers a year for further training at a business school in South Africa or overseas.

Group companies continue to build on sound relationships with the trade unions, which in many instances have been in place since 1985. The established structures for collective bargaining and consultations, along with the expertise built up in the group over many years, ensured there were no major industrial relations incidents during the year.

The group's reward system is based on a total package concept to provide employees with maximum flexibility. Group companies are participating members in at least three medical schemes and employees are encouraged to select their own schemes. Where a company administration cannot provide for a multitude of schemes, employees can still make their own administration arrangements to enable them to join alternative schemes.

In November 2004, the Reunert Retirement Fund, which provides retirement benefits for most Reunert employees, will introduce a new administration system. This new system will enable employees to regularly monitor changes in their pension fund credits.

In addition, a new investment strategy will be in place in March 2005. As part of the new strategy, all employees will have access to user-friendly, sophisticated planning tools to enable them to make own investment choices based on their individual retirement needs.

EMPLOYEE PROFILE

as at September 2004

	Male				Female				
Occupational levels	Black	Coloured	Indian	White	Black	Coloured	Indian	White	Total
Top management**	9	0	1	57	2	1	0	1	71
Senior management	7	1	3	91	0	0	0	18	120
Professionally qualified, experienced specialists and mid-management	20	14	25	285	4	4	9	73	434
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	272	120	84	622	84	84	51	377	1 694
Semi-skilled and discretionary decision making	623	58	35	44	113	98	40	154	1 165
Unskilled and defined decision making	275	11	0	1	794	54	1	6	1 142
Total permanent	1 206	204	148	1 100	997	241	101	629	4 626
Contract workers	80	32	12	71	75	154	10	29	463
Temporary staff	22	1	1	7	12	1	2	12	58
Trainees	10	1	1	5	5	0	0	0	22
Total other	112	34	14	83	92	155	12	41	543
Total									5 169

*** Includes all directors in group companies*

CORPORATE GOVERNANCE

INTEGRITY

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 (King Code).

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 board is satisfied that the group has in all material respects complied with the provisions and the spirit of the King Code. The group endeavours to incorporate into its actions the best possible mutual interests of all stakeholders, including investors, employees, suppliers, customers and the communities in which it operates.

BOARD, DIRECTORS AND COMMITTEES

COMPOSITION OF THE BOARD

The Reunert board currently consists of 11 directors, seven of whom are non-executive, independent directors as defined in the King Code. It is the policy of the board to have due regard to considerations of diversity and the appropriate balance of executive, non-executive and independent directors when making or recommending appointments to the board.

The directors bring a wide range of experience, wisdom and professional skills to the board. The composition of the board with brief curriculum vitae of each director is listed on pages 6 and 7.

DECLARATION OF INTERESTS

Several of the non-executive, independent directors hold various directorships in other listed companies. Full details of these directorships are given on pages 6 and 7. Whenever it is felt that there is a conflict of interest the director will recuse him/herself from discussion at board or board committee meetings when such business is tabled.

BOARD CHARTER

The Reunert board has adopted a board charter. The salient features thereof are:

- the demarcation of the roles, functions, responsibilities and powers of the board;
- the terms of reference of the various other board committees;
- matters reserved for decision making by the board; and
- the policies and practices of the board in respect of matters such as corporate governance, board meetings and documentation, disclosure of conflicts of interests and trading by the directors in the securities of the company

ROLES AND RESPONSIBILITIES

The roles of the chairman and the chief executive are separate. The chairman of the board is elected by members of the board. The chairman has no executive or management responsibilities and acts also as chairman of meetings of shareholders.

The chief executive is appointed by the board on recommendation of the remuneration and nomination committee. The duration of his appointment, terms of appointment and compensation are determined by the board on recommendation of the remuneration and nomination committee.

The non-executive directors are not appointed under service contracts and their remuneration is not tied to the group's financial performance. There is a clear division of board responsibilities and no one individual has unfettered powers of decision making. Directors are jointly accountable for decisions of the board.

Directors have a legal obligation to act in the best interest of the company, to act with due care in discharging their duties as directors, to declare and avoid conflicts of interests with the company and the group and to account to the company for any advantages gained in discharging their duties on behalf of the company.

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 and management performance;
- sets criteria and approves 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, non-executive directors.

The board meets quarterly and at such additional ad hoc times as may be required. Members of senior management can be invited to attend board meetings to facilitate communication between executive management and non-executive board members.

All of the directors attended the meetings held in 2004 personally except for the instances indicated in the table below.

During the past financial year the board has met five times on the following dates:

DATE	MEETING	APOLOGIES TENDERED
26 November 2003	Board	
10 February 2004	Board and AGM	KJ Makwetla
17 May 2004	Board	
24 June 2004	Special	KJ Makwetla, JC van der Horst
31 August 2004	Board	

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Directors are subject to retirement by rotation and re-election by shareholders at an annual general meeting at least once every three years in accordance with the company's articles of association. The curriculum vitae of the directors concerned will be made available on request prior to re-election. The board charter is considered to be an integral part of the conditions of appointment of all directors. Procedures for appointments are formal and transparent and a matter for the board as a whole.

Non-executive directors retire after reaching the age of 70 at the next annual general meeting. Executive directors retire from the board at 63 years of age at the next annual general meeting.

Mr CL Valkin, after turning 70, retired from the board at the annual general meeting that was held on 10 February 2004.

Ms KC Radebe was appointed as an independent non-executive director of the company on 26 August 2004 and is required to retire in terms of the company's articles of association. She has made herself available for re-election at the next annual general meeting.

Messrs BP Connellan, DE Cooper, and G Pretorius retire by rotation in accordance with the company's articles of association at the forthcoming annual general meeting. The remuneration and nomination committee has recommended that they be re-elected and they have offered themselves for re-election at this meeting.

Detail of remuneration, fees or other benefits earned by directors in the past year are given on pages 68 and 69.

BOARD COMMITTEES

In terms of the articles of association the board has the power to appoint board committees and to delegate powers to such board committees. The board has three subcommittees: the audit and risk committee, the remuneration and nomination committee and the group executive and risk 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.

AUDIT AND RISK COMMITTEE

MJ Shaw (chairman), BP Connellan, SD Jagoe, G Pretorius, DJ Rawlinson

The audit and risk committee, chaired by an independent non-executive director and comprising a majority of independent non-executive directors, meets at least twice a year. 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 committee reports annually to the board on the effectiveness of the risk controls and management within the group.

During the year the following meetings took place:

DATE	APOLOGIES TENDERED
17 November 2003	G Pretorius
17 May 2004	

REMUNERATION AND NOMINATION COMMITTEE

SD Jagoe (chairman), DE Cooper, JC van der Horst

This committee comprises independent non-executive directors only and meets at least twice a year to make recommendations to the board on the framework of executive remuneration. These recommendations include the granting of share options in terms of the Reunert Share Option Scheme and performance-based incentives. The chief executive attends these meetings by invitation. In the past financial year the remuneration and nomination committee met twice, with full attendance.

DATE
10 February 2004
31 August 2004

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, while also having due regard to market practices, the interests of the shareholders and to the financial and commercial well-being of the group.

The committee makes recommendations to the board on the composition of the board and identifying and nominating candidates to fill any vacancies. In addition, the committee is tasked to advise the board on succession planning.

GROUP EXECUTIVE AND RISK MANAGEMENT COMMITTEE

G Pretorius (chairman), BP Gallagher, GJ Oosthuizen, DJ Rawlinson

The group executive and risk management committee comprises executive directors only and is constituted to assist the chief executive to manage the group. Executive directors and senior executives meet regularly to guide and control the overall direction of the group and to identify potential risk areas. The internal audit department assists the board and management in the monitoring of the risk management process.

COMPANY SECRETARY

The board has access to the advice and services of Reunert Management Services Limited (RMS). RMS fulfils the role of company secretary and administers the share option scheme and all the statutory requirements of the company. The board is of the opinion that the management of RMS has the requisite attributes, experience and qualifications to fulfil its company secretarial commitments effectively.

SPONSOR

The company has appointed Rand Merchant Bank (RMB) as its sponsor. RMB's 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 AUDIT

The board has appointed Messrs Deloitte & Touche to perform an independent and objective audit on 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 its responsibility for ensuring that management implements and monitors the effectiveness of systems of internal, financial and operating controls. The board, via the audit and risk committee, receives regular reviews from management on the effectiveness of established controls and procedures to ensure the accuracy and integrity of the accounting records and monitors the group's businesses, risks it is facing and their performance.

ACCOUNTING AND INTERNAL CONTROL

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 that financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The identification of risks and the implementation and monitoring of adequate systems of internal, financial and operating controls to manage such risks are delegated to senior executive management. The audit committee reviews these matters 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
- adequacy and reliability of financial information.

RISK

The board has not been informed by the 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 auditor's report.

INTERNAL AUDIT

Comprehensive internal controls have been instituted to assist management and the directors in 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 board has not been informed by the 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.

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

Internal audit has an audit and financial review plan which entails performing periodic detailed internal audits randomly at business units and supervising the internal audit function in the group. It 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 all audit committee meetings.

RISK MANAGEMENT

The board is responsible for the total process of risk management and its effectiveness. The group executive and risk management committee tables and discusses all significant potential risks. 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 significant business risks. These risks are discussed, monitored and updated at monthly management meetings.

The audit and risk committee considers the results of the risk management and internal control processes and the disclosure thereof at least twice a year.

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.

EMPLOYMENT EQUITY

The group supports employment equity and is committed to providing equal opportunities for all group employees. All business units have employment equity programmes that comply with the objectives and requirements of the legislation. Various skills development, mentoring and training programmes exist within the group. An in-depth review on Reunert's focus on people development appears on pages 17 to 22.

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.

DEALING IN THE COMPANY'S SHARES AND CLOSED PERIODS

Employees are restricted from dealing either directly or indirectly in the company's shares on the basis of privileged price-sensitive information before it has been publicly announced to the market.

Senior executives have to obtain permission from the chief executive before shares are purchased or sold. All directors have to obtain permission from the chairman before dealing in the company's shares.

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 members of the senior management team may not deal in the shares of the company, nor may they discuss the company's financial prospects with any outside party. Additional closed periods are enforced as required in terms of any corporate activity.

CODE OF ETHICS

The board approved a formal code of ethics at its last board meeting. This code is displayed on the company website.

VALUE ADDED STATEMENT

	2004 Rm	%	2003 Rm	%	% change 2004 over 2003
Revenue	**6 247,3**		6 103,9		2
Paid to suppliers for materials and services	**4 277,3**		4 469,2		(4)
Value added	**1 970,0**		1 634,7		21
Income from investments and associates	**142,0**		12,7		1 018
TOTAL WEALTH CREATED	**2 112,0**	**100**	1 647,4	100	28
DISTRIBUTED AS FOLLOWS:					
EMPLOYEES					
Remuneration and service benefits	**660,9**		590,7		
Add: PAYE collected on behalf of government	**110,1**		108,1		
Gross remuneration and service benefits	**771,0**	**37**	698,8	42	10
PROVIDERS OF CAPITAL					
Dividends to Reunert shareholders	**243,5**	**12**	226,2	14	8
Dividends to outside shareholders in subsidiaries	**24,6**	**1**	32,2	2	(24)
Interest paid on borrowings	**10,1**	**–**	50,1	3	(80)
	278,2	**13**	308,5	19	(10)
PAYMENTS TO GOVERNMENT					
Taxation on profits	**309,0**		224,4		
RSC levies	**11,6**		11,1		
VAT, customs duties and other taxes	**423,0**		258,7		
	743,6	**35**	494,2	30	50
RETAINED IN THE GROUP TO DEVELOP FUTURE GROWTH					
Depreciation	**57,9**	**3**	58,4	4	(1)
Accumulated profit*	**261,3**	**12**	87,5	5	199
	319,2	**15**	145,9	9	119
TOTAL WEALTH DISTRIBUTED	**2 112,0**	**100**	1 647,4	100	28

** The funds returned to shareholders in the current year by way of the compulsory share buy-back scheme of R476,6 million have been excluded as this is considered to be an unusual event, returning wealth created in earlier periods.*

SEGMENTAL ANALYSIS

BUSINESS AND GEOGRAPHIC SEGMENTS

BUSINESS SEGMENTS

For management purposes, the group is currently organised into two operating divisions: Electrical engineering (Circuit Breaker Industries, ATC and African Cables) and Electronics comprising Office systems (Nashua Office Automation, Nashua Connect, RC&C Finance Company and CS Computer Services Holdings), Consumer products and services (Nashua Mobile, RC&C Holdings and Saco Systems), Telecommunications (Siemens Telecommunications and Acuo Technologies) and Reutech (Fuchs Electronics, RDI Communications, Reunert Defence Logistics and Reutech Radar Systems). The group overview on pages 8 to 16 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, the United States of America and Australia. It is therefore not considered meaningful to disclose information on geographic segments according to location of operation.

REVENUE INCLUDING ASSOCIATE COMPANIES

Rm	2004	%	2003	%	% change
ELECTRICAL ENGINEERING	**1 456,7**	**19**	1 367,7	18	7
ELECTRONICS					
Office systems	**1 071,0**	**14**	952,9	13	12
Consumer products and services	**3 382,7**	**44**	3 192,5	42	6
Telecommunications	**1 321,1**	**17**	1 413,7	19	(7)
Reutech	**443,0**	**6**	615,7	8	(28)
Total Electronics	**6 217,8**	**81**	6 174,8	82	1
Total operations	**7 674,5**	**100**	7 542,5	100	2
Less: Reunert's attributable portion of associate companies' revenue	**(1 427,2)**		(1 438,6)		
Revenue as reported per the income statement	**6 247,3**		6 103,9		2

OPERATING PROFIT BEFORE GOODWILL AMORTISATION INCLUDING ASSOCIATE COMPANIES

Rm	2004	%	2003	%	% change
ELECTRICAL ENGINEERING	**217,1**	**25**	195,2	34	11
ELECTRONICS					
Office systems	**226,3**	**26**	157,4	27	44
Consumer products and services	**250,9**	**29**	173,7	30	44
Telecommunications	**130,2**	**15**	(64,6)	(11)	302
Reutech	**48,5**	**5**	117,9	20	(59)
Total Electronics	**655,9**	**75**	384,4	66	71
Total operations	**873,0**	**100**	579,6	100	51
Less: Reunert's attributable portion of associate companies' operating (profit)/loss	**(119,0)**		74,3		
Operating profit before amortisation of goodwill as reported per the income statement	**754,0**		653,9		15

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

Rm	2004	2003
ELECTRICAL ENGINEERING	**673,0**	548,3
ELECTRONICS		
Office systems	**824,8**	1 478,1
Consumer products and services	**887,4**	825,4
Telecommunications	**514,9**	525,2
Reutech	**122,4**	154,4
Total Electronics	**2 349,5**	2 983,1
Total operations	**3 022,5**	3 531,4
Less: Reunert's attributable portion of associate companies' assets	**(445,5)**	(411,5)
Total assets (excluding cash and deferred taxation assets) as reported per the balance sheet	**2 577,0**	3 119,9

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

Rm	2004	2003
ELECTRICAL ENGINEERING	**250,3**	185,3
ELECTRONICS		
Office systems	**406,8**	309,2
Consumer products and services	**717,6**	602,3
Telecommunications	**335,1**	232,8
Reutech	**118,0**	199,6
Total Electronics	**1 577,5**	1 343,9
Total operations	**1 827,8**	1 529,2
Less: Reunert's attributable portion of associate companies' liabilities	**(378,9)**	(232,4)
Trade and other payables, derivative liabilities and provisions, as reported per the balance sheet	**1 448,9**	1 296,8

CAPITAL EXPENDITURE EXCLUDING ASSOCIATE COMPANIES

Rm	2004	2003
ELECTRICAL ENGINEERING	**27,1**	15,1
ELECTRONICS		
Office systems	**5,7**	3,7
Consumer products and services	**13,2**	19,6
Telecommunications	**0,1**	0,1
Reutech	**2,7**	6,1
Total Electronics	**21,7**	29,5
Capital expenditure as reported	**48,8**	44,6

DEPRECIATION EXCLUDING ASSOCIATE COMPANIES

Rm	2004	2003
ELECTRICAL ENGINEERING	**30,5**	29,5
ELECTRONICS		
Office systems	**4,8**	3,7
Consumer products and services	**18,5**	20,8
Telecommunications	**0,1**	0,1
Reutech	**4,0**	4,3
Total Electronics	**27,4**	28,9
Depreciation as reported	**57,9**	58,4

AMORTISATION EXCLUDING ASSOCIATE COMPANIES

Rm	2004	2003
ELECTRICAL ENGINEERING	**1,2**	(0,8)
ELECTRONICS		
Office systems	**9,7**	3,8
Consumer products and services	**28,8**	29,4
Telecommunications	**13,8**	13,8
Reutech	**–**	–
Total Electronics	**52,3**	47,0
Amortisation as reported	**53,5**	46,2

NUMBER OF EMPLOYEES EXCLUDING ASSOCIATE COMPANIES

Rm	2004	2003
ELECTRICAL ENGINEERING	**2 524**	2 322
ELECTRONICS		
Office systems	**445**	444
Consumer products and services	**1 479**	1 427
Telecommunications	**13**	10
Reutech	**708**	715
Total Electronics	**2 645**	2 596
Number of employees as reported	**5 169**	4 918

FIVE-YEAR
FINANCIAL REVIEW

	2004 Rm	2003 Rm	2002 Rm	2001* Rm	2000* Rm
ASSETS					
Property, plant and equipment	**196,2**	213,7	157,1	161,8	154,2
Goodwill	**321,8**	306,9	360,0	10,9	
Investments and loans	**109,9**	20,8	151,6	188,4	176,4
RC&C Finance Company accounts receivable	**528,5**	1 220,0	953,9	745,1	751,6
Deferred taxation assets	**56,2**	33,1	25,9	42,0	22,6
Cash and cash equivalents	**451,3**	484,8	283,5	303,5	222,8
Other current assets	**1 420,6**	1 358,5	1 372,7	1 092,0	933,3
Total assets	**3 084,5**	3 637,8	3 304,7	2 543,7	2 260,9
EQUITY AND LIABILITIES					
Ordinary and preference shareholders	**933,5**	1 156,5	1 071,1	878,5	919,7
Outside shareholders	**39,7**	121,2	103,5	137,9	101,2
Interest of all shareholders	**973,2**	1 277,7	1 174,6	1 016,4	1 020,9
Deferred taxation liabilities	**44,3**	63,8	45,9	48,6	31,3
Long-term borrowings	**–**	–	–	2,7	4,1
RC&C Finance Company short-term borrowings	**314,1**	900,7	838,0	324,0	147,2
Current liabilities	**1 752,9**	1 395,6	1 246,2	1 152,0	1 057,4
Total equity and liabilities	**3 084,5**	3 637,8	3 304,7	2 543,7	2 260,9
RESULTS					
Revenue	**6 247,3**	6 103,9	5 062,9	4 229,8	3 340,1
Operating profit	**700,5**	607,7	472,1	379,2	273,2
Net interest and dividend income	**65,1**	45,2	36,5	59,1	58,8
Profit before abnormal items	**765,6**	652,9	508,6	438,3	332,0
Abnormal items	**6,0**	–	(18,7)	–	77,4
Profit before taxation	**771,6**	652,9	489,9	438,3	409,4
Taxation	**(309,0)**	(224,4)	(177,3)	(145,6)	(114,0)
Profit after taxation	**462,6**	428,5	312,6	292,7	295,4
Share of associate companies' profits/(losses)	**66,8**	(82,6)	89,6	81,8	73,8
Profit after taxation including associate companies	**529,4**	345,9	402,2	374,5	369,2
Interest of outside shareholders	**(51,0)**	(50,5)	(31,6)	(42,3)	(4,2)
Earnings attributable to shareholders of Reunert Limited	**478,4**	295,4	370,6	332,2	365,0
Headline earnings attributable to shareholders of Reunert Limited	**526,9**	345,6	429,3	335,2	284,3
Headline earnings per share (cents)	**277,5**	183,5	229,5	174,8	139,6
Basic earnings per share (cents)	**251,9**	156,9	198,1	173,3	179,2

	2004 Rm	2003 Rm	2002 Rm	2001* Rm	2000* Rm
CONSOLIDATED CASH FLOW STATEMENTS					
Net cash inflow/(outflow) from operating activities	**1 094,1**	258,3	(58,9)	197,6	360,4
Investments net of disposals to maintain operating capacity	**18,0**	(15,6)	1,9	(9,8)	(33,2)
Cash available for investments to increase operating capacity	**1 112,1**	242,7	(57,0)	187,8	327,2
Investments to (increase)/decrease operating capacity (net)	**(268,1)**	(87,2)	(468,2)	(75,9)	83,0
Net cash internally generated/(utilised)	**844,0**	155,5	(525,2)	111,9	410,2

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

SUMMARY OF STATISTICS

	2004	2003	2002	2001*	2000*
SHARES					
Number of ordinary shares on which earnings per share is calculated (million)	**189,9**	188,3	187,0	191,7	203,7
Net worth per share (cents) – tangible only	**356**	450	380	464	454
Net worth per share (cents) – including intangibles	**543**	612	572	470	454
Headline earnings per share (cents)	**277,5**	183,5	229,5	174,8	139,6
Basic earnings per share (cents)	**251,9**	156,9	198,1	173,3	179,2
Dividends per share (cents)	**160,0**	120,0	118,0	91,0	76,0
Dividend cover (times)	**1,7**	1,5	1,9	1,9	1,8
Cash flow per share (cents)	**353,2**	417,7	187,7	187,9	179,9
Ordinary shares in issue (million) (net of treasury shares)	**171,8**	188,8	187,3	186,9	202,5
Number of transactions – JSE	**13 452**	11 308	12 765	9 245	9 735
Number of shares traded (million)	**94,9**	76,4	76,4	67,0	79,0
Value of shares traded (R million)	**2 129,5**	1 380,4	1 438,2	969,2	691,2
Number of shares traded as a percentage of issued shares	**49,7**	37,1	37,4	32,9	39,0
Market price per share (cents)					
– year-end	**2 790**	1 710	1 860	1 615	1 125
– highest	**2 900**	2 230	2 220	1 850	1 230
– lowest	**1 695**	1 560	1 610	980	540
Earnings yield (%) at year-end	**10,0**	10,7	12,3	10,8	12,4
Dividend yield (%) at year-end	**5,7**	7,0	6,3	5,6	6,8
Price: earnings ratio (times) at year-end	**10,1**	9,3	8,1	9,2	8,1
Market capitalisation (net of treasury shares) (R millions) at year-end	**4 792**	3 228	3 482	3 018	2 278
JSE actuaries electronics sector index at 30 September 2004 (adjusted base 2000 = 2 937)	**5 328**	3 852	3 887	3 727	2 937
OTHER					
Number of employees	**5 169**	4 918	4 318	4 148	3 716
Revenue per employee (R000)	**1 209**	1 241	1 173	1 020	899
Operating profit per employee (R000)	**136**	124	109	91	74
Wealth created per employee (R000)	**409**	335	312	297	296
Employment cost per employee (R000)	**149**	142	130	118	109

	2004	2003	2002	2001*	2000*
PROFITABILITY, ASSET MANAGEMENT, LIQUIDITY AND LEVERAGE					
EBITDA as a percentage of turnover (%)	**13,0**	11,7	11,1	10,1	9,2
Operating margin (%)	**11,2**	10,0	9,3	9,0	8,2
Net asset turn (times)	**7,8**	6,8	5,9	5,2	4,8
Return on ordinary shareholders' funds (%)	**50,5**	31,0	44,1	37,3	26,1
Return on net operating assets (%)	**102,7**	63,5	70,0	57,4	50,2
Return on net operating assets excluding investments in associates (%)	**99,9**	78,4	71,5	57,7	48,0
Taxation (excluding STC on the share buy-back in 2004) as a percentage of profit before taxation (excluding abnormal items) (%)	**36,4**	34,4	34,9	33,2	34,3
Total liabilities to total shareholders' funds (%)	**212,4**	179,8	177,4	145,2	118,0
Net borrowings/(cash) to total shareholders' funds (%)	**3,4**	32,8	47,5	3,4	(7,1)
Current ratio	**1,3**	1,6	1,6	1,5	1,4
Interest cover (times)	**69,4**	12,1	25,5	34,3	9,6

** 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 profit before deducting depreciation and amortisation expenses).

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 RC&C 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 in terms of SAICA circular 07/2002, divided by the weighted average number of ordinary shares in issue during the year.

DIRECTORS' RESPONSIBILITY

FOR THE YEAR ENDED 30 SEPTEMBER 2004

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 independent, non-executive directors, one of whom acts as chairman and two executive directors, meets at least twice per annum with both the 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.

In terms of Section 11.26 of the Listings Requirements of the JSE Securities Exchange, the directors, whose names are given on pages 6 and 7 of the annual report of which this statement of directors' responsibility forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of Reunert and its subsidiaries since the date of posting this annual report.

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 39 to 83 were approved by the board of directors on 15 November 2004 and are signed on its behalf by:

Derek Cooper
Chairman

G Pretorius
Chief executive

Sandton
15 November 2004

REUNERT

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

TO THE MEMBERS OF REUNERT LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 39 to 83 for the year ended 30 September 2004. 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 2004, 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

15 November 2004

SECRETARIES' CERTIFICATION

FOR THE YEAR ENDED 30 SEPTEMBER 2004

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 2004

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged. During the year 1 151 500 ordinary shares were issued at R5,45 per share, 490 300 at R14,10 per share, 172 900 at R15,80 per share, 20 000 at R15,99 per share, 10 000 at R14,90 per share, 30 000 at R14,00 per share and 110 000 at R17,70 per share. Options exercised in terms of the Reunert 1985 Share Option Scheme accounted for this increase.

In terms of a compulsory share buy-back scheme 17 168 229 shares were bought back by the company and subsequently cancelled. At the same time 1 895 573 Reunert Limited shares were purchased by Bargenel Investments Limited, a wholly-owned subsidiary of Reunert Limited for R25 per share. This brings the total number of Reunert Limited shares held by Bargenel Investments Limited to 19 063 631.

DIVIDENDS

An interim ordinary dividend No 156 of 40 cents per share was declared on 17 May 2004 and a final ordinary dividend No 157 of 120 cents per share was declared on 15 November 2004.

A total distribution of 160 cents (2003: 120 cents) per ordinary share was declared relating to the 2004 financial year.

An interim 5,5% cumulative preference dividend No 38 was declared on 4 July 2004 and a final dividend No 39 was declared on 15 November 2004.

R229 367 539 of the amount paid to shareholders in terms of the compulsory share buy-back scheme was deemed to be a dividend for taxation purposes.

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.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

During this financial year the following special resolution was passed by a subsidiary of Reunert Limited: Barcom Electronics (Pty) Limited changed its name to RDI Communications (Pty) Limited. The objects clause of its memorandum of association was also changed.

Full details of this resolution may be viewed at the company's registered office.

DIRECTORATE

Ms KC Radebe was appointed as an independent non-executive director of the company on 26 August 2004 and is required to retire in terms of the company's articles of association. She has made herself available for re-election at the forthcoming annual general meeting. Messrs BP Connellan, DE Cooper and G Pretorius retire by rotation at the forthcoming annual general meeting and all 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	
	2004	2003
DE Cooper	**–**	–
BP Connellan	**30 523**	33 914
BP Gallagher	**343 594**	272 684
SD Jagoe	**–**	–
KJ Makwetla	**–**	–
G Oosthuizen	**134 820**	97 400
G Pretorius	**440 420**	445 500
KC Radebe	**–**	
DJ Rawlinson	**302 320**	308 300
MJ Shaw	**–**	–
JC van der Horst	**–**	–
	1 251 677	1 157 798

	Indirect beneficial	
	2004	2003
DE Cooper	**32 117**	35 688
BP Connellan	**9 000**	10 000
BP Gallagher	**–**	–
SD Jagoe	**18 000**	20 000
KJ Makwetla	**–**	–
G Oosthuizen	**–**	–
G Pretorius	**–**	–
KC Radebe	**–**	
DJ Rawlinson	**18 123**	20 137
MJ Shaw	**–**	–
JC van der Horst	**–**	–
	77 240	85 825

These holdings have remained unchanged up to 15 November 2004.

There were no non-beneficial interests in either period.

STATUTORY INFORMATION CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2004

Executive directors of the company held unexercised options to subscribe for 1 179 000 (2003: 1 600 200) ordinary shares in terms of the Reunert 1985 Share Option Scheme. These options are due to expire as follows:

255 400 on 26 October 2009
166 900 on 1 February 2011
256 700 on 26 September 2011
500 000 on 13 May 2013

The directors have no interest in the contracts entered into during the year. For further information on directors' share options, see note 26 to the annual financial statements.

SUBSEQUENT EVENT

Following Reunert's acquisition of Pirelli NV's 50% stake in African Cables with effect from 30 September 2004, Reunert is restructuring its cable interests with effect from 1 December 2004.

Reunert will acquire the 25,1% indirect shareholding that Kgorong Investments Holdings (Pty) Limited holds in ATC (Pty) Limited.

ATC will acquire the business of African Cables Limited as a going concern.

Powerhouse Utilities (Pty) Limited, a black-owned company, will subscribe for new shares in ATC (Pty) Limited resulting in it holding a 25,1% stake in the restructured cable entity. This transaction will be effective 1 December 2004.

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2004 is:

	2004 Rm	2003 Rm
In the aggregate net income	**283,4**	241,1
In the aggregate net losses	**(19,7)**	(29,0)
	263,7	212,1

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2004

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 year ended 30 September 2004.

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.

1. BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting as modified for certain financial instruments which are stated at fair value.

2. COMPARATIVE FIGURES

When an accounting policy is changed, comparative figures are restated when required.

3. BASIS OF CONSOLIDATION

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

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 equity of relevant subsidiaries.

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 investments in 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 on the straight-line basis over the expected useful life of the asset, not exceeding 20 years.

In terms of International Financial Reporting Standard (IFRS) 3 dealing with business combinations, goodwill on investments in our subsidiaries, associates and joint ventures acquired on or after 31 March 2004 has not been amortised. This goodwill is subjected to an impairment test at each reporting date.

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

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

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

On disposal of a subsidiary, associate or joint venture the attributable amount of unamortised or unimpaired goodwill is included in the determination of the profit or loss on disposal.

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 financial statements 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 using their audited or unaudited financial statements to 30 September, or in the case of listed associates, to the most recent reporting dates.

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

7. INVESTMENTS

All investments are initially recognised at cost, which includes transaction costs. After initial recognition investments held for trading and those available for sale are measured at their fair values. Unrealised gains and losses arising from changes in the fair value of available for sale financial assets that are measured at fair value subsequent to initial recognition are recognised directly in equity until the disposal or impairment of the financial instrument at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

The following categories of investments are measured at amortised cost using the investment rate method if they have a fixed maturity or at cost if there is no fixed maturity:

- Loans and receivables originated by Reunert and not held for trading
- Held to maturity financial assets where the group has the ability and intention to hold the instrument to maturity; and
- Investments in financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The carrying values are reduced by any impairment losses recognised to reflect irrecoverable amounts.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost to the group less accumulated depreciation. Land is not depreciated. 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 the 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. Deferred tax is accounted for using the balance sheet liability method. 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current assets and liabilities on a net basis.

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 immediately.

Airtime sales at the cellular service provider are disclosed at the amounts charged to subscribers.

Dividends are recognised when the shareholder's right to receive them has been established.

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

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

13. REVENUE

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

14. FOREIGN CURRENCIES

14.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

14.2 FOREIGN CURRENCY BALANCES

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

Unrealised differences on foreign monetary assets and liabilities are recognised in the income statement in the period in which they occur.

14.3 FOREIGN ENTITIES

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

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2004

- 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.

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 sale or use. 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

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors, borrowings and derivative instruments. Financial instruments are initially measured at cost. Details of the subsequent measurement of different classes of financial instruments are dealt with below and in the relevant notes above.

Cash and cash equivalents are measured at fair value.

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

Derivative financial instruments, principally forward foreign exchange contracts and interest rate swap agreements, are used by the group in its management of financial risks. The risks being hedged by the forward foreign exchange contracts are exchange losses due to unfavourable movements between the rand and the foreign currency. Gains and losses from the cash flow hedges are recognised directly in equity, while gains and losses arising from fair value hedges are recognised in net profit or loss. The risks being hedged by interest rate swaps are increases in interest expenses due to higher interest rates being charged on borrowings. Gains and losses arising from the changes in the fair values of interest rate swaps are recognised in net profit or loss as they arise.

In accordance with its treasury policy, the group does not hold or issue derivative instruments for trading purposes. Derivative instruments are initially measured at cost, if any, and are subsequently remeasured to fair value.

Financial liabilities, other than derivative instruments are recognised at amortised cost, comprising original debt less principal payments and amortisations.

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

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. Trade and other payables are stated at their nominal value.

Gains and losses arising from the remeasurement to fair value of financial instruments that are not available for sale financial assets are recognised in net profit or loss. Unrealised gains and losses arising from changes in the fair value of available for sale financial assets that are measured at fair value subsequent to initial recognition are recognised directly in equity until the disposal or impairment of the financial instrument at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

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 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 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

At present inflation is at historically low levels which means that any distortion caused by inflation is likely to be minimal. In addition, 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.

REUNERT

INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

		GROUP		COMPANY	
		2004	2003	**2004**	2003
	Notes	**Rm**	Rm	**Rm**	Rm
REVENUE	1	**6 247,3**	6 103,9	**2 251,6**	2 399,1
COST OF SALES		**4 268,4**	4 185,7	**1 334,2**	1 538,7
GROSS PROFIT		**1 978,9**	1 918,2	**917,4**	860,4
Other income		**10,2**	14,6	**4,1**	11,8
Other expenses		**(1 288,6)**	(1 325,1)	**(611,4)**	(626,0)
OPERATING PROFIT	2	**700,5**	607,7	**310,1**	246,2
Interest and dividends received	3	**75,2**	95,3	**414,7**	279,2
Interest paid	4	**(10,1)**	(50,1)	**(1,6)**	(11,4)
PROFIT BEFORE ABNORMAL ITEMS		**765,6**	652,9	**723,2**	514,0
Abnormal items	5	**6,0**	–	**(19,1)**	(9,7)
PROFIT BEFORE TAXATION		**771,6**	652,9	**704,1**	504,3
Taxation	6	**(309,0)**	(224,4)	**(149,8)**	(59,4)
PROFIT AFTER TAXATION		**462,6**	428,5	**554,3**	444,9
Share of associate companies' profits/(losses)	14	**66,8**	(82,6)		
PROFIT AFTER TAXATION INCLUDING ASSOCIATE COMPANIES		**529,4**	345,9	**554,3**	444,9
Earnings attributable to outside shareholders in subsidiaries		**(51,0)**	(50,5)		
EARNINGS ATTRIBUTABLE TO REUNERT LIMITED SHAREHOLDERS		**478,4**	295,4	**554,3**	444,9
BASIC EARNINGS PER SHARE (CENTS)	9	**251,9**	156,9		
DILUTED BASIC EARNINGS PER SHARE (CENTS)	9	**248,4**	154,7		
HEADLINE EARNINGS PER SHARE (CENTS)	10	**277,5**	183,5		
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	10	**273,6**	181,0		
DIVIDENDS DECLARED PER SHARE (CENTS)	7	**160,0**	120,0		
FINAL DIVIDEND DECLARED FOR THE YEAR PER SHARE (CENTS)	7	**120,0**	88,0		

BALANCE SHEETS

AT 30 SEPTEMBER 2004

	Notes	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	**196,2**	213,7	**77,5**	66,2
Goodwill	12	**321,8**	306,9	**10,8**	20,1
Interest in subsidiaries	13	**–**	–	**337,3**	684,2
Interest in associates	14	**88,5**	–	**170,2**	158,5
Other investments and loans	15	**21,4**	20,8	**21,4**	20,5
RC&C Finance Company accounts receivable	16	**528,5**	1 220,0		
Deferred taxation assets	17	**56,2**	33,1	**30,5**	23,6
		1 212,6	1 794,5	**647,7**	973,1
CURRENT ASSETS					
Derivative assets		**5,9**	0,1	**4,6**	0,9
Inventory and contracts in progress	18	**491,9**	531,8	**308,4**	351,4
Accounts receivable	19	**922,8**	826,6	**275,2**	266,2
Cash and cash equivalents	20	**451,3**	484,8	**346,5**	37,7
		1 871,9	1 843,3	**934,7**	656,2
TOTAL ASSETS		**3 084,5**	3 637,8	**1 582,4**	1 629,3
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	21	**22,7**	283,4	**22,7**	283,4
Treasury shares	21	**(282,0)**	(234,6)		
Non-distributable reserves	22	**55,0**	2,9	**0,3**	0,3
Accumulated profit		**1 137,8**	1 104,8	**897,4**	758,4
		933,5	1 156,5	**920,4**	1 042,1
INTEREST OF OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		**39,7**	121,2		
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	17	**44,3**	63,8	**–**	–
CURRENT LIABILITIES					
Derivative liabilities		**2,9**	49,6	**1,8**	27,3
Short-term loans and bank overdrafts		**170,4**	3,4	**2,7**	1,7
RC&C Finance Company short-term borrowings		**314,1**	900,7		
Provisions	23	**106,5**	105,5	**8,2**	8,2
Trade and other payables		**1 339,5**	1 141,7	**577,7**	525,0
Taxation		**133,6**	95,4	**71,6**	25,0
		2 067,0	2 296,3	**662,0**	587,2
TOTAL EQUITY AND LIABILITIES		**3 084,5**	3 637,8	**1 582,4**	1 629,3

REUNERT

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

		GROUP		COMPANY	
		2004	2003	**2004**	2003
	Notes	**Rm**	Rm	**Rm**	Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations before working capital changes	A	**806,1**	709,5	**333,3**	256,1
Reduction/(increase) in net working capital		**804,5**	(59,3)	**60,7**	143,5
Movement in RC&C Finance Company accounts receivable					
– Increase in RC&C Finance Company accounts receivable		**(564,0)**	(269,8)		
– Sale of debtors book in December 2003		**1 255,5**			
Working capital changes	B	**113,0**	210,5	**60,7**	143,5
Cash generated from operations		**1 610,6**	650,2	**394,0**	399,6
Interest received		**47,8**	95,1	**20,2**	26,1
Interest paid		**(10,1)**	(50,1)	**(1,6)**	(11,4)
Dividends received		**27,4**	0,2	**394,5**	253,1
Taxation paid	C	**(313,5)**	(178,7)	**(110,1)**	(69,0)
Dividends paid (including outside shareholders)	D	**(268,1)**	(258,4)	**(265,5)**	(246,9)
Net cash inflow from operating activities		**1 094,1**	258,3	**431,5**	351,5
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		**18,0**	(15,6)	**524,3**	(385,0)
– Repayment of non-current loans		**4,8**	0,9	**4,8**	0,9
– Non-current loans granted		**(0,5)**	(3,3)	**(0,4)**	(3,3)
– Replacement of fixed assets		**(20,1)**	(17,5)	**(12,9)**	(12,0)
– Proceeds on disposal of fixed assets, investments and other capital items		**33,8**	4,3	**0,3**	3,8
– Net loans from/(to) subsidiaries				**532,5**	(374,4)
Investments to increase operating capacity		**(268,1)**	(87,2)	**(237,5)**	(21,6)
– Expansion capital expenditure		**(28,7)**	(27,1)	**(16,2)**	(4,0)
– Increase in investments		**(4,9)**	–	**(47,8)**	–
– Disposal of businesses		**–**	1,2	**–**	–
– Acquisition of subsidiaries and businesses	E	**(234,5)**	(61,3)	**(173,5)**	(17,6)
Net cash (outflow)/inflow from investing activities		**(250,1)**	(102,8)	**286,8**	(406,6)

	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
CASH FLOWS FROM FINANCING ACTIVITIES				
Funds provided by shareholders				
–Ordinary shareholders in Reunert	**18,7**	11,0	**18,7**	11,0
Funds repaid to shareholders				
– Share buy-back (capital and dividend portion)	**(429,2)**	–	**(429,2)**	–
– Reunert shares purchased by a subsidiary	**(47,4)**	–		
– Loan repaid to outside shareholder	**–**	(2,1)		
Long-term liabilities – repaid	**–**	(26,4)	**–**	–
Net cash (outflow)/inflow from financing activities	**(457,9)**	(17,5)	**(410,5)**	11,0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**386,1**	138,0	**307,8**	(44,1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(419,3)**	(557,3)	**36,0**	80,1
CASH AND CASH EQUIVALENTS AT END OF YEAR*	**(33,2)**	(419,3)	**343,8**	36,0
Net cash flows from operating activities before dividends paid and excluding movements in RC&C Finance Company accounts receivable	**670,7**	786,5		
Operating cash flow per share (cents)	**353,2**	417,7		
*** CASH AND CASH EQUIVALENTS ARE MADE UP OF:**				
Cash and cash equivalents	**451,3**	484,8	**346,5**	37,7
Short-term loans and bank overdrafts	**(170,4)**	(3,4)	**(2,7)**	(1,7)
Net cash resources of the group/company excluding RC&C Finance Company	**280,9**	481,4	**343,8**	36,0
RC&C Finance Company short-term borrowings	**(314,1)**	(900,7)		
Net (borrowings)/cash and cash equivalents	**(33,2)**	(419,3)	**343,8**	36,0

REUNERT

NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
A. RECONCILIATION OF NET PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES				
Profit before taxation	**771,6**	652,9	**704,1**	504,3
Adjusted for:				
– Net interest received	**(37,7)**	(45,0)	**(18,6)**	(14,7)
– Dividends received	**(27,4)**	(0,2)	**(394,5)**	(253,1)
– Depreciation	**57,9**	58,4	**17,6**	16,3
– Amortisation of goodwill	**53,5**	46,2	**6,7**	5,1
– Surplus on disposal of plant, vehicles and equipment	**(0,6)**	(0,2)	**(0,4)**	(0,3)
– Abnormal items	**(6,0)**	–	**19,1**	9,7
– Other non-cash movements	**(5,2)**	(2,6)	**(0,7)**	(11,2)
CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES	**806,1**	709,5	**333,3**	256,1
B. WORKING CAPITAL CHANGES				
– Inventory and contracts in progress	**50,0**	169,6	**43,0**	133,5
– Accounts receivable	**(85,4)**	11,8	**(12,7)**	15,3
– Trade and other payables and provisions	**148,4**	29,1	**30,4**	(5,3)
WORKING CAPITAL CHANGES	**113,0**	210,5	**60,7**	143,5
C. TAXATION PAID IS RECONCILED TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Net amounts unpaid, at beginning of year	**(95,4)**	(65,4)	**(25,0)**	(33,6)
– Current taxation per the income statement	**(351,7)**	(216,7)	**(156,7)**	(60,4)
– Taxation owing to subsidiary acquired at date of purchase	**–**	8,0		
– Net amounts unpaid, at end of year	**133,6**	95,4	**71,6**	25,0
CASH AMOUNTS PAID	**(313,5)**	(178,7)	**(110,1)**	(69,0)

	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
D. DIVIDENDS PAID ARE RECONCILED TO THE AMOUNTS DISCLOSED IN THE STATEMENT OF CHANGES IN EQUITY AS FOLLOWS:				
– Normal dividends per the statement of changes in equity	**(243,5)**	(226,2)	**(265,5)**	(246,9)
– Dividends paid to outside shareholders	**(24,6)**	(32,2)		
CASH AMOUNTS PAID	**(268,1)**	(258,4)	**(265,5)**	(246,9)
E. ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES				
Inventory and contracts in progress	**(11,1)**	(42,0)	**–**	(3,6)
Accounts receivable	**(16,6)**	(52,9)	**–**	–
Trade and other payables and provisions	**7,1**	34,5	**–**	6,0
Property, plant and equipment	**(3,5)**	(72,3)	**–**	(3,2)
Intercompany balances			**–**	(15,3)
Taxation owing to subsidiary acquired at date of purchase	**–**	(8,0)		
Long-term liabilities	**–**	26,4	**–**	–
Loan taken over by purchaser	**–**	21,8	**–**	–
Net overdraft at time of the acquisition	**0,3**	–		
Attributable share of net assets at date of acquisition	**(21,7)**	54,2	**–**	5,1
Outside shareholders' interest	**(107,9)**	–		
Goodwill on acquisitions	**(80,8)**	(6,4)	**–**	(12,9)
Shares bought in existing subsidiaries			**(71,0)**	–
Purchase of shareholder loan			**(99,9)**	–
COST OF INVESTMENT	**(234,2)**	(44,7)	**(170,9)**	(23,9)
NET OVERDRAFT ON HAND AT TIME OF THE ACQUISITION	**(0,3)**	–		
AMOUNTS STILL OWING TO VENDORS	**–**	5,2	**–**	6,3
ADJUSTMENT TO AMOUNT STILL OWING TO VENDORS	**–**	–	**(2,6)**	–
LOAN TAKEN OVER BY PURCHASER STILL TO BE REPAID	**–**	(21,8)	**–**	–
NET CASH PAID	**(234,5)**	(61,3)	**(173,5)**	(17,6)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2004

GROUP

	Share capital and premium Rm	Treasury shares Rm	Non-distributable reserves Rm	Accumulated profit Rm	Total Rm
Balance at 30 September 2002	272,4	(234,6)	68,1	965,2	1 071,1
Changes to opening reserves for first time compliance with AC133				6,7	6,7
Net profit for the year				295,4	295,4
Dividends paid				(226,2)	(226,2)
Movement on reserves (refer to note 22)			(65,2)	63,7	(1,5)
Issue of shares	11,0				11,0
Balance at 30 September 2003	283,4	(234,6)	2,9	1 104,8	1 156,5
Net profit for the year				478,4	478,4
Dividends paid				(243,5)	(243,5)
Movement on reserves (refer to note 22)			52,1	(52,1)	–
Issue of shares	18,7				18,7
Reunert Limited shares bought by subsidiary as part of the share buy-back		(47,4)			(47,4)
Shares cancelled in terms of compulsory share buy-back (refer to note 21)					
– Capital portion	(199,8)				(199,8)
– Dividend portion	(79,6)			(149,8)	(229,4)
Balance at 30 September 2004	**22,7**	**(282,0)**	**55,0**	**1 137,8**	**933,5**

COMPANY

	Share capital and premium Rm	Non-distributable reserves Rm	Accumulated profit Rm	Total Rm
Balance at 30 September 2002	272,4	0,3	555,6	828,3
Changes to opening reserves for first time compliance with AC133			4,8	4,8
Net profit for the year			444,9	444,9
Dividends paid			(246,9)	(246,9)
Issue of shares	11,0			11,0
Balance at 30 September 2003	283,4	0,3	758,4	1 042,1
Net profit for the year			554,3	554,3
Dividends paid			(265,5)	(265,5)
Issue of shares	18,7			18,7
Shares cancelled in terms of compulsory share buy-back (refer to note 21)				
– Capital portion	(199,8)			(199,8)
– Dividend portion	(79,6)		(149,8)	(229,4)
Balance at 30 September 2004	**22,7**	**0,3**	**897,4**	**920,4**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

	GROUP		COMPANY	
	2004 Rm	2003 Rm	**2004 Rm**	2003 Rm
1. REVENUE				
Revenue excludes revenue of associate companies and includes export revenue of R354,5 million (2003: R519,2 million) and interest received by RC&C Finance Company (Pty) Limited of R68,1 million (2003: R196,8 million).				
2. OPERATING PROFIT IS STATED AFTER:				
Administration, management and other fees	**12,5**	14,6	**4,0**	10,6
Auditors' remuneration:				
Audit fees	**6,1**	5,4	**2,5**	2,6
Other fees	**1,2**	1,5	**0,1**	0,1
Expenses	**0,1**	0,1	**–**	–
	7,4	7,0	**2,6**	2,7
Depreciation:				
Land and buildings	**1,8**	3,0	**–**	0,8
Plant and equipment	**53,1**	52,6	**16,0**	14,0
Vehicles	**3,0**	2,8	**1,6**	1,5
	57,9	58,4	**17,6**	16,3
Rental income from investment properties (included in revenue)	**(1,4)**	(1,3)	**–**	–
Direct operating expenses arising from investment properties that generated rental income	**1,1**	1,5	**–**	–
Goodwill amortised	**53,5**	46,2	**6,7**	5,1
Net realised losses on currency exchange differences	**(62,4)**	(111,5)	**(55,1)**	(72,3)
Net unrealised gains on currency exchange differences	**0,3**	8,8	**1,4**	11,0
Net realised gains/(losses) on fair value adjustments to derivative instruments	**44,4**	(65,5)	**27,2**	4,2
Net unrealised gains/(losses) on fair value adjustments to derivative instruments	**3,0**	(49,5)	**2,9**	(26,4)
	(14,7)	(217,7)	**(23,6)**	(83,5)
Income from subsidiaries:				
Fees			**3,6**	3,0
Rental (included in revenue)			**5,8**	4,2
			9,4	7,2

	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
2. OPERATING PROFIT IS STATED AFTER: (continued)				
Operating lease charges:				
Land and buildings	**14,9**	19,7	**12,8**	10,8
Vehicles and other	**0,9**	0,6	**0,1**	1,1
	15,8	20,3	**12,9**	11,9
Research and development expenditure:				
Financed by revenue from customers	**39,3**	34,6	**0,5**	–
Not financed by revenue from customers	**43,0**	39,0	**31,4**	28,1
	82,3	73,6	**31,9**	28,1
Net surplus on disposal of plant and equipment	**0,6**	0,2	**0,4**	0,3
Staff costs:				
Salaries and wages	**651,8**	582,5	**134,8**	113,0
Pension and provident fund contributions	**53,3**	52,6	**8,7**	6,8
Other staff costs	**65,9**	61,7	**21,8**	19,6
	771,0	696,8	**165,3**	139,4
Number of employees	**5 169**	4 918	**1 456**	1 412
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
– unlisted subsidiaries			**367,1**	253,1
– other	**27,4**	0,2	**27,4**	–
	27,4	0,2	**394,5**	253,1
Interest received:				
– subsidiaries			**13,8**	17,9
– associate companies	**–**	6,0		
– RC&C Finance Company (Pty) Limited	**18,6**	51,8		
– other	**29,2**	37,3	**6,4**	8,2
	75,2	95,3	**414,7**	279,2
4. INTEREST PAID				
Subsidiaries			**1,1**	–
Long-term liabilities	**–**	0,3	**–**	–
RC&C Finance Company (Pty) Limited			**–**	0,2
Short-term loans and bank overdrafts	**10,1**	49,8	**0,5**	11,2
	10,1	50,1	**1,6**	11,4
Interest paid by RC&C Finance Company (Pty) Limited included in cost of sales	**35,6**	147,6		

	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
5. ABNORMAL ITEMS				
Reversal/(raising) of provision for losses in subsidiaries			**12,1**	(9,7)
Profit on sale of properties	**21,1**	–	**–**	–
Impairment of plant and equipment	**(1,1)**	–	**–**	–
Impairment of goodwill in an associate	**(14,0)**	–	**–**	–
Impairment of investment in an associate	**–**	–	**(31,2)**	–
Gross abnormal items	**6,0**	–	**(19,1)**	(9,7)
Taxation	**(1,4)**	–	**–**	–
Net abnormal items	**4,6**	–	**(19,1)**	(9,7)
6. TAXATION				
South African normal taxation:				
Current	**290,8**	216,9	**108,9**	77,6
Deferred	**(46,4)**	(2,7)	**(6,5)**	(0,6)
Secondary tax on companies (STC)	**60,4**	23,5	**48,0**	5,1
Adjustment for prior years – current	**–**	(24,0)	**0,3**	(22,3)
– STC	**(0,1)**	0,2	**(0,5)**	–
– deferred	**3,8**	10,4	**(0,4)**	(0,4)
	308,5	224,3	**149,8**	59,4
Foreign normal taxation:				
Current	**0,5**	0,1		
	309,0	224,4	**149,8**	59,4
Reconciliation of rate of taxation	**%**	%	**%**	%
Apparent rate of taxation excluding abnormal items	**40,4**	34,4	**20,7**	11,8
Applicable to dividends received	**1,1**	–	**16,4**	15,1
Effective rate of taxation	**41,5**	34,4	**37,1**	26,9
Movement in rate of taxation due to:				
– disallowable charges	**(3,2)**	(1,9)	**(0,6)**	(0,3)
– secondary tax on companies	**(7,9)**	(3,6)	**(6,6)**	(1,0)
– adjustments from prior year	**(0,5)**	2,1	**0,1**	4,4
– tax losses not recognised	**(0,4)**	(1,0)		
– timing differences not provided	**0,5**	–	**–**	–
South African normal tax rate	**30,0**	30,0	**30,0**	30,0

Total estimated tax losses available to be offset against future taxable income is R120,3 million (2003: R88,1 million)

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
7. DIVIDENDS DECLARED DURING THE YEAR				
Ordinary:				
Final 2003 – 88,0 cents per share (2002: 88,0 cents)	**182,4**	181,1	**182,4**	181,1
Interim 2004 – 40,0 cents per share (2003: 32,0 cents)	**83,1**	65,8	**83,1**	65,8
Attributable to Reunert shares held by a subsidiary	**(22,0)**	(20,7)	**–**	–
	243,5	226,2	**265,5**	246,9
Final ordinary dividend declared:				
120,0 cents per share (2003: 88,0 cents)	**229,0**	181,3	**229,0**	181,3
Attributable to Reunert shares held by a subsidiary	**(22,9)**	(15,1)		
	206,1	166,2	**229,0**	181,3

8. ACCOUNTING POLICY CHANGES

Reunert has adopted South African Statements of Generally Accepted Accounting Practice (GAAP) which became effective during the current financial year. This has resulted in changes to accounting policies.

In terms of International Financial Reporting Standard 3 goodwill acquired on or after 31 March 2004 has not been amortised but has been subjected to an impairment test.

Reunert also adopted AC132 – Consolidated financial statements and accounting for investments in subsidiaries, in so far as it requires a share trust which meets the definition of a subsidiary to be consolidated. This had no profit effect. The trust does not hold shares in Reunert Limited.

The group's accounting policies are in accordance with SA GAAP and, except for the above changes, are consistent with those of the prior period.

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
9. NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE				
Weighted average number of shares in issue used to determine basic earnings per share and headline earnings per share (millions of shares)	**189,9**	188,3		
Adjusted by the dilutive effect of unexercised share options available to executives employed in the group (millions of shares)	**2,7**	2,6		
Weighted average number of shares used to determine diluted earnings per share and diluted headline earnings per share (millions of shares)	**192,6**	190,9		
10. HEADLINE EARNINGS				
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:				
Earnings attributable to Reunert Limited shareholders	**478,4**	295,4		
Adjusted for:	**46,9**	50,1		
Surplus on sale of property, plant and equipment	**(21,7)**	(0,2)		
Goodwill	**53,5**	50,3		
Attributable portion of impairment (refer to note 5)	**15,1**			
Tax	**1,6**	0,1		
Headline earnings attributable to Reunert Limited shareholders	**526,9**	345,6		

	GROUP			COMPANY		
	Cost Rm	Accumulated depreciation Rm	Book value Rm	Cost Rm	Accumulated depreciation Rm	Book value Rm
11. PROPERTY, PLANT AND EQUIPMENT						
2004						
Freehold land and buildings						
– investment	**18,2**	**6,5**	**11,7**	**–**	**–**	**–**
– owner occupied	**87,4**	**28,0**	**59,4**	**47,0**	**12,5**	**34,5**
Leasehold land and buildings						
– owner occupied	**3,7**	**1,7**	**2,0**	**0,3**	**0,3**	**–**
Plant and equipment	**675,4**	**561,0**	**114,4**	**226,6**	**188,0**	**38,6**
Vehicles	**24,9**	**16,2**	**8,7**	**10,3**	**5,9**	**4,4**
	809,6	**613,4**	**196,2**	**284,2**	**206,7**	**77,5**
2003						
Freehold land and buildings						
– investment	24,0	8,6	15,4	–	–	–
– owner occupied	100,4	33,7	66,7	47,0	12,7	34,3
Leasehold land and buildings						
– owner occupied	2,0	1,1	0,9	0,3	0,3	–
Plant and equipment	629,1	503,0	126,1	202,7	172,9	29,8
Vehicles	17,9	13,3	4,6	8,0	5,9	2,1
	773,4	559,7	213,7	258,0	191,8	66,2

	Land and buildings Investment Rm	Owner occupied Rm	Plant and equipment Rm	Vehicles Rm	**2004 Rm**	2003 Rm
11. PROPERTY, PLANT AND EQUIPMENT (continued)						
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT						
Group						
Net book value at beginning of year	15,4	67,6	126,1	4,6	**213,7**	157,1
Acquisition of businesses			2,3	1,2	**3,5**	72,3
Additions	–	2,9	39,7	6,2	**48,8**	44,6
Disposals	(3,3)	(7,7)	(0,6)	(0,3)	**(11,9)**	(1,9)
	12,1	62,8	167,5	11,7	**254,1**	272,1
Depreciation	(0,4)	(1,4)	(53,1)	(3,0)	**(57,9)**	(58,4)
	11,7	61,4	114,4	8,7	**196,2**	213,7
Company						
Net book value at beginning of year	–	34,3	29,8	2,1	**66,2**	63,4
Acquisition of businesses	–	–	–	–	**–**	3,2
Additions	–	0,2	24,9	4,0	**29,1**	16,0
Disposals	–	–	(0,1)	(0,1)	**(0,2)**	(0,1)
	–	34,5	54,6	6,0	**95,1**	82,5
Depreciation	–	–	(16,0)	(1,6)	**(17,6)**	(16,3)
	–	34,5	38,6	4,4	**77,5**	66,2

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 R24,4 million (2003: R23,3 million). Five of the group's properties are investment properties. The open market values were determined for capital gains tax purposes on 1 October 2001 by independent valuers who hold recognised and relevant qualifications and who have recent experience in the locations and categories of the investment properties being valued, adjusted for any additions since 1 October 2001.

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

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 2004 amounted to R2,6 billion (2003: R2,8 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.

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
12. GOODWILL				
Carrying value at beginning of year	**306,9**	360,0	**20,1**	21,5
Acquisition of businesses, associates and subsidiaries	**80,8**	6,4	**–**	12,9
Adjustment to the purchase price of a business acquired in a prior year	**1,6**	(9,2)	**(2,6)**	(9,2)
Amortisation for the year	**(53,5)**	(46,2)	**(6,7)**	(5,1)
Attributable to losses in associate	**–**	(4,1)		
Impairments	**(14,0)**	–	**–**	–
Carrying value at end of year	**321,8**	306,9	**10,8**	20,1
Goodwill at cost	**479,2**	396,8	**28,3**	30,9
Accumulated amortisation	**(143,4)**	(89,9)	**(17,5)**	(10,8)
Accumulated impairments	**(14,0)**	–	**–**	–
	321,8	306,9	**10,8**	20,1
Carrying value attributable to:				
– associates	**94,6**	108,4	**–**	–
– subsidiaries	**227,2**	198,5	**10,8**	20,1
	321,8	306,9	**10,8**	20,1
Goodwill is amortised over periods varying between one and ten years. In terms of International Financial Reporting Standard 3 (refer to note 8) goodwill acquired on or after 31 March 2004 has not been amortised, but has been subjected to an impairment test.				
13. INTEREST IN SUBSIDIARIES				
(See Annexure A)				
Shares at cost less amounts written off			**616,6**	543,0
Amounts owing by subsidiaries			**292,5**	338,4
Provision for goodwill write-off			**(45,9)**	(45,9)
			863,2	835,5
Provision for losses			**(35,8)**	(47,9)
			827,4	787,6
Amounts owing to subsidiaries			**(490,1)**	(103,4)
			337,3	684,2

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
14. INTEREST IN ASSOCIATES				
Shares at cost	**201,4**	158,5	**201,4**	158,5
Less: Transfer to goodwill on consolidation	**(154,8)**	(133,6)		
Less: Impairment	**–**	–	**(31,2)**	–
Attributable interest in accumulated profit	**41,9**	(24,9)		
Accumulated profit at beginning of year	**(24,9)**	58,6		
Profit/(loss) after tax and abnormal items – audited	**66,8**	(82,6)		
Retained income of associates that became subsidiaries during the year	**–**	(0,9)		
Total of associate companies	**88,5**	–	**170,2**	158,5
Total of unlisted associate companies	**76,8**	–	**158,5**	158,5
Total of listed associate companies	**11,7**	–	**11,7**	–
Directors' valuation – unlisted associate companies	**520,0**	520,0	**520,0**	520,0
Directors' valuation – listed associate companies	**11,7**	–	**11,7**	–
Attributable earnings/(loss) from unlisted associate companies	**76,8**	(82,6)		
Attributable loss from listed associate companies	**(10,0)**	–		
Attributable earnings from associate companies	**66,8**	(82,6)		

Summarised information of the principal associate companies is reflected in note 28.

	GROUP			
	Number of shares held		Percentage interest	
Details of share investments	**2004**	2003	**2004**	2003
ASSOCIATE COMPANIES				
Siemens Telecommunications (Pty) Limited	**56 000**	56 000	**40**	40
CS Holdings Limited (purchased with effect from 1 November 2003)	**77 741 400**	–	**32**	–
Electric Products International (Pty) Limited	**2 400**	2 400	**24**	24

		Carrying value	
Details of share investments	Year-end	**2004**	2003
ASSOCIATE COMPANIES			
Siemens Telecommunications (Pty) Limited	30 September	**76,8**	–
CS Holdings Limited	30 June	**11,7**	–
Electric Products International (Pty) Limited	30 September	**–**	–
		88,5	–

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
15. OTHER INVESTMENTS				
Reunert 1988 Share Purchase Trust loans	**7,4**	9,0	**7,4**	9,0
Other loans and investments	**14,0**	11,8	**14,0**	11,5
Total investments and loans	**21,4**	20,8	**21,4**	20,5
Directors' valuation – unlisted	**16,5**	20,8	**16,5**	20,5
Market valuation – listed	**4,9**		**4,9**	
LOANS GRANTED BY REUNERT LIMITED IN RESPECT OF THE SHARE OPTION SCHEME (THE 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, 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.				
Amount of loans granted during the year to all scheme participants			**9,0**	5,1
Loans to the scheme include loans to Reunert executive directors				
Balance at beginning of year			**2,2**	1,6
Advanced during the year			**4,2**	1,9
Repaid during the year			**(5,1)**	(1,3)
Balance at end of year			**1,3**	2,2
16. RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE				
Discounted deals:				
Collectable within one year	**121,2**	388,0		
Collectable after one year	**375,2**	761,1		
	496,4	1 149,1		
Accounts receivable:				
Collectable within one year	**15,8**	46,2		
Collectable after one year	**16,3**	24,7		
	32,1	70,9		
	528,5	1 220,0		

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	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
17. DEFERRED TAXATION ASSETS/LIABILITIES				
MOVEMENT OF GROUP DEFERRED TAXATION				
Balance at beginning of year	**(30,7)**	(20,0)	**23,6**	24,7
Restatement of balance at beginning of year due to first time compliance with AC133		(3,0)		(2,1)
Current tax charge	**46,4**	2,7	**6,5**	0,6
Adjustment for prior years	**(3,8)**	(10,4)	**0,4**	0,4
	11,9	(30,7)	**30,5**	23,6
Deferred taxation liabilities	**44,3**	63,8	**–**	–
Deferred taxation assets	**56,2**	33,1	**30,5**	23,6
ANALYSIS OF DEFERRED TAXATION				
Capital allowances	**(7,4)**	(41,3)	**(1,9)**	(0,8)
Provisions and accruals	**6,4**	11,7	**31,4**	23,7
Advance income offset by allowed future expenditure	**(2,5)**	3,6	**0,1**	0,5
Effect of tax losses	**6,6**	–		
Other (net)	**8,8**	(4,7)	**0,9**	0,2
	11,9	(30,7)	**30,5**	23,6
18. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	**100,6**	120,7	**44,5**	63,1
Finished goods	**152,0**	110,9	**24,2**	44,7
Merchandise	**236,8**	242,6	**236,8**	242,1
Consumable stores	**2,5**	2,2	**0,6**	0,5
Contracts and other work in progress	**–**	55,4	**2,3**	1,0
	491,9	531,8	**308,4**	351,4
The value of inventory has been determined on the following bases:				
First-in first-out	**362,5**	405,1	**303,9**	347,6
Average	**56,6**	34,6	**3,5**	2,6
Net realisable value	**10,9**	45,3	**1,0**	1,2
Other	**61,9**	46,8	**–**	–
	491,9	531,8	**308,4**	351,4
19. ACCOUNTS RECEIVABLE				
Trade receivables	**696,8**	602,4	**226,7**	232,3
Claims, prepayments and other receivables	**226,0**	224,2	**48,5**	33,9
	922,8	826,6	**275,2**	266,2
20. CASH AND CASH EQUIVALENTS				
Bank balances and cash	**166,3**	484,8	**61,5**	37,7
Investments in redeemable preference shares: These will be redeemed on 26 January 2005	**285,0**	–	**285,0**	–
	451,3	484,8	**346,5**	37,7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
21. SHARE CAPITAL AND PREMIUM				
AUTHORISED SHARE CAPITAL				
235 000 000 (2003: 235 000 000) ordinary shares of 10 cents each	**23,5**	23,5	**23,5**	23,5
350 000 (2003: 350 000) 5,5% cumulative preference shares of R2 each	**0,7**	0,7	**0,7**	0,7
31 057 729 (2003: 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				
190 832 235 (2003: 206 015 764) ordinary shares of 10 cents each	**19,1**	20,6	**19,1**	20,6
350 000 (2003: 350 000) 5,5% cumulative preference shares of R2 each	**0,7**	0,7	**0,7**	0,7
	19,8	21,3	**19,8**	21,3
SHARE PREMIUM				
At beginning of year	**262,1**	251,3	**262,1**	251,3
Arising on the issue of ordinary shares	**18,5**	10,8	**18,5**	10,8
Applicable to shares cancelled subsequent to the share buy-back	**(277,7)**	–	**(277,7)**	–
At end of year	**2,9**	262,1	**2,9**	262,1
Total issued share capital and premium	**22,7**	283,4	**22,7**	283,4
TREASURY SHARES				
Reunert Limited shares bought back and held by a subsidiary 19 063 631 (2003: 17 168 058)	**(282,0)**	(234,6)		

On 27 September 2004 17 168 229 ordinary shares were bought back by the company and cancelled. This reduced the share capital by R1,7 million and the share premium by R277,7 million.

	COMPANY Number of shares	
	2004	2003
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**	12 000 000
Ordinary shares under the general authority of the directors until the forthcoming annual general meeting	–	16 984 236
	12 000 000	28 984 236

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 one third after three years and a further one third each in years four and five. Any options unexercised lapse after ten years from the date of initial issue or at the moment an option holder leaves the group. Should the option price exceed the market price, option holders 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
2004						
R14,90	**10**	**–**	**(10)**	**–**	**–**	**149**
R14,00	**30**	**–**	**(30)**	**–**	**–**	**420**
R5,45	**2 601**	**–**	**(1 152)**	**–**	**1 449**	**6 276**
R14,10	**2 250**	**–**	**(490)**	**–**	**1 760**	**6 913**
R15,80	**1 310**	**–**	**(173)**	**(15)**	**1 122**	**2 732**
R17,70	**250**	**–**	**(110)**	**–**	**140**	**1 947**
R15,99	**1 805**	**–**	**(20)**	**(5)**	**1 780**	**320**
R17,30	**200**	**–**	**–**	**–**	**200**	**–**
	8 456	**–**	**(1 985)**	**(20)**	**6 451**	**18 757**
2003						
R14,90	10	–	–	–	10	–
R14,00	30	–	–	–	30	–
R5,45	4 085	–	(1 351)	(133)	2 601	7 360
R14,10	2 375	–	(25)	(100)	2 250	353
R15,80	1 445	–	(90)	(45)	1 310	1 422
R17,70	290	–	–	(40)	250	–
R15,99	–	1 940	(125)	(10)	1 805	1 999
R17,30	–	200	–	–	200	–
	8 235	2 140	(1 591)	(328)	8 456	11 134

21. SHARE CAPITAL AND PREMIUM (continued)

Exercise price	Number of options exercisable per annum Thousands	Period options exercisable Dates	Expiry date	Options vested at the beginning of the year Thousands	Options vested at the end of the year Thousands
R5,45	1 249	22 October 2004	22 October 2009	100	200
R14,10	726	1 February 2005 to 1 February 2006	1 February 2011	75	308
R15,80	429	26 September 2005 to 26 September 2006	26 September 2011	10	264
R17,70	47	19 November 2004 to 19 November 2006	19 November 2011	110	–
R15,99	593	13 May 2006 to 13 May 2008	13 May 2013	–	–
R17,30	67	27 July 2006 to 27 July 2008	27 July 2013	–	–
				295	772

	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
22. NON-DISTRIBUTABLE RESERVES				
Statutory and other reserves				
– at beginning of year	**–**	1,4	**–**	–
– movement	**0,2**	(1,4)	**–**	–
	0,2	–	**–**	–
Capital redemption reserve	**2,9**	2,9	**0,3**	0,3
Share of associate companies' accumulated profits				
– at beginning of year	**–**	63,7		
– associate earnings transferred this year	**51,9**	(63,7)		
	51,9	–		
	55,0	2,9	**0,3**	0,3

Description of nature of obligation	Carrying amount at the 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 the end of the year Rm
23. PROVISIONS					
GROUP					
Contract completion	5,5			(0,3)	5,2
Debtor recourse guarantee	37,7				37,7
Unfunded pension obligations	2,3	6,0	(7,7)		0,6
Warranty	49,1	11,1	(2,8)	(2,3)	55,1
Other	10,9	3,6	(1,7)	(4,9)	7,9
	105,5	20,7	(12,2)	(7,5)	106,5
COMPANY					
Contract completion	0,9			(0,9)	–
Warranty	0,4			(0,1)	0,3
Other	6,9	3,6	(0,6)	(2,0)	7,9
	8,2	3,6	(0,6)	(3,0)	8,2

	GROUP 2004 Rm	GROUP 2003 Rm	COMPANY 2004 Rm	COMPANY 2003 Rm
24. COMMITMENTS				
Expenditure on property, plant and equipment				
Contracted	**22,4**	16,2	**17,9**	12,7
Authorised not yet contracted	**2,7**	0,4	**–**	0,1
	25,1	16,6	**17,9**	12,8
The above expenditure, to occur in 2005 and 2006, will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, motor vehicles and other assets				
– one year	**14,4**	23,6	**8,3**	14,4
– two to five years	**22,0**	48,8	**10,3**	13,4
– greater than five years	**–**	9,0	**–**	–
	36,4	81,4	**18,6**	27,8
Land and buildings	**33,9**	75,0	**18,4**	27,7
Motor vehicles	**0,2**	0,1	**0,2**	0,1
Other	**2,3**	6,3	**–**	–
Total operating lease commitments	**36,4**	81,4	**18,6**	27,8

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	Rm	Rm	**Rm**	Rm
25. CONTINGENT LIABILITIES				
Guarantees on behalf of third parties	**4,2**	3,6	**–**	–
Guarantees on behalf of group subsidiary companies			**29,1**	59,4
Sureties for staff loans	**0,1**	0,1	**–**	–
Warranties on debtors sold	**5,3**	–	**–**	–
Total contingent liabilities	**9,6**	3,7	**29,1**	59,4

	Salary R thousands	Bonus and performance-related payments R thousands	Other* benefits R thousands	Retirement contri-butions R thousands	Medical contri-butions R thousands	Gains on options exercised R thousands	Total R thousands
26. 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 2004							
G Pretorius	**1 856**	**1 930**	**281**	**396**	**17**	**1 829**	**6 309**
BP Gallagher	**996**	**1 030**	**163**	**224**	**24**	**1 561**	**3 998**
GJ Oosthuizen	**895**	**904**	**125**	**185**	**15**	**1 295**	**3 419**
DJ Rawlinson	**956**	**998**	**186**	**204**	**45**	**1 418**	**3 807**
	4 703	**4 862**	**755**	**1 009**	**101**	**6 103**	**17 533**
The directors' remuneration for the year ended 30 September 2003							
G Pretorius	1 743	783	169	357	29	773	3 854
BP Gallagher	891	429	168	195	43	936	2 662
GJ Oosthuizen	811	377	125	172	22	936	2 443
DJ Rawlinson	878	416	245	189	39	970	2 737
	4 323	2 005	707	913	133	3 615	11 696

** Other benefits are made up of travel allowances and the fringe benefits derived from share purchase trust loans.*

26. DIRECTORS' REMUNERATION AND INTERESTS (continued)

NON-EXECUTIVE DIRECTORS

The directors' remuneration for the year ended 30 September

	Total paid for the year (all directors' and committee fees) 2004 R thousands	2003 R thousands
DE Cooper	**300**	300
BP Connellan	**80**	80
SD Jagoe	**100**	100
KJ Makwetla	**60**	60
KC Radebe	**6**	–
MJ Shaw	**90**	90
JC van der Horst	**80**	80
CL Valkin	**22**	60
	738	770

SHARE OPTIONS

Executive directors

	Balance of unexercised share options as at 1 October 2003	Number of share options allocated during the year	Number of options exercised during the year	Balance of unexercised share options as at 30 September 2004	Option price R	Date of allocation	Date from which exercisable
G Pretorius	110 000	–	55 000	55 000	5,45	26 October 1999	26 October 2002
	100 000	–	33 300	66 700	14,10	1 February 2001	1 February 2004
	150 000	–	50 000*	100 000	15,80	26 September 2001	26 September 2004
	200 000	–	–	200 000	15,99	13 May 2003	13 May 2006
BP Gallagher	133 400	–	66 600	66 800	5,45	26 October 1999	26 October 2002
	50 000	–	16 600	33 400	14,10	1 February 2001	1 February 2004
	70 000	–	23 300*	46 700	15,80	26 September 2001	26 September 2004
	100 000	–	–	100 000	15,99	13 May 2003	13 May 2006
GJ Oosthuizen	133 400	–	66 600	66 800	5,45	26 October 1999	26 October 2002
	50 000	–	16 600	33 400	14,10	1 February 2001	1 February 2004
	90 000	–	–	90 000	15,80	26 September 2001	26 September 2004
	100 000	–	–	100 000	15,99	13 May 2003	13 May 2006
DJ Rawlinson	133 400	–	66 600	66 800	5,45	26 October 1999	26 October 2002
	50 000	–	16 600	33 400	14,10	1 February 2001	1 February 2004
	30 000	–	10 000*	20 000	15,80	26 September 2001	26 September 2004
	100 000	–	–	100 000	15,99	13 May 2003	13 May 2006
	1 600 200	–	421 200	1 179 000			

** The loans granted on the exercise of these options were not fully repaid by the year-end. The shares are held as security for the loans.*

None of the directors' service contracts expressly provides 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.

27. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits for its employees, 99% (2003: 99%) of the group's employees belong to various retirement schemes.

Industrial legislation requires that certain employees be members of designated industrial schemes. At year-end 35% (2003: 34%) 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 R4,5 million (2003: R5,7 million).

30% (2003: 32%) 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 28 February 2003 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 R16,5 million (2003: R17,1 million).

The Lincoln Wood Provident Fund is a defined benefit plan registered in terms of the Pension Funds Act, 1956. The employer's contribution rate is 14,5% (2003: 14,5%) of employees' pensionable earnings, with the employees' contributions remaining at 6%. The total employer contribution to this fund amounted to R9,7 million (2003: R1,7 million). The Lincoln Wood Provident Fund was actuarially valued in terms of the Pension Funds Second Amendments Act, 2001 at February 2003, at which date the fund was found to be in a deficit which is to be funded by a special contribution of R7,7 million and is included in the total employer contribution for the year of R9,7 million.

The remaining 34% (2003: 33%) of the group's total employees, who are not members of the abovementioned schemes, participate in other benefit plans, which consist of five defined contribution plans. All are subject to the Pension Funds Act, 1956. The total employer contributions to these funds amounted to R22,6 million (2003: R22,8 million).

2% of the group's employees belong to defined benefit funds, with 2% 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.

	Year ended 30 September 2004 Rm	Year ended 30 September 2003 Rm
27. RETIREMENT BENEFIT INFORMATION (continued)		
Amounts recognised in income in respect of that scheme are as follows:		
Current service cost	**3,2**	3,1
Interest costs	**7,5**	7,9
Expected return on plan assets	**(5,8)**	(7,5)
Unrecognised net loss	**0,4**	–
Amount charged to income	**5,3**	3,5
The charge for the year has been included in other expenses.		
Actual return on plan assets	**(5,7)**	(8,0)
The amount included in the balance sheet arising from the group's obligation in respect of defined benefit retirement benefit plans is as follows:		
	2004 Rm	2003 Rm
Present value of funded obligations	**75,5**	72,9
Unrecognised actuarial losses	**(9,8)**	(11,0)
Fair value of plan assets	**(60,8)**	(59,6)
Unfunded pension obligations	**4,9**	2,3
At beginning of year	**2,3**	1,5
Amounts charged to income	**5,3**	3,5
Deemed contributions	**(2,7)**	(2,7)
At end of year	**4,9**	2,3
	2004 %	2003 %
Key assumptions used:		
Discount rate	**10,0**	10,0
Inflation rate	**5,5**	5,0
Expected return on plan assets	**10,5**	9,5
Expected rate of salary increases	**7,0**	6,5
Future pension increases	**4,76**	4,76

The next statutory valuation will be performed as at 28 February 2006.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2004

	2004 Total Rm	2004 Reunert share Rm	2003 Total Rm	2003 Reunert share Rm
28. SUMMARISED FINANCIAL INFORMATION OF PRINCIPAL ASSOCIATE COMPANIES				
INCOME STATEMENT				
Revenue	**3 634,3**	**1 427,2**	3 598,1	1 438,6
Profit/(loss) after tax	**160,7**	**66,8**	(206,6)	(82,6)
Dividends	**–**	**–**	–	–
BALANCE SHEET				
Interest of shareholders	**156,0**	**65,3**	(10,3)	–
Long-term liabilities	**3,9**	**1,2**	74,3	29,7
Property, plant and equipment	**109,9**	**41,9**	145,5	58,2
Deferred taxation asset	**58,1**	**23,2**	92,8	37,1
Net current assets	**50,0**	**24,7**	(174,3)	(69,7)

29. RELATED PARTY TRANSACTIONS

The following related party transactions took place during the year:

TRADING WITH SHAREHOLDERS

Counterparty	Relationship	Sales Rm	Purchases Rm	Accounts payable Rm	Accounts receivable Rm
Pirelli Cable Holding NV (Pirelli)	Up until 30 September 2004 Pirelli was joint owner of Afcab Holdings which owns African Cables	–	4,1	–	–
BICC CAFCA Limited (Cafca)	African Cables owns 72% of Cafca	4,9	2,7	–	–
EADS Deutschland GmbH (EADS)	EADS owns 33% of Reutech Radar Systems	17,9	–	0,3	4,0

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

30. 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 is 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.

Foreign currency commitments and receivables are covered by forward exchange contracts when there is a risk that the rand will weaken or revalue respectively. Derivative contracts, other than forward exchange contracts, are not entered into to hedge currency risks.

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

	2004 Rm	2003 Rm
To pay	**363,3**	355,5

Forward exchange contracts at 30 September 2004 and 2003 are summarised below:

	Foreign amount m	Fair value Rm	Contract value Rm	Gains/ (losses) Rm
2004				
Imports – trade				
USD	**25,0**	**164,0**	**163,4**	**0,6**
Euro	**16,9**	**137,7**	**134,7**	**3,0**
GBP	**0,4**	**5,0**	**5,1**	**(0,1)**
Yen	**956,9**	**57,3**	**56,5**	**0,8**
CHF	**0,2**	**1,2**	**1,2**	**–**
SEK	**1,2**	**1,0**	**1,0**	**–**
		366,2	**361,9**	**4,3**
Imports – capital				
USD	**0,2**	**1,3**	**1,4**	**(0,1)**
		1,3	**1,4**	**(0,1)**
		367,5	**363,3**	**4,2**

	Rm
Accounts receivable in foreign currencies	**3,6**
Of which covered by forward exchange contracts	**–**
Accounts payable in foreign currencies	**286,7**
Of which covered by forward exchange contracts	**260,4**

30. FINANCIAL INSTRUMENTS (continued)

	Foreign amount m	Fair value Rm	Contract value Rm	Gains/ (losses) Rm
2003				
Imports – trade				
USD	19,4	137,5	158,1	(20,6)
Euro	16,9	139,6	146,8	(7,2)
GBP	0,4	4,7	4,9	(0,2)
Yen	646,0	41,4	44,2	(2,8)
CHF	0,7	0,6	0,6	–
SEK	0,2	0,9	0,9	–
		324,7	355,5	(30,8)

	Rm
Accounts receivable in foreign currencies	10,9
Of which covered by forward exchange contracts	–
Accounts payable in foreign currencies	330,2
Of which covered by forward exchange contracts	324,7

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 receivables 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.

Details of total cash and cash equivalents, investments, accounts receivable and derivative instruments (net market value of these contracts), by geographic region exposed to:

	2004 %	2003 %
South Africa	**89,2**	97,6
Rest of Africa	**5,8**	0,6
Europe	**2,1**	1,2
Asia	**1,3**	0,2
USA	**0,6**	0,4
Other	**1,0**	–
	100,0	100,0

30. FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK

RC&C Finance Company Limited

Most of the company's debtors are subject to variable rates. The company borrows at variable interest rates, therefore the margins 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. When deemed appropriate the company enters into interest rate swap agreements and takes out fixed rate loans to reduce the interest rate risk.

In October 2003 all existing interest rate swaps were cancelled and no further agreements were entered into by the end of the year because of the overall Reunert group's cash position.

The group's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are:

	2004				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
ASSETS					
Cash and cash equivalents	7,2	451,3	–	–	451,3
Accounts receivable (non-RCCF)		–	–	896,0	896,0
Accounts receivable (RCCF)	14,3	110,5	418,0	–	528,5
Other investments	5,6	5,1	–	104,8	109,9
		566,9	418,0	1 000,8	1 985,7
LIABILITIES					
Trade and other payables	12,0	(88,3)	–	(1 182,8)	(1 271,1)
Bank overdrafts and other short-term loans	9,5	(170,4)	–	–	(170,4)
RCCF borrowings	9,5	(314,1)	–	–	(314,1)
		(572,8)	–	(1 182,8)	(1 755,6)
NET FINANCIAL ASSETS/(LIABILITIES)		(5,9)	418,0	(182,0)	230,1

	2003				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
30. FINANCIAL INSTRUMENTS (continued)					
ASSETS					
Cash and cash equivalents	9,3	484,8	–	–	484,8
Accounts receivable (non-RCCF)		–	–	802,4	802,4
Accounts receivable (RCCF)	14,5	257,0	960,0	3,0	1 220,0
Other investments	8,6	16,9	–	3,9	20,8
		758,7	960,0	809,3	2 528,0
LIABILITIES					
Trade and other payables		–	–	(1 030,4)	(1 030,4)
Bank overdrafts and other short-term loans	11,7	(3,4)	–	–	(3,4)
RCCF borrowings	12,2	(900,7)	–	–	(900,7)
		(904,1)	–	(1 030,4)	(1 934,5)
NET FINANCIAL ASSETS/(LIABILITIES)		(145,4)	960,0	(221,1)	593,5

Details of the RCCF interest rate swaps in 2003 are:

	Contracts expiring in:		
	<1 year	1 – 5 years	Total
R million	(206,0)	(365,0)	(571,0)
Average fixed interest rate (%)	11,0	11,0	11,0

30. FINANCIAL INSTRUMENTS (continued)

MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The maturity profile of financial instruments at 30 September 2004 are summarised below:

	2004			
	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
Cash and cash equivalents	**451,3**	**–**	**–**	**451,3**
Accounts receivable (non-RCCF)	**896,0**	**–**	**–**	**896,0**
Accounts receivable (RCCF)	**137,0**	**391,5**	**–**	**528,5**
Other financial assets	**103,0**	**6,9**	**–**	**109,9**
Trade and other payables	**(1 271,1)**	**–**	**–**	**(1 271,1)**
Bank overdrafts and other short-term loans	**(170,4)**	**–**	**–**	**(170,4)**
RCCF borrowings	**(314,1)**	**–**	**–**	**(314,1)**
Derivative instruments				
Recognised transactions				
FECs				
– Buy	**4,2**	**–**	**–**	**4,2**
Other derivative instruments	**(1,2)**	**–**	**–**	**(1,2)**

The maturity profile of financial instruments at 30 September 2003 are summarised below:

	2003			
	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
Cash and cash equivalents	484,8	–	–	484,8
Accounts receivable (non-RCCF)	802,4	–	–	802,4
Accounts receivable (RCCF)	405,0	663,0	152,0	1 220,0
Other financial assets	11,9	5,6	3,3	20,8
Trade and other payables	(1 030,4)	–	–	(1 030,4)
Bank overdrafts and other short-term loans	(3,4)	–	–	(3,4)
RCCF borrowings	(900,7)	–	–	(900,7)
Derivative instruments				
Recognised transactions				
FECs				
– Buy	(30,8)	–	–	(30,8)
Interest rate swaps	(14,9)	–	–	(14,9)
Other derivative instruments	(3,8)	–	–	(3,8)

LIQUIDITY RISK

Adequate reserves, banking facilities and reserve borrowing facilities are maintained by continuously monitoring forecast and actual cash flows.

	GROUP			
	2004		2003	
	Maximum permissible Rm	Actual Rm	Maximum permissible Rm	Actual Rm
30. FINANCIAL INSTRUMENTS (continued)				
BORROWING CAPACITY				
THE BORROWINGS OF THE GROUP ARE LIMITED IN TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION				
Long-term liabilities		–		–
Short-term loans and bank overdrafts		170,4		3,4
RC&C Finance Company debtors guarantee given by Reunert Limited		9,7		60,4
Contingent liabilities (refer to note 25)		9,6		3,7
	748,7	189,7	1 142,2	67,5

	2004		2003	
Type of instrument	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
FAIR VALUE OF FINANCIAL INSTRUMENTS				
Cash and cash equivalents	451,3	451,3	484,8	484,8
Accounts receivable	896,0	896,0	802,4	802,4
RCCF accounts receivable	528,5	528,5	1 220,0	1 220,0
Other investments	109,9	109,8	20,8	19,4
Accounts payable	(1 271,1)	(1 271,1)	(1 030,4)	(1 030,4)
Bank overdrafts and other short-term loans	(170,4)	(170,4)	(3,4)	(3,4)
RCCF short-term borrowings	(314,1)	(314,1)	(900,7)	(900,7)
Derivative instruments				
– Forward exchange contracts	4,2	4,2	(30,8)	(30,8)
– Interest rate swaps*	–	–	(14,9)	(14,9)
– Other	(1,2)	(1,2)	(3,8)	(3,8)

** The market value of in-the-market swaps is R– (2003: R14,9 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.

30. FINANCIAL INSTRUMENTS (continued)

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.

OTHER INVESTMENTS

The fair value of the interest-bearing loans has been determined by discounting the future cash-flows of these loans back to present values using current market-related interest rates. The remainder of the investments are non-interest-bearing. The fair value of these loans and minor unlisted share investments cannot be determined as the loans have no repayment terms, in which case it is assumed that the carrying value approximates fair value.

ACCOUNTS PAYABLE

The carrying amounts of accounts payable denominated in rand approximate fair value because of the short-term nature of these instruments. The carrying values 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 values 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.

31. 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)	71,6
Attributable Reunert group holding	71,6
	R million
Shares at cost	7,3
Less: Amount written off	(7,3)
Carrying value of investment	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2004

31. UNCONSOLIDATED SUBSIDIARY (continued)

The abridged hyperinflationary accounted income statement for the year to June 2004 and the balance sheet as at 30 June 2004 are reflected below:

	2004 Z$M	2003* Z$M
INCOME STATEMENT		
Revenue	**76 895**	122 208
(Loss)/profit before interest and tax	**(6 228)**	31 439
Interest paid	**8 147**	20 728
(Loss)/profit before tax	**(14 375)**	10 711
Income tax (credit)/expense	**(582)**	6 095
Net (loss)/profit	**(13 793)**	4 616
BALANCE SHEET		
ASSETS		
Non-current assets		
Property, plant and equipment	**19 635**	22 055
	19 635	22 055
Current assets		
Inventory	**5 787**	10 874
Accounts receivable	**6 699**	25 623
Cash	**3 084**	4 378
	15 570	40 875
TOTAL ASSETS	**35 205**	62 930
EQUITY AND LIABILITIES		
Share capital and reserves	**21 707**	35 517
Non-current liabilities		
Deferred tax liabilities	**5 122**	5 845
	5 122	5 845
Current liabilities		
Payables	**5 314**	16 477
Net debt	**3 062**	5 091
	8 376	21 568
TOTAL EQUITY AND LIABILITIES	**35 205**	62 930

The official exchange rate at 30 June 2004 was R1: Z$830 (30 June 2003: R1: Z$115).

The auction rate to the US$ is approximately Z$5300 which approximates R1: Z$955 (2003: R1: Z$316).

The Zimbabwean inflation rate used to inflate the 2003 information to compare with 2004 is 308%.

** The 2003 information has been restated in terms of AC124 on Financial Reporting in Hyperinflationary Economies.*

32. ACQUISITION OF SUBSIDIARIES AND OTHER BUSINESSES

In October 2003 the group acquired 32% of the share capital of CS Computer Services Holdings Limited at a cost of R42,9 million, including goodwill of R21,2 million. Reunert has recently accepted the Bytes Technology Group offer for its CS Computer Services Holdings shares resulting in a total loss of R31,2 million should the offer become unconditional. This offer is worth approximately R11,7 million.

In July 2004 100% of the share capital of Heinemann Electric was purchased for R25,1 million. This included goodwill of R1,3 million.

In September 2004 the remaining 50% of Afcab Holdings (Pty) Limited (owner of 100% of African Cables Limited) not previously owned by the group was purchased from Pirelli. Goodwill on this transaction amounted to R58,3 million and the total cost was R166,2 million.

	Heinemann Electric Rm	Afcab Holdings (Pty) Limited Rm	CS Computer Services Holdings Limited Rm	Total Rm
NET ASSETS ACQUIRED				
Property, plant and equipment	3,5			3,5
Inventory	11,1			11,1
Accounts receivable	16,6			16,6
Payables and provisions	(7,1)			(7,1)
Net cash/(overdraft)	(0,3)			(0,3)
Attributable share of net assets at date of acquisition			21,7	21,7
Outside shareholders' interest		107,9		107,9
Goodwill on acquisition	1,3	58,3	21,2	80,8
Cost of investment	25,1	166,2	42,9	234,2

REUNERT

PRINCIPAL SUBSIDIARIES – ANNEXURE A

AT 30 SEPTEMBER 2004

	Issued capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company: Shares		Interest of holding company: Indebtedness	
		2004 %	2003 %	2004 Rm	2003 Rm	2004 Rm	2003 Rm
ELECTRICAL ENGINEERING							
Circuit Breaker Industries Limited	46	**100**	100			**41,4**	
Heinemann Holdings Limited	35 000	**100**	100	**16,4**	16,4		
Circuit Breaker Industries GmbH (incorporated in Germany)	€25 565	**100**	100				
Circuit Breaker Industries Inc. (incorporated in USA)	$50 000	**100**	100				
African Cables Limited	9 886 098	**100**	50				
Afcab Holdings (Pty) Limited	4 000	**100**	50	**66,3**		**199,8**	99,9
ATC (Pty) Limited	632 912	**74,9**	74,9				
Reutech Engineering Services (Pty) Limited	64 000	**74,9**	74,9	**0,6**	0,6		
OFFICE SYSTEMS							
Nashua Limited	947 794	**100**	100	**6,3**	6,3	**(11,8)**	(13,1)
Royce Imaging Industries (Pty) Limited	100	**100**	100			**13,3**	18,3
RC&C Finance Company (Pty) Limited	4 293	**16***	10*	**20,4**	13,0	**0,5**	(0,5)
Nashua Connect (Pty) Limited	1 000	**100**	100			**4,6**	10,0
CONSUMER PRODUCTS AND SERVICES							
Nashua Mobile (Pty) Limited	9 741 983	**100**	100	**267,8**	267,8		0,5
Reunert Consumer and Commercial Holdings Limited	100	**100**	100	**45,0**	45,0	**(46,5)**	(43,1)
NPC (Electronics) Limited	33 000	**100**	100	**0,2**	0,2	**(2,7)**	1,2
NPC (Airconditioning) Limited	200 000	**100**	100	**2,2**	2,2	**(0,6)**	(5,3)
Pansolutions (Pty) Limited	100	**100**	100			**(2,3)**	(2,4)
Futronic (Pty) Limited	100	**100**	100			**0,2**	0,3
RC&C Manufacturing Company (Pty) Limited	100	**100**	100			**(1,4)**	(2,1)
RC&C (Parow Factory) Properties (Pty) Limited	2	**100**	100	**0,5**	0,5		
Saco Systems Limited (incorporated in UK)	£16 556	**100**	100			**1,2**	3,8
Saco Systems (Pty) Limited	96 000	**100**	100			**(0,1)**	(0,2)
TELECOMMUNICATIONS							
Acuo Technologies (Pty) Limited	4 000	**100**	100				(1,4)

	Issued capital R (unless otherwise stated)	Effective percentage holding 2004 %	Effective percentage holding 2003 %	Interest of holding company Shares 2004 Rm	Interest of holding company Shares 2003 Rm	Interest of holding company Indebtedness 2004 Rm	Interest of holding company Indebtedness 2003 Rm
REUTECH							
Fuchs Electronics (Pty) Limited	50 000	**100**	100				
RDI Communications (Pty) Limited	2						
Reutech Defence Industries (Pty) Limited	600 000	**100**	100	**0,3**	0,3		0,4
Reunert Defence Logistics (Pty) Limited	2 000	**70**	70				(0,2)
Reutech Radar Systems (Pty) Limited	200	**57**	57	**8,6**	8,6	**0,9**	0,9
Reutech Limited	30 000 000	**100**	100	**5,0**	5,0		0,5
INVESTMENTS AND SERVICES							
Reunert Finance Company Limited	4 000 000	**100**	100	**4,0**	4,0	**(408,3)**	177,1
Bargenel Investments Limited	7	**100**	100	**168,0**	168,0	**26,9**	(12,9)
Reunert Management Services Limited	4 000	**100**	100				(0,1)
Sundry				**5,0**	5,1	**(12,7)**	3,4
				616,6	543,0	**(197,6)**	235,0
Indebtedness (net)				**(197,6)**	235,0		
Provision for goodwill write-off				**(45,9)**	(45,9)		
Provision for losses				**(35,8)**	(47,9)		
Interest in subsidiaries				**337,3**	684,2		

** Reunert Limited owns 16% (2003: 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.*

REUNERT

SHARE OWNERSHIP ANALYSIS

SHARE OWNERSHIP ANALYSIS AS AT END OF OCTOBER 2004	Ordinary shares 2004 %	Ordinary shares 2003 %
MAJOR HOLDINGS THROUGH MANAGERS IN EXCESS OF 5% (CURRENT AND PRIOR YEAR)		
Investec Asset Management (SA)	**21,1**	14,7
RMB Asset Management (SA)	**15,4**	19,5
Old Mutual Asset Managers (SA)	**10,9**	17,0
Stanlib Asset Management (SA)	**7,3**	7,0

	Ordinary shares		5,5% cumulative preference shares	
	Number of shareholders	% shareholding	Number of shareholders	% shareholding
SHAREHOLDER SPREAD				
Public shareholders	11 266	70,5	60	85,0
Non-public shareholders	54	29,5	1	15,0
– Total directors	4	–		
– Reunert Share Purchase Trust	48	1,7		
– Bargenel (Treasury shares)	1	10,0		
– Public Investment Commissioners (SA)	1	17,8		
– Old Sillery (Pty) Limited			1	15,0
	11 320	100,0	61	100,0

	Ordinary shares (millions)	%	5,5% cumulative preference shares (thousands)	%
BENEFICIAL HOLDINGS IN EXCESS OF 5% OF ISSUED SHARE CAPITAL				
Public Investment Commissioners (SA)	34,0	17,8		
Bargenel Investments (Pty) Limited	19,1	10,0		
Old Sillery (Pty) Limited			52,5	15,0
Newshelf 614 (Pty) Limited			34,2	9,8
HF Richardson			31,9	9,1
DF Foster			24,5	7,0
R Glyn			21,8	6,2
J Fisher			19,9	5,7
JEG Wright			18,2	5,2

SHAREHOLDERS' DIARY

REPORTING

Annual general meeting	7 February 2005
Financial year-end	30 September 2005
Announcement of interim results for 2005	10 May 2005
Announcement of final results for 2005	15 November 2005
Annual report for 2005 posted by	10 December 2005

DIVIDENDS

FINAL FOR 2004

Ordinary shares

Declared	Monday, 15 November 2004
Last date to trade (cum dividend)	Friday, 14 January 2005
First date of trading (ex dividend)	Monday, 17 January 2005
Record date	Friday, 21 January 2005
Payment date	Monday, 24 January 2005

Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 17 January 2005 and Friday, 21 January 2005, both days inclusive.

5,5% cumulative preference shares

Declared	15 November 2004
Payable	18 January 2005

INTERIM FOR 2005

Ordinary and 5,5% cumulative preference shares

Declared	17 May 2005
Payable	June 2005

Please note that the reporting dates are subject to change

REUNERT

CORPORATE ADMINISTRATION AND INFORMATION

WWW.REUNERT.COM

REUNERT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1913/004355/06)
Share code: RLO
ISIN: ZAE000057428

GROUP SECRETARY AND ADMINISTRATION
Reunert Management Services Limited

BUSINESS ADDRESS AND REGISTERED OFFICE
Lincoln Wood Office Park
6 – 10 Woodlands Drive
Woodmead 2191
Sandton
South Africa

POSTAL ADDRESS
PO Box 784391
Sandton 2146
South Africa

RG Drakes (57)
CA(SA) (Hons)
Financial director
Reunert Management Services Limited

Telephone: +27 11 517 9000
Telefax: +27 11 804 1391
e-mail: robd@reunert.co.za

SHARE TRANSFER SECRETARIES
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
South Africa

POSTAL ADDRESS
PO Box 61051
Marshalltown 2107
South Africa

Telephone: +27 11 370 5000
Telefax: +27 11 688 5200
Website: www.computershare.com

AUDITORS
Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead 2199
South Africa

Telephone: +27 11 806 5000
Telefax: +27 11 806 5002

SPONSOR
Rand Merchant Bank
A division of FirstRand Limited, Corporate Finance

PRINCIPAL BANKERS
Nedbank Limited
Standard Corporate and Merchant Bank

INFORMATION
Carina de Klerk (43)
BA Comm
Communication and investor relations manager

Telephone: +27 11 517 9000
Telefax: +27 11 517 9035
e-mail: invest@reunert.co.za or carina@reunert.co.za

Visit our website at www.reunert.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-first annual general meeting of members of Reunert Limited will be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, Sandton, on Monday, 7 February 2005 at 10:00 for the following purposes:

1. To receive and adopt the audited group annual financial statements for the year ended 30 September 2004.

2. To elect the following directors:
   2.1 Ms Radebe, who was appointed as a non-executive director of the company on 26 August 2004, retires in accordance with the articles of association and being eligible, offers herself for re-election.
   2.2 Mr BP Connellan who retires in accordance with the articles of association and being eligible, offers himself for re-election.
   2.3 Mr DE Cooper who retires in accordance with the articles of association and being eligible, offers himself for re-election.
   2.4 Mr G Pretorius who retires in accordance with the articles of association and being eligible, offers himself for re-election.

   A brief curriculum vitae in respect of each director referred to above appears on pages 6 and 7 of the annual report.

3. To determine the remuneration of non-executive directors with effect from 1 October 2004 in accordance with the company's articles of association as follows:

	Current per annum	**Proposed per annum**
Chairman	R300 000	**R350 000**
Non-executive directors	R60 000	**R80 000**
Audit and risk committee chairman	R30 000	**R60 000**
Audit and risk committee member	R20 000	**R40 000**
Remuneration and nomination committee chairman	R20 000	**R35 000**
Remuneration and nomination committee member	R20 000	**R30 000**
	R450 000	**R595 000**

4. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:
   "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 1988 Share Purchase Scheme."

5. To consider and, if deemed fit, to pass, with or without modification, the following resolution as a special resolution:
   "That the company hereby approves, as a general approval contemplated in Sections 85(2) and 85(3) of the Companies Act (Act 61 of 1973 as amended) the acquisitions by the company, and/or any subsidiary of the company, from time to time, of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Companies Act (Act 61 of 1973 as amended) and the JSE Securities Exchange South Africa ("JSE") Listings Requirements when applicable, subject to the following limitations, namely that:
   - the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter party;
   - this authority shall not extend beyond 15 (fifteen) months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
   - at any point in time, the company only appoints one agent to effect any repurchase(s) on its behalf;
   - the company or its subsidiary are not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
   - 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% (three per cent) of the shares in issue and for every 3% (three per cent) in aggregate of the initial number of that class acquired thereafter;
   - the general repurchase may not in the aggregate in any one financial year exceed 20% (twenty per cent) 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% (ten per cent) of the number of issued shares of the company;
   - in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which

such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;

- the sponsor to the company provides a letter confirming the adequacy of working capital in terms of schedule 25 of the JSE Listings Requirements prior to any repurchases being implemented on the open market of the JSE;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the directors undertake that, for a period of 12 (twelve) 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(s), be able to repay their debts in the ordinary course of business;
  – the company's and the group's assets, fairly valued according to South African Statements of 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 continue operations; and
  – the company and the group will, after such payment, have sufficient working capital to continue operations.

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.

Directors' responsibility statement

The directors, whose names are given on pages 6 and 7 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and by the Listings Requirements of the JSE.

ADDITIONAL DISCLOSURES

Other disclosures in terms of the JSE Listings Requirements:

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part, as set out below:

• Directors and management	– pages 6 to 16;
• Major shareholders of Reunert	– page 84;
• Directors' interests and securities	– pages 39 and 40 and note 26;
• Share capital of the company	– note 21;
• Litigation statement	– page 37; and
• Material change	– page 37.

Litigation statement

The directors, whose names are given on pages 6 and 7 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Material change

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

VOTING AND PROXIES

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those shareholders who:

- hold Reunert ordinary shares in certificated form; or
- are recorded on the electronic sub-register in "own name" dematerialised form.

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the share transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, at least 24 hours before the time of the meeting (excluding Saturdays, Sundays and public holidays).

By order of the board

Reunert Management Services Limited
Company secretaries

Sandton
15 November 2004

CHANGE OF ADDRESS AND BANKING DETAILS

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

Contact details are listed on page 86.

REUNERT

CURRENCY CONVERSION TABLE

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

	2004	2003
US dollar	**0,1549**	0,1441
Pound sterling	**0,0856**	0,0866
Swiss franc	**0,1933**	0,1904
Japanese yen	**17,0750**	16,0250
Euro	**0,1247**	0,1235

PROXY FORM

REUNERT LIMITED
Incorporated in the Republic of South Africa
(Registration number 1913/004355/06)
Share code: RLO ISIN code: ZAE000057428

Only for use by members who have not dematerialised their shares or members who have dematerialised their shares with own name registration.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the meeting.

I/We (full address)

of (address)

Being a shareholder/s of ordinary shares in the company, hereby appoint (see note 1)

1. or failing him/her
2. or failing him/her
3. or failing him/her

the chairman of the annual general meeting as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf, as indicated below, at the annual general meeting, to held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, Sandton, on Monday, 7 February 2005 at 10:00, or at any adjournment thereof.

		Number of votes	
	For*	Against*	Abstain*
1. Adopt annual financial statements			
2. Election of directors:			
2.1 – Ms KC Radebe			
2.2 – Mr BP Connellan			
2.3 – Mr DE Cooper			
2.4 – Mr G Pretorius			
3. Directors' remuneration			
4. Ordinary resolution No 1 Control of authorised but unissued shares in terms of the Reunert 1985 Share Option Scheme			
5. Special resolution No 1 General authority to repurchase shares			

Please see notes on the reverse side hereof for further instructions.

Signed this day of 20

Signature

REUNERT

NOTES TO PROXY

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint one or more proxies to attend, speak and upon a poll, vote in his/her stead or abstain from voting. The proxy need not be a member of the company.

2. To be valid this form of proxy must be completed and returned to Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa (PO Box 61051, Marshalltown, 2107), to be received by no later than 24 (twenty-four) hours (excluding Saturdays, Sundays and public holidays) prior to the meeting.

3. In case of a joint holding, the first-named only need sign.

4. A minor must be assisted by his/her guardian, unless proof of competency to sign has been recorded by the company.

5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by the company.

6. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).

7. If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.

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Visit our website at www.reunert.com

GRAPHICOR
31788

WWW.REUNERT.COM