REUNERT

REUNERT LIMITED

ANNUAL REPORT 2010

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REUNERT

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Scope of this report

The Reunert Limited 2010 annual report covers the financial year from 1 October 2009 to 30 September 2010. The previous report covered the 12 months from 1 October 2008 to 30 September 2009.

It includes the annual financial statements, a strategic and operational overview and a review of non-financial performance. For the first time sustainability elements have been compiled using the G3 guidelines of the Global Reporting Initiative (GRI G3). These guidelines form the cornerstone of international standards on sustainability reporting and we will continue to improve our sustainability reporting disclosure. Reunert has worked towards the minimum requirements of a self-declared GRI G3 level C reporting framework. The GRI content index appears on page 48.

The annual financial statements were prepared according to International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, 2008, regulations of the JSE Limited (JSE) and recommendations of the King Report on Governance for South Africa, 2009 (King III). There have been no significant changes from the previous report and where restatements have occurred in prior years they are identified in footnotes.

Certain statistical information is provided for comparative purposes for up to ten years (financial years 2001 to 2010). Information covers subsidiary, joint venture and investment companies. For sustainability elements, information relating to managed operations is disclosed.

Any queries on this report can be directed to the relevant contact person as indicated on the inside back cover.

This report is available in printed and electronic format. Printed copies may be requested from the contact person listed on the inside back cover of this report. It is also available as an interactive online report on the corporate website: www.reunert.co.za

Key dates *Dates are subject to change*

Financial calendar

Annual general meeting: **8 February 2011**

Interim results announcement: **18 May 2011**

Final results announcements: **15 November 2011**

Cash dividend to ordinary shareholders

Payment date for the 2010 year: **24 January 2011**

Date trading commences ex dividend: **17 January 2011**

Contents

Group profile

Reunert Limited is a leading South African company, listed on the JSE in the industrial goods and services (electronic and electrical equipment) sector. Reunert manages a number of businesses focused on electrical engineering, information and communication technologies and defence and allied electronics. The group regularly ranks among the country's top companies.

Reunert strives to achieve first or second position in its key markets through its brands CBI-electric, Nashua and Reutech.

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. Reunert & Lenz was first listed in 1948 in the engineering sector of the JSE. In 1980 the company was acquired by Barlow Rand and listed in the electronics sector three years later. Reunert was unbundled from Barlow Rand (today Barloworld) in 1993 and completed a major restructuring in the late 1990s when various non-core or unprofitable businesses were sold or closed.

Reunert promotes a decentralised management style. While operating decisions are made by the business units, the Reunert board and executive team define and monitor long-term strategic plans, risks, performance and investment decisions. Significant capital allocation is approved by the Reunert board.

At a glance

- Established in 1888
- Listed on the JSE on 1 January 1948
- Corporate headquarters in Woodmead, Sandton, South Africa
- International operations in Australia, Germany, Lesotho, USA and Zimbabwe

Chairman: Trevor Munday
Group chief executive: Nick Wentzel
Group financial director: David Rawlinson
Four reporting and three operating segments:
- Electrical engineering (CBI-electric)
- Information and communication technologies (Nashua)
- Defence and allied (Reutech)
- Administration and properties (Other)

Investment: 40% interest in NSN with a put option to sell the group's share on 31 December 2010
Effective broad-based black economic empowerment shareholding is 23%
Peotona is Reunert's principal BEE partner

- Revenue R10,7 billion (4% up)
- Operating profit before interest, dividends and abnormal items R1,2 billion (7% up)
- Total cash dividend of 287 cents per share (2009: 253 cents)
- 6 422 employees (2009: 6 321)

Definitions

Average net operating assets
The average net operating assets are calculated by taking the average of the opening and closing balance of each year.

Average ordinary shareholders' funds
The average ordinary shareholders' funds are calculated by taking the average of the opening and closing balances of each year.

Cash flow per share
Cash flow from operating activities, excluding the movement in Quince accounts receivable, before dividends paid, divided by the weighted average number of shares in issue during the year, net of treasury and BEE shares.

Current ratio (including Quince)
Current assets, divided by short-term non-interest-bearing debt and Quince short-term borrowings.

Current ratio (excluding Quince)
Current assets, excluding Quince accounts receivable, divided by short-term non-interest-bearing debt, which excludes Quince short-term borrowings.

Dividend cover
Normalised headline earnings per share divided by dividend per share.

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

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

EBITDA
Earnings (operating profit) before interest, taxation, depreciation and amortisation.

Headline earnings per share
Attributable earnings adjusted for attributable value of items in terms of SAICA Circular 03/2009, divided by the weighted average number of ordinary shares in issue during the year.

Market capitalisation
Market price per share at year-end multiplied by number of ordinary shares in issue, net of treasury and BEE shares.

Net asset turn (including Quince)
Revenue (excluding rental income in Quince) divided by average net operating assets (including Quince).

Net asset turn (excluding Quince)
Revenue divided by average net operating assets (excluding Quince).

Net borrowings
Total borrowings net of cash and cash equivalents.

Net interest cover
Operating profit divided by interest paid.

Net operating assets (including Quince)
Total assets excluding cash and cash equivalents, less current liabilities excluding bank overdrafts and short-term portion of long-term borrowings.

Net operating assets (excluding Quince)
Total assets, excluding long-term and short-term Quince accounts receivable, cash and cash equivalents and Quince bank balances and cash less current liabilities excluding bank overdrafts and short-term portion of long-term borrowings and Quince short-term borrowings.

Net worth per share
Ordinary shareholders' funds divided by shares in issue at year-end, net of treasury and BEE shares.

Normalised headline earnings per share
Attributable headline earnings adjusted for the interest in profit that is economically attributable to BEE partners, which, in terms of IFRS, is not charged as a minority interest in the income statement, and other items included in profit that are directly associated with BEE transactions and other non-sustainable gains or losses recognised in the income statement, divided by the weighted average number of ordinary shares in issue during the year.

Operating margin
Operating profit divided by revenue.

Return on net operating assets
Operating profit excluding adjustments for capital items included in headline earnings, divided by average net operating assets.

Return on ordinary shareholders' funds
Normalised headline earnings divided by average ordinary shareholders' funds.

Total assets
Non-current assets and current assets.

Total borrowings
Interest-bearing debt.

Total liabilities
Total liabilities excluding deferred taxation.

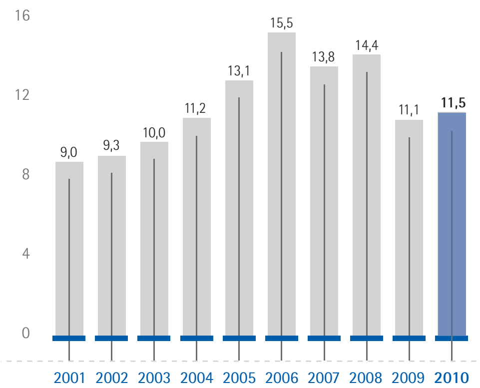
Weighted average number of ordinary shares
The weighted average number of ordinary shares is the number of ordinary shares in issue at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year, multiplied by the number of days that the shares are in issue as a proportion of the total number of days in the year.

Statement of intent

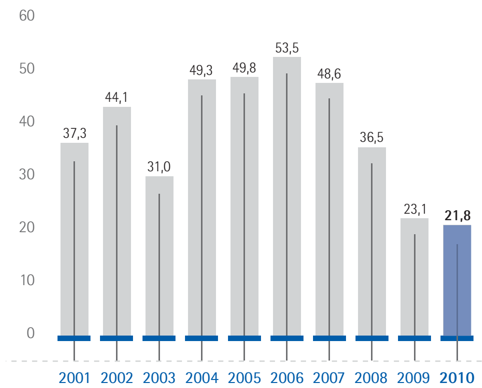
Reunert will manage businesses in the services, electronics and electrical engineering sectors, supplying value-added products, solutions and systems to local and international markets. Each of these businesses will remain capable of meeting the group's objectives for sustainable growth and earnings.

We will consider investing in businesses that operate outside our historic business areas, provided that all our criteria for investment returns and growth are met.

Operating margin *(%)*



Return on equity *(%)*



Abbreviations and acronyms

Abbreviation	Full name
ATC	ATC (Pty) Limited
Bargenel	Bargenel Investments Limited
Barlows	Barloworld Limited
BBBEE	broad-based black economic empowerment
BEE	black economic empowerment
Blue Lake	Blue Lake Telecoms (Pty) Limited
Cafca	Cafca Limited
CSI	corporate social investment
Deloitte	Deloitte & Touche
FEC	forward exchange contracts
FVTPL	fair value through profit or loss
GW	gigawatt (thousand million watts)
GWh	gigawatt hours
IFRS	International Financial Reporting Standards
ISO 14001:2004	Environmental Management System (EMS)
ISO 9001:2008	Quality Management System (QMS)
JSE	JSE Limited
IT	information technology
kW	kilowatt (thousand watts)
kWh	kilowatt hour
Nashua Central	Santogyn (Pty) Limited
Nashua Holdings	Nashua Holdings (Pty) Limited
Nashua Mobile	Nashua Mobile (Pty) Limited
NSN	Nokia Siemens Networks SA (Pty) Limited
NSN group	Nokia Siemens Networks group
OSHAS 18001:2007	Occupational Health and Safety (OSHAS)
Pansolutions	Pansolutions (Pty) Limited
Peotona	Peotona Group Holdings (Pty) Limited
Powerhouse	Powerhouse Utilities (Pty) Limited
Quince	Quince Capital (Pty) Limited
Reunert	Reunert Limited
RMB	Rand Merchant Bank (a division of FirstRand Bank Limited)
RMS	Reunert Management Services Limited
RRS	Reutech Radar Systems (Pty) Limited
SANDF	South African National Defence Force
SEC	Siemens Enterprise Communications (Pty) Limited
SPE	special purpose entities
Telecom Cables	CBI-electric: Aberdare ATC Telecom Cables (Pty) Limited
UK	United Kingdom
USA	United States of America
WIP	work-in-progress

Ten-year review

	IFRS 2010 Rm	IFRS 2009 Rm	IFRS 2008 Rm
CONDENSED BALANCE SHEETS			
ASSETS			
Property, plant and equipment	**593,8**	559,3	569,6
Intangible assets	**41,5**	28,6	21,7
Goodwill	**492,1**	460,6	415,3
Investments and loans	**837,8**	853,9	865,3
Quince accounts receivable	**1 468,0**	1 703,3	1 957,0
Deferred taxation assets	**40,4**	29,1	32,0
Cash and cash equivalents	**1 805,6**	1 603,1	794,6
Quince bank balances and cash	**72,5**	97,6	82,0
Other current assets[2]	**2 601,1**	2 361,9	2 938,1
Total assets	**7 952,8**	7 697,4	7 675,6
EQUITY AND LIABILITIES			
Ordinary and preference equity holders of Reunert	**4 433,1**	4 034,4	3 675,4
Non-controlling interests	**37,9**	26,7	20,7
Total equity	**4 471,0**	4 061,1	3 696,1
Deferred taxation liabilities	**122,0**	140,3	208,2
Long-term borrowings	**11,0**	11,0	12,8
Quince long-term borrowings	**699,9**	699,9	699,9
Quince short-term borrowings	**691,5**	1 012,3	1 164,4
Current liabilities[2]	**1 957,4**	1 772,8	1 894,2
Total equity and liabilities	**7 952,8**	7 697,4	7 675,6
CONDENSED INCOME STATEMENTS			
Revenue	**10 679,9**	10 270,8	10 921,1
Operating profit	**1 223,6**	1 140,4	1 574,1
Net interest and dividends received	**98,4**	108,2	60,3
Profit before abnormal items	**1 322,0**	1 248,6	1 634,4
Abnormal items	**(34,0)**	299,2	–
Profit before taxation	**1 288,0**	1 547,8	1 634,4
Taxation	**(376,6)**	(374,3)	(486,8)
Profit after taxation	**911,4**	1 173,5	1 147,6
Share of associate companies' profits/(losses)	**–**	–	16,1
Profit for the year	**911,4**	1 173,5	1 163,7
Profit for the year attributable to:			
Non-controlling interests	**12,0**	9,0	7,1
Equity holders of Reunert	**899,4**	1 164,5	1 156,6
Headline earnings attributable to equity holders of Reunert	**903,4**	1 163,1	1 159,8

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

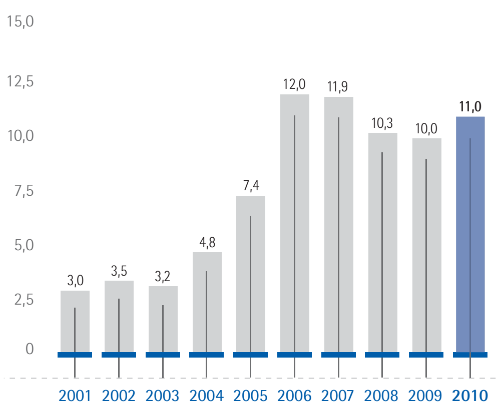
2 *In years prior to 2008 inventory items were shown net of advance payments received from customers. These utilised advanced payments are now disclosed in current liabilities.*

IFRS 2007 Rm	IFRS 2006 Rm	IFRS 2005 Rm	SA GAAP 2004 Rm	SA GAAP 2003 Rm	SA GAAP 2002 Rm	SA GAAP 2001 Rm
565,7	455,4	328,4	196,2	213,7	157,1	161,8
13,0	11,9	7,9	–	–	–	–
372,8	326,8	329,0	324,8	306,9	360,0	10,9
727,9	148,8	116,2	109,9	20,8	151,6	188,4
–	1 403,8	1 028,2	528,5[1]	1 220,0	953,9	745,1
37,9	59,1	37,5	56,2	33,1	25,9	42,0
530,6	969,3	784,4	451,3	484,8	283,5	303,5
–	–	–	–	–	–	–
2 631,2	2 284,7	1 570,9	1 422,9	1 367,9	1 372,7	1 092,0
4 879,1	5 659,8	4 202,5	3 089,8	3 647,2	3 304,7	2 543,7
2 469,0	1 680,9	1 561,7	983,1	1 156,5	1 071,1	878,5
14,4	38,2	43,0	39,7	121,2	103,5	137,9
2 483,4	1 719,1	1 604,7	1 022,8	1 277,7	1 174,6	1 016,4
115,8	141,6	81,7	44,3	63,8	45,9	48,6
278,8	115,0	111,7	–	–	–	2,7
–	–	–	–	–	–	–
–	1 187,9	866,8	314,1[1]	900,7	838,0	324,0
2 001,1	2 496,2	1 537,6	1 708,6	1 405,0	1 246,2	1 152,0
4 879,1	5 659,8	4 202,5	3 089,8	3 647,2	3 304,7	2 543,7
9 574,4	8 236,4	7 012,0	6 247,3	6 103,9	5 062,9	4 229,8
1 318,7	1 272,7	917,3	700,5	607,7	472,1	379,2
54,8	64,9	50,1	65,1	45,2	36,5	59,1
1 373,5	1 337,6	967,4	765,6	652,9	508,6	438,3
(447,6)	1,6	3,9	6,0	–	(18,7)	–
925,9	1 339,2	971,3	771,6	652,9	489,9	438,3
(427,4)	(500,5)	(326,5)	(309,0)	(224,4)	(177,3)	(145,6)
498,5	838,7	644,8	462,6	428,5	312,6	292,7
148,4	95,2	79,2	66,8	(82,6)	89,6	81,8
646,9	933,9	724,0	529,4	345,9	402,2	374,5
7,6	11,1	10,7	51,0	50,5	31,6	42,3
639,3	922,8	713,3	478,4	295,4	370,6	332,2
481,3	918,6	708,1	526,9	345,6	429,3	335,2

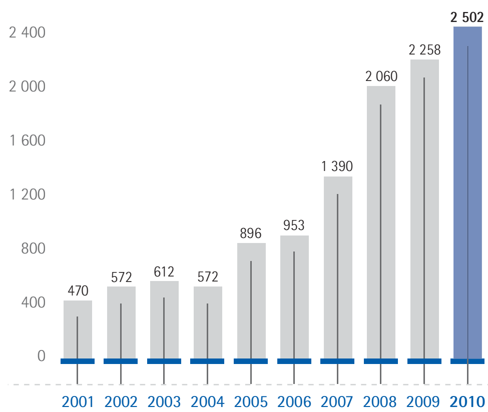
		IFRS 2010 Rm	IFRS 2009 Rm	IFRS 2008 Rm
CONDENSED CASH FLOW STATEMENTS				
EBITDA		**1 336,3**	1 236,8	1 660,7
Changes in working capital		**83,0**	513,9	(295,2)
Cash generated from operations excluding changes in Quince receivables		**1 419,3**	1 750,7	1 365,5
Net interest and dividends received		**98,4**	108,2	147,2
Taxation paid		**(407,9)**	(477,5)	(410,8)
Dividends paid		**(456,8)**	(550,3)	(569,0)
Share buyback		**(125,7)**	–	–
Other (net)		**26,3**	42,6	17,9
Net cash flows from operating activities excluding changes in Quince receivables		**553,6**	873,7	550,8
Net cash flows from investing activities		**(313,3)**	(130,8)	(921,3)
Net cash flows from financing activities		**21,9**	2,5	(380,3)
Net cash generated/(utilised) (before Quince receivables)		**262,2**	745,4	(750,8)
Decrease/(increase) in Quince receivables		**235,3**	243,5	(32,5)[3]
Net cash generated/(utilised)		**497,5**	988,9	(783,3)
EMPLOYEES				
Number of employees		**6 422**	6 321	7 196
Revenue per employee	R'000	**1 663**	1 625	1 518
Operating profit per employee	R'000	**191**	180	219
Wealth created per employee	R'000	**522**	530	477
Employment cost per employee	R'000	**229**	194	172

[3] *Increase in Quince receivables while it was a consolidated subsidiary.*

Market capitalisation *(Rbn) – net of treasury shares*

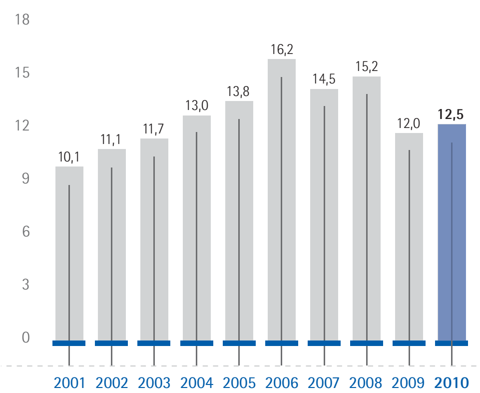


Net worth per share *(cents)*



IFRS 2007 Rm	IFRS 2006 Rm	IFRS 2005 Rm	SA GAAP 2004 Rm	SA GAAP 2003 Rm	SA GAAP 2002 Rm	SA GAAP 2001 Rm
1 393,0	1 335,9	967,2	811,9	712,3	559,7	425,3
(439,0)	(252,8)	(101,3)	113,0	210,5	(157,2)	(61,9)
954,0	1 083,1	865,9	924,9	922,8	402,5	363,4
200,8	120,9	119,3	65,1	45,2	144,9	130,0
(568,6)	(347,4)	(364,9)	(313,5)	(178,7)	(209,0)	(133,0)
(879,3)	(464,2)	(308,3)	(268,1)	(258,4)	(201,0)	(169,0)
–	–	–	(476,6)	–	–	(217,9)
23,7	(4,3)	29,3	(5,8)	(2,8)	12,5	(2,5)
(269,4)	388,1	341,3	(74,0)	528,1	149,9	(29,0)
1 008,6	(185,7)	(48,5)	(250,1)	(102,8)	(466,3)	(85,7)
274,5	27,0	156,1	18,7	(17,5)	2,2	1,1
1 013,7	229,4	448,9	(305,4)	407,8	(314,2)	(113,6)
(300,7)[3]	(375,6)	(499,7)	691,5	(269,8)	(208,8)	6,5
713,0	(146,2)	(50,8)	386,1	138,0	(523,0)	(107,1)
6 523	6 276	5 320	5 169	4 918	4 318	4 148
1 468	1 312	1 318	1 209	1 241	1 173	1 020
202	203	172	136	124	109	91
383	439	405	409	335	312	297
166	153	161	149	142	130	118

EBITDA as a percentage of revenue *(%)*



		IFRS 2010	IFRS 2009	IFRS 2008
SHARES				
Number of ordinary shares on which earnings per share are calculated	million	**178,7**	178,5	177,9
Net worth per share	cents	**2 502**	2 258	2 060
Headline earnings per share	cents	**505,5**	651,6	651,9
Normalised headline earnings per share	cents	**515,7**	499,5	630,1
Basic earnings per share	cents	**503,3**	652,4	650,1
Dividends per share – normal	cents	**287,0**	253,0	319,0
– special	cents			
Dividend cover	times	**1,8**	2,0	2,0
Cash flow per share	cents	**635,3**	797,8	629,5
Ordinary shares in issue (net of treasury and BEE shares)	million	**177,2**	178,7	178,4
Number of transactions – JSE		**85 444**	71 666	67 690
Number of shares traded	million	**134,4**	107,7	129,8
Value of shares traded	Rm	**7 644,8**	4 780,6	8 019,9
Number of shares traded as a percentage of gross issued shares		**67,9**	54,6	65,9
Market price per share				
– year-end	cents	**6 201**	5 600	5 749
– highest	cents	**6 247**	5 900	8 049
– lowest	cents	**4 950**	3 201	4 528
Earnings yield	%	**8,3**	8,9	11,0
Dividend yield	%	**4,6**	4,5	5,5
Price : earnings ratio	times	**12,0**	11,2	9,1
Market capitalisation (net of treasury and BEE shares)	Rm	**10 988**	10 006	10 257
JSE actuaries' electronics sector index at 30 September		**10 462**	9 866	10 705
PROFITABILITY, ASSET MANAGEMENT, LIQUIDITY AND LEVERAGE				
EBITDA as a percentage of revenue[4]	%	**12,5**	12,0	15,2
Operating margin[4]	%	**11,5**	11,1	14,4
Net asset turn (including Quince)	times	**3,1**	2,9	3,4
Net asset turn (excluding Quince)	times	**4,0**	3,6	3,9
Normalised return on ordinary shareholders' funds	%	**21,8**	23,1	36,5
Return on net operating assets	%	**36,1**	32,0	50,1
Return on net operating assets excluding investments in associates	%	**36,1**	31,9	52,9
Taxation as a percentage of profit before taxation[5]	%	**28,5**	27,0	29,8
Total liabilities to total shareholders' funds[6]	%	**75,8**	86,7	102,6
Net borrowings to total shareholders' funds[7]	%	**–**	0,6	27,6
Current ratio (excluding Quince)[6]		**2,7**	2,3	2,0
Current ratio (including Quince)[6]		**2,2**	1,7	1,5
Interest cover	times	**60,3**	54,0	36,8

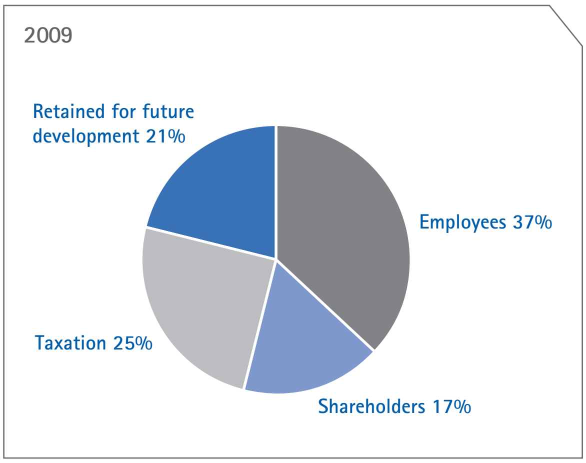
[4] *The 2008 percentages have been increased by 1,3% each as a result of the NSN commission now disclosed in operating income, whereas income from NSN was previously disclosed as income from associates.*
[5] *Abnormal items, the STC on a special dividend in 2006 and the share buyback in 2004 have been excluded in this calculation.*
[6] *These ratios have been restated in 2003 to 2007 to take account of the reallocation of the advance payments from inventory and contracts in progress to trade and other payables.*
[7] *There were no net borrowings in 2007 mainly due to Quince being equity accounted.*

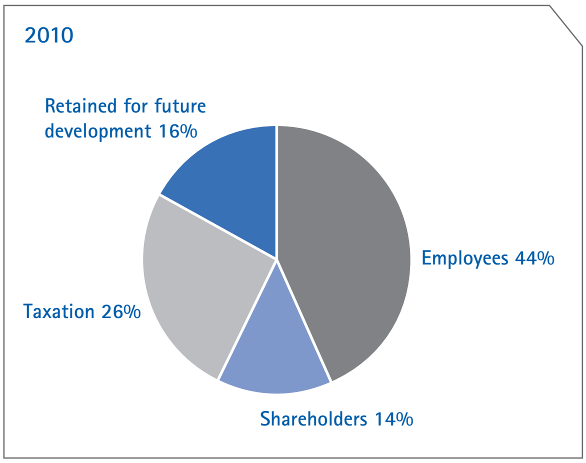
IFRS 2007	IFRS 2006	IFRS 2005	SA GAAP 2004	SA GAAP 2003	SA GAAP 2002	SA GAAP 2001
176,7	175,1	173,4	189,9	188,3	187,0	191,7
1 390	953	896	572	612	572	470
272,4	524,6	408,4	277,5	183,5	229,5	174,8
570,3	495,3	380,2	277,5	183,5	229,5	174,8
361,7	527,0	411,4	251,9	156,9	198,1	173,3
314,0	273,0	222,0	160,0	120,0	118,0	91,0
	200,0					
1,8	1,8	1,7	1,7	1,5	1,9	1,9
345,0	486,7	374,6	353,2	417,7	187,7	187,9
177,7	176,3	174,4	171,8	188,8	187,3	186,9
70 848	46 549	20 938	13 452	11 308	12 765	9 245
176,3	138,2	92,7	94,9	76,4	76,4	67,0
13 549,1	8 519,7	3 473,0	2 129,5	1 380,4	1 438,2	969,2
89,9	70,7	47,9	49,7	37,1	37,4	32,9
6 700	6 814	4 230	2 790	1 710	1 860	1 615
8 800	7 745	4 400	2 900	2 230	2 220	1 850
6 325	4 185	2 600	1 695	1 560	1 610	980
8,5	7,3	9,0	10,0	10,7	12,3	10,8
4,7	4,0	5,2	5,7	7,0	6,3	5,6
11,7	13,8	11,1	10,1	9,3	8,1	9,2
11 904	12 012	7 376	4 792	3 228	3 482	3 018
13 886	11 644	7 851	5 328	3 852	3 887	3 727
14,5	16,2	13,8	13,0	11,7	11,1	10,1
13,8	15,5	13,1	11,2	10,0	9,3	9,0
5,4	8,0	7,7	7,6	6,8	5,9	5,2
5,7	9,5	9,6	11,1	8,7	8,3	14,0
48,6	53,5	49,8	49,3	31,0	44,1	37,3
82,4	131,9	108,9	99,6	63,5	70,0	57,4
86,9	136,8	110,9	96,7	78,4	71,5	57,7
32,2	34,2	33,8	36,4	34,4	34,9	33,2
92,3	226,0	161,1	197,8	180,5	179,9	145,2
–	21,5	13,8	3,2	32,8	47,4	3,4
1,7	1,1	1,4	1,1	1,3	1,3	1,4
1,7	1,0	1,1	1,1	1,0	1,0	1,5
25,6	38,1	42,0	69,4	12,1	25,5	34,3

Value added statement

	2010 Rm	2010 %	2009 Rm	2009 %	% change 2010 over 2009
Revenue	10 679,9		10 270,8		4
Paid to suppliers for materials and services	7 439,9		7 048,0		6
Value added	3 240,0	97	3 222,8	96	1
Income from investments	110,4	3	129,3	4	(15)
TOTAL WEALTH CREATED	3 350,4	100	3 352,1	100	–
DISTRIBUTED AS FOLLOWS:					
EMPLOYEES					
Remuneration and service benefits	1 252,6		1 058,2		
Add PAYE collected on behalf of government	219,1		168,8		
Gross remuneration and service benefits*	1 471,7	44	1 227,0	37	20
PROVIDERS OF CAPITAL					
Dividends to Reunert shareholders	456,0	14	546,3	16	(17)
Dividends to outside shareholders in subsidiaries	0,8	–	4,0	–	(80)
Interest paid on borrowings	12,0	–	21,1	1	(43)
	468,8	14	571,4	17	(18)
PAYMENTS TO GOVERNMENT					
Taxation on profits and dividends	407,9		374,3		
VAT, customs duties and other taxes	460,4		459,8		
	868,3	26	834,1	25	4
RETAINED IN THE GROUP TO DEVELOP FUTURE GROWTH					
Amortisation, depreciation and impairments	118,3	3	96,4	3	23
Accumulated profit	423,3	13	623,2	18	(32)
	541,6	16	719,6	21	(25)
TOTAL WEALTH DISTRIBUTED	3 350,4	100	3 352,1	100	–

* *11% of the increase in gross remuneration and service benefits was due to the acquisition of Nashua Communications.*





Where we operate

Reunert is structured in three main operations: CBI-electric, Nashua and Reutech. These divisions are the basis on which the group reports its primary business segments.

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

CBI-electric delivers products and services in infrastructure development. It comprises four business units namely CBI-electric: energy cables, CBI-electric: telecom cables, CBI-electric: low voltage and CBI-electric: medium voltage.

The majority of the Nashua group's services are provided to corporate customers in South Africa. The group consists of Nashua Office Automation, Nashua Mobile, Nashua Electronics, Nashua Communications and Quince Capital.

Reutech incorporates Fuchs Electronics, Reutech Communications, Reutech Solutions and Reutech Radar Systems. Historically Reutech represented the defence division of Reunert, but over the past few years has successfully launched commercial products.

Segment information about these businesses is presented in the segmental analysis on pages 12 and 13.

Group structure

REUNERT

REUNERT LIMITED

CBI-electric	Nashua	Reutech	Other
CBI electric Energy cables Telecom cables Low voltage Medium voltage	NASHUA Office systems Telecommunications Mobile services Business systems Finance	REUTECH Communications Electronic fuzes Radar systems Solutions	Group administration Property portfolio

Investments

NSN (40%)[1]

[1] *Reunert will put its option to sell its share on 31 December 2010.*

Segmental analysis

Business segments

The adoption of IFRS 8 *Operating Segments* during the financial year has resulted in an operating segment "Other" being added to the segmental disclosure. Comparative information has been amended accordingly.

The segments identified are Electrical Engineering, operating as CBI-electric; Information and Communication Technologies (ICT) operating as Nashua; Defence operating as Reutech; and Other. The segments have been identified based on products, technology, services, markets and customer segmentation.

CBI-electric encompasses the design, manufacture, installation and maintenance of a complete range of power cables, the manufacture and supply of copper and optical fibre telecommunication cable, the manufacture and supply of low-voltage distribution-, protection- and control equipment and the supply of high- and medium-voltage switchgear and transformers. The market here includes municipalities, parastatals, utilities, mining industry and the building industry.

Nashua is a provider of communication services and solutions; a provider of telecommunications solutions; a distributor of business systems products focusing mainly on office automation and telecommunications; a provider of voice communications and telecommunications and data networking solutions. In addition, the segment provides asset-based financial solutions to Reunert's associated office automation suppliers. The market here is corporate and retail customers, government and parastatals.

Reutech specialises in tactical VHF/UHF communication systems, designs and manufactures fuses and related defence products for artillery, mortar, naval and aircraft weapon systems, develops and manufactures ground and naval search and tracking radar systems and designs and manufactures mining radar sensor systems used in open-cast mining. In addition, this segment manufactures and supplies remote-controlled weapon platforms and supplies system engineering and logistic support services in telecommunications, radar, satellite, mining, fare management and transportation fields. Markets here are local and international defence forces and mining houses.

The Other segment is made up of the group administration function and the property portfolio in the group. Revenue is the external rentals received on property rentals.

The group's operations are situated mostly in South Africa with operations in Australia, Germany, Lesotho, USA and Zimbabwe. The revenue and profits for these various geographical regions are not material and it would not be meaningful to disclose this information.

Customers and grouping of customers are diverse and Reunert does not have a single customer or grouping of customers which meets the requirements to be separately disclosed in terms of IFRS 8 *Operating Segments*.

Revenue

	2010 Rm	2010 %	2009 Rm	2009 %	% change
CBI-electric	2 961,3	28	2 952,2	29	–
Nashua	6 872,0	65	6 331,5	62	9
Reutech	791,0	7	904,3	9	(13)
Other	2,7	–	2,8	–	(4)
Total operations	10 627,0	100	10 190,8	100	4
NSN	52,9		80,0		(34)
Revenue as reported per the income statement	10 679,9		10 270,8		4

Intersegment revenue is immaterial and has not been disclosed.

Operating profit before interest, dividends and abnormal items

	2010 Rm	2010 %	2009 Rm	2009 %	% change
CBI-electric	521,1	45	419,3	39	24
Nashua	614,5	52	518,0	48	19
Reutech	60,6	5	223,1	20	(73)
Other	(25,5)	(2)	(74,4)	(7)	66
Total operations	1 170,7	100	1 086,0	100	8
NSN	52,9		54,4		(3)
Operating profit before interest, dividends and abnormal items as reported in the income statement	1 223,6		1 140,4		7

Total assets	2010 Rm	2009 Rm
CBI-electric	**1 494,8**	1 400,8
Nashua	**3 595,4**	3 574,5
Reutech	**659,7**	601,0
Other[1]	**2 202,9**	2 121,1
Total assets as reported per the balance sheet	**7 952,8**	7 697,4

[1] *Included in Other are bank balances of R1 207,6 million (2009: R1 154,8 million) because group administration manages the treasury function.*

Inventory and contracts in progress		
CBI-electric	**424,1**	329,6
Nashua	**305,5**	245,9
Reutech	**133,7**	120,7
Other	**–**	–
Total inventory and contracts in progress as reported per the balance sheet	**863,3**	696,2

Other accounts receivable		
CBI-electric	**471,6**	467,2
Nashua	**1 025,9**	893,1
Reutech	**153,4**	195,8
Other	**49,9**	68,5
Total other accounts receivable as reported per the balance sheet	**1 700,8**	1 624,6

Trade and other payables, derivative liabilities and provisions		
CBI-electric	**422,4**	352,5
Nashua	**1 228,8**	1 043,6
Reutech	**151,5**	225,7
Other	**134,0**	141,5
Trade and other payables, derivative liabilities and provisions as reported per the balance sheet	**1 936,7**	1 763,3

Capital expenditure		
CBI-electric	**23,1**	39,7
Nashua	**44,3**	14,4
Reutech	**31,6**	31,6
Other	**49,9**	1,4
Capital expenditure as reported	**148,9**	87,1

Depreciation and impairment of property, plant and equipment and amortisation of intangible assets		
CBI-electric	**52,4**	41,4
Nashua	**49,9**	44,1
Reutech	**15,3**	10,2
Other	**0,7**	0,7
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets as reported	**118,3**	96,4

Number of employees	2010	2009
CBI-electric	**2 908**	2 745
Nashua	**2 545**	2 295
Reutech	**917**	1 228
Other	**52**	53
Number of employees as reported	**6 422**	6 321

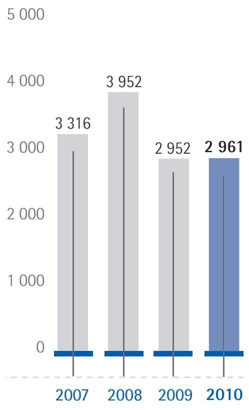
Our business

Electrical engineering

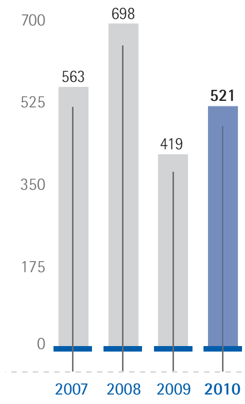
Four combined industries One global solution

Energy cables	**Primary brands, products and services** Manufactures the complete range of power cable from 1 000V – 132 000V. Designs, installs, commissions and maintains cable systems from 11 000V – 132 000V. Brands include Zerotox and Power Installations. **Operational areas** Operates throughout South Africa with manufacturing facilities in Vereeniging and regional facilities in the Western Cape and KwaZulu-Natal. A subsidiary has a manufacturing facility in Harare, Zimbabwe. The company sells its products and services throughout sub-Saharan Africa and the Indian Ocean islands. **Market sectors** Services all market sectors including mining, utility, commercial, contracting and industrial sectors. Clients include Eskom and major municipalities; gold, platinum and coal miners; Sasol, ArcelorMittal and other major industrial players. **Standards and verifications** ISO 9001: 2008; ISO 14001; OHSAS 18001.
Telecommunications cables	**Primary brands, products and services** Designs, manufactures and supplies both copper and optical fibre cables. In addition, turnkey services are provided which include fibre ducting, splicing, training and installation. **Operational areas** Manufacturing facility in Brits, North West province. Products are sold in sub-Saharan Africa and the Middle East. **Market sectors** Fixed and mobile service providers, petrochemical, industrial and mining industries. Major customers include Telkom, MTN, Neotel, Transnet and Eskom, mines and municipalities. **Standards and verifications** ISO 9001: 2008; OHSAS 18001; UL listing, EC verification, Soncap (Nigeria).
Low voltage	**Primary brands, products and services** Manufactures and trades in low-voltage distribution-, protection- and control equipment. Products include circuit breakers, surge protection, electricity meters, automation, motor control and wiring. Brands include CBI, Slegers, CBI-electric, Fuchs, Heinemann, Heinemann Electric, Hy-Mag, Samite, Mitsubishi and Eaton-Moeller. **Operational areas** The main manufacturing facility is based in Elandsfontein, Gauteng and assembly plants are in Lesotho. Service branches are based in Cape Town, Durban, Bloemfontein and Port Elizabeth. Other export markets are served by subsidiaries in Germany, Australia and USA. **Market sectors** Residential, commercial, mining, utilities, industrial, equipment manufacturers and retail. Foreign sales contributed 26% of revenue. **Standards and verifications** ISO 9001: 2008 and EN 29001 certification. All products comply with local safety standards. Products destined for export markets hold safety approvals from Australia, Europe, Germany, Russia, Ukraine, China, Japan, Canada and the USA.
Medium voltage	**Primary brands, products and services** Supplies switchgear, switchgear panels, and power- and distribution transformers for medium- and high-voltage applications. **Operational areas** Customisation, assembly of miniature substations and verification test facility is based in Elandsfontein. Erection, installation and commissioning are done at customer sites. **Market sectors** Utility, mining, industrial and commercial. **Standards and verifications** ISO 9001: 2008 and EN 29001 certification. All products comply with local safety standards.

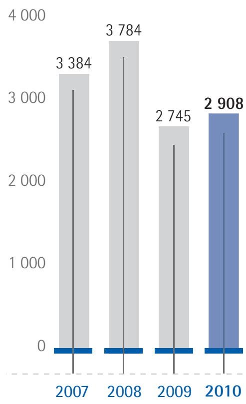
Revenue *(Rm)*



Operating profit *(Rm)*



Number of employees



A Dickson MSc (Eng), MBA

Managing director: CBI-electric: African Cables
Appointed to the group in 1997
Born 14 December 1970

Alan studied at the University of the Witwatersrand and gained a Masters degree in electrical engineering. He spent a short time in the consulting engineering fraternity before joining African Cables as a design engineer in 1997. He held several management positions within the organisation before taking the responsibility of heading up all commercial activity in February 2000. He was appointed commercial director in 2007 and held this position until being appointed managing director in February 2009.

SG Newnes BCompt

Chief executive: CBI-electric: Aberdare ATC telecom cables
Appointed to the group in 1984
Born 4 May 1957

Selwyn joined the Reutech division in 1984 as financial manager. He was appointed financial director of Reutech Solutions in 1987, and served in this role until his transfer in 1999 to the position of operations director where he was responsible for the consolidation and streamlining of Reutech Solutions. In 2001 he was appointed CEO of Reutech Solutions. During his tenure, he was successful in transforming a mainly military business into a well-balanced enterprise of both military and commercial activities. He was appointed CEO of CBI-electric: Aberdare ATC Telecom Cables (Pty) Limited in September 2010.

CGP Oliver BSc (Eng) (Elec), MBL, Government Certificate of Competency (Factories)

Managing director: CBI-electric: low voltage
Appointed to the group in 1998
Born 29 January 1957

Chris started his career as an engineer-in-training with Eskom. He joined Armscor in 1986 as programme manager. He held the positions of divisional manager and executive manager at Denel Aviation. Chris joined CBI-electric: low voltage in 1998 as product manager and subsequently held the position of divisional manager until his appointment to the CBI board in 2005. In 2007 he was appointed managing director of CBI-electric: low voltage.

RP Coetzee BSc (Eng) (Elec), Government Certificate of Competency (Mines and Works)

General manager: CBI-electric: medium voltage
Appointed to the group in 2001
Born 2 December 1951

Rudi studied at Stellenbosch University and after a short spell with Telkom joined the Anglovaal Group as a sectional engineer and later as a group consultant. He also worked at EL Bateman and then started Angcontech which was responsible for designing and marketing the first prepayment meters in RSA. After performing some World Bank consultancy, he joined CBI-electric: low voltage as the commercial director in 2001 and was appointed as GM in 2008 to start up the medium-voltage business for the group.

Important changes

- Energy cables invests into Power Installations to expand and improve its value-added services offering.
- Operational efficiencies are improved across all product groups.
- Medium-voltage switchgear panels added.

Major awards and achievements

- Energy cables obtains its 5 Star IRCA Health and Safety Accreditation as well as level 3 BBBEE accreditation.

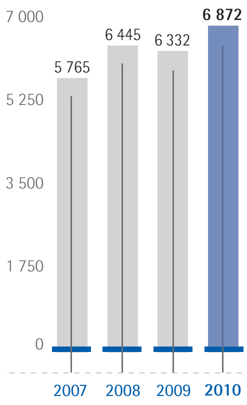
Information and communication technologies

NASHUA

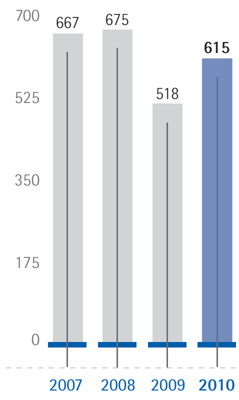
Saving you time Saving you money Putting you first

NASHUA **Office systems**	**Primary brands, products and services** Nashua is the leading market supplier of copiers, multifunction printers, laser printers and digital software solutions in the Southern African market. Nashua's products are sourced from leading international suppliers of office automation equipment. Nashua remains one of Ricoh's largest independent distributors worldwide. **Operational areas** Nashua's footprint comprises 64 franchise outlets spread over South Africa, Namibia, Swaziland, Lesotho, Botswana and Zimbabwe. **Market sectors** Mainly corporate. **Standards and verifications** ISO 9001: 2008.
NASHUA MOBILE **Telecommunications**	**Primary brands, products and services** One of South Africa's largest independent cellular service providers offering consumers the choice of all three networks (Vodacom, MTN and Cell C). Growing into a telecommunications solutions service provider, Nashua Mobile aids customers to make sense of a complex, fast-moving environment with a choice of suppliers and new offerings, including broadband and internet services. **Operational areas** Nashua Mobile has more than 819 000 contract subscribers with a network of 149 retail outlets. **Market sectors** Corporate and retail contract market and least-cost routing.
NASHUA ELECTRONICS **Business systems**	**Primary brands, products and services** Imports, markets, distributes and retails business system products and solutions under the brands of Kyocera Mita, Panasonic, Pansolutions, Samsung and other leading brands. Focuses mainly on office automation and audio-visual products. **Operational areas** Distributes imported products and solutions via a wide network of branches, franchises and specialised dealers throughout sub-Saharan Africa under the trade name Pansolutions. Nashua Electronics is geared as an e-commerce retailer for electronic products. **Market sectors** Corporate, medium and small business enterprises, as well as specific industry leaders in the broadcast, system integrator and motor industry.
NASHUA COMMUNICATIONS **Telecommunications**	**Primary brands, products and services** A leading communications provider using Siemens and Panasonic technologies. Following an open-communication approach, the company provides voice communication and data networking solutions to small, medium and large enterprises. **Operational areas** Previously known as Siemens Enterprise Communications the business was incorporated into Reunert on 1 November 2009. Head office in Gauteng and regional offices in KwaZulu-Natal, Eastern and Western Cape and partners in Namibia, Botswana and Mozambique. **Market sectors** Customer base in excess of 12 000 enterprises, which include most of South Africa's leading corporate companies. **Standards and verifications** ISO 9001: 2008; 14001: 2004.
QUINCE Capital **Asset finance**	**Primary brands, products and services** Quince Capital, trading as Quince Capital and Nashua Finance, provides asset-based financial solutions to Reunert associated office automation and upgradable technology suppliers. **Operational areas** Nashua, Nashua Communications and Pansolutions franchise networks are situated throughout South Africa. **Market sectors** Total advances exceeded R1,5 billion and are spread over more than 53 000 individual contracts.

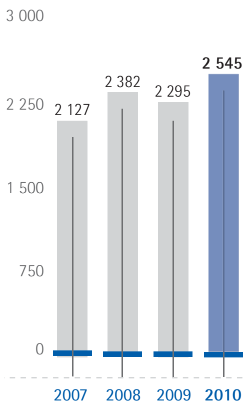
Revenue *(Rm)*



Operating profit *(Rm)*



Number of employees



GH Rhodes CA(SA)

Managing director: Nashua
Appointed to the group in 1981
Born 12 November 1954

Graham completed his high school studies at Glenwood High School, followed by his Bachelor of Commerce and Chartered Accountancy degrees through the University of KwaZulu-Natal. He passed the board examination in 1980. He joined Barlows Tractor division in 1981 and has enjoyed a number of job promotions and transfers around the country. In 1988 he was transferred to Nashua as financial manager, becoming financial director in 1991 and general manager in 2005. He was appointed managing director of Nashua Office Automation on 1 October 2008.

JC Ellis CA(SA)

Acting managing director: Nashua Mobile (financial director)
Appointed to the group in 1979
Born 29 March 1952

John passed his board exams in 1978 and after spending a year overseas joined Barlows in South Africa as company secretary for Hyster. He was transferred into the motor division and in 1987 was reassigned to the Barlows Manufacturing company where he was later appointed financial director. Following the unbundling of Barlows in 1993, John joined the Reunert stable where he held various executive positions. In 2000 John was instrumental in the formation of Nashua Mobile in a merger with Nedbank. He was later appointed as financial director and has been actively involved in the business ever since. In August 2010 he was appointed acting managing director.

MCA Maddox BA Econ; Snr Exec Prog; Advanced Marketing

Managing director: Nashua Electronics
Appointed to the group in 1983
Born 17 June 1961

Martin has been employed by Reunert since his arrival in South Africa from the United Kingdom in 1983. He held the position of group product manager from 1988 to 1990 and was appointed marketing manager until 1991. He was made a director in 1991 and held the position of marketing director, then group marketing director until his appointment in 1997 to the position of managing director: Panasonic Systems Company. Martin has held the position of managing director for the group since 1999.

RS Padayachee Elec NTC IV; IMM; MBA

Chief executive: Nashua Communications
Appointed to the group in 2009
Born 24 August 1963

Raymond started his career at Siemens Southern Africa in 1982 as an apprentice qualifying as an engineer and working his way up the ranks. In 1997, he was appointed as sales manager for Siemens Automation and Drives and was promoted to general manager responsible for sales.

In 2002, Raymond was selected by Siemens Germany for an international delegation programme where he worked on projects in Asia, Middle East, Africa and South America. In October 2005, he returned to South Africa and joined Siemens Telecommunications as managing director for Enterprise Networks. He was appointed chief executive for SEC in October 2006 during which time he transitioned the carve out of SEC, from Siemens Telecommunications to a stand-alone entity. SEC is now known as Nashua Communications.

BJ Korb CA(SA)

Managing director: Quince
Appointed to the group in 2009
Born 20 February 1975

Bertus completed his accounting articles at PricewaterhouseCoopers in 1997 after which he joined PwC Corporate Finance. He left PwC for Absa Group in 2001, where he held a number of positions including group capital manager. He founded and headed up Absa Retail Bank's special projects team before ending his eight-year career with Absa as the general manager: finance for Absa Vehicle and Asset Finance. In January 2009 Bertus was appointed as managing director of Quince Capital.

Important changes

- Nashua Communications successfully integrated into Reunert.

Awards

- Nashua awarded Distributor of the Year 2009 from Ricoh International BV in May 2010 at Zurich.
- Nashua Mobile obtains its BEE level 3 status plus "Value Adding Enterprise" which adds additional benefits to level 1 status.
- Nashua Communications is the Winner of the Frost & Sullivan Best Practices Awards 2009 and receives the South African Contact Centre technology product line strategy award.

Subsequent event

- Andy Baker (45) has been appointed as Nashua Mobile CEO effective 1 March 2011.

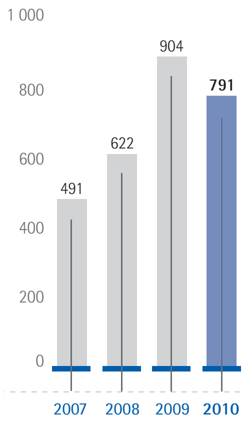
Defence and allied electronics

REUTECH

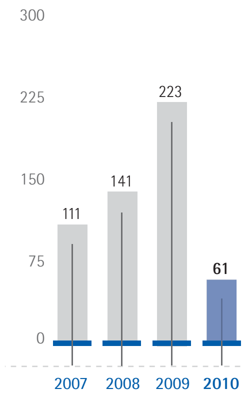
Tomorrow's solutions today

REUTECH COMMUNICATIONS **Communications**	**Primary brands, products and services** Specialises in technologically advanced tactical VHF/UHF communication systems for the defence environment. Products and services supplied are: – Tactical airborne VHF/UHF radios – Tactical/mobile/static ground-based VHF/ UHF radios – Personal role radios for tactical and mining use. **Operational areas** Located in New Germany, KwaZulu-Natal. **Market sectors** A strategic supplier of communication products to the SANDF for more than 40 years. The company is an approved supplier to many international customers. **Standards and verifications** ISO 9001: 2008.
REUTECH FUCHS ELECTRONICS **Electronic fuzes**	**Primary brands, products and services** Capabilities include electronic and precision mechanical design and high-volume production of electromechanical assemblies. Designs and manufactures the internationally recognised range of Fuchs electronic fuzes and related defence products for artillery, mortar, naval and aircraft weapon applications. The company owns the intellectual property of all products produced. **Operational areas** Factory based at Alberton, Gauteng. **Market sectors** Most of the company's revenue is generated from export sales to government agencies and ammunition manufacturers. **Standards and verifications** ISO 9001: 2008.
REUTECH RADAR SYSTEMS **Radar systems**	**Primary brands, products and services** Develops and manufactures ground and naval search and tracking radar systems. Significant contracts include the supply of sensors and software for the South African Ground-Based Air Defence System programme, tracking sensors for the Valour-class frigates and more recently, helicopter management radar for the Royal Norwegian Navy. Mining radar sensor systems used in opencast mining operations are supplied internationally in increasing quantities as the product range expands. **Operational areas** Based in Stellenbosch. **Market sectors** Products are developed for SANDF, as well as customers in the export market. **Standards and verifications** ISO 9001: 2008.
REUTECH SOLUTIONS **Solutions**	**Primary brands, products and services** Focuses on the supply of turnkey solutions for – logistic engineering and support – weapon stabilisation and fire directing systems – telecommunications and infrastructure – switching networks – providing managed telecoms network infrastructure and support for strategic industries. **Operational areas** Based in Midrand with support facilities throughout South Africa. **Market sectors** Imports and distributes internationally acclaimed brands such as Alcatel Lucent, Panasonic airconditioning, Ferroli chillers and Blue Star environmental precision control units and Firestrykers. SANDF, other governmental agencies, mobile communication service providers and clients in the mining industry. **Standards and verifications** ISO 9001: 2008.

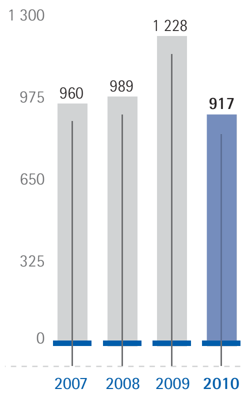
Revenue *(Rm)*



Operating profit *(Rm)*



Number of employees



DP van der Bijl MSc (Elec Eng), MSc (Aerospace)
Chief operating officer: Reutech
Appointed to the group 17 July 2008
Born 31 March 1956
Peter started his career at Denel (Kentron) in 1979 working on the design of missiles and progressed via various management positions to spending eight years in export marketing. Between 2000 and 2005, he was marketing director for the French design company GECI, based in Paris, after which he joined African Defence Systems (a Thales subsidiary in South Africa) as general manager of the Land and Joint business. Peter joined Reunert in July 2008 as chief operating officer: Reutech.

MW de Beer (Elec Eng)
Chief executive: Reutech Communications
Appointed to the group in 1989
Born 3 August 1965
Martin joined the group as an electronic design engineer in 1989 and held a number of management positions in engineering, operations and programme management until his appointment as engineering director in 1998. In October 2002 he was appointed chief executive of Reutech Communications.

MK Tucker BEng (Elec)
Chief executive: Reutech Fuchs Electronics
Appointed to the group in 1984
Born 30 November 1960
Mike obtained a Bachelor's degree in light current electrical engineering from Stellenbosch University. He joined Fuchs Electronics as an electronic engineer in 1984. Mike was appointed technical director in 1998. During 2001, he attended a programme for management development at Harvard Business School, and was appointed chief executive in 2005.

CF Kies BEng (Elec), MEng (Elec), EMBA
Chief executive: Reutech Radar Systems
Appointed to the group in 1988
Born 9 September 1963
Carl joined Reutech Radar Systems as a graduate design engineer in 1988. During 1993 he became involved as a system design engineer working on maritime defence systems at Maritech. From 1997 Carl functioned in various roles such as systems architect and project manager in the IT industry, working with companies such as Old Mutual and Dimension Data. In 2002 he founded a software engineering firm as part of the Reunert group; Acuo Technologies. Carl became chief executive of Reutech Radar Systems in 2010.

DF Kruger NDT (Ind Eng), MDP (Unisa)
Chief executive: Reutech Solutions
Appointed to the group in 1982
8 February 1957
Frik joined the group in 1982 as project planner. He held a number of management positions in projects, production and business development. In 1996 he transferred to Reunert to manage the Reunert supply chain optimisation project. On completion Frik worked at Panasonic and Saco Systems.

In 2001 he joined Reutech Radar Systems with the task to establish a Gauteng liaison and project office. From 2004 until his appointment as chief executive of Reutech Solutions in September 2010, he was a member of the Reutech radar business development group.

Important changes

- Communications occupies new premises in Pinetown.
- RRS building gets expanded.
- Saco Systems is sold to the Protea Coin Group.
- The Panasonic airconditioning and the Nokia data and voice repair units are transferred and integrated into Reutech Solutions.

Awards

- Reutech Solutions awarded as the Best Contractor to Huawei.

Letter to stakeholders

Chairman: Trevor Munday *Chief executive:* Nick Wentzel

Continued strong cash generation by the group and its favourable operational performance have resulted in an increase of 17% in the final dividend to 220 cents per share. Together with the interim dividend of 67 cents, our total 2010 distribution is 287 cents per share (2009: 253 cents).

Dear stakeholder

Following the worst financial crisis the global economy has experienced in the post-war period, this year was always going to be challenging. Revenue for the year increased by 4% from R10,3 billion to R10,7 billion. Operating profit rose by 7% to R1,2 billion and normalised headline earnings per share increased by 3% to 515,7 cents. EBITDA (earnings before interest, taxation, depreciation and amortisation) margins improved to 12,5% from 12% in 2009.

Nashua and CBI-electric performed beyond our expectations and management is to be commended for these results. The 24% increase in operating profit at CBI-electric and the 19% increase at Nashua reflect strict cost control and operating efficiency gains following the resizing undertaken in the 2009 financial year.

The substantial contribution by Reutech in the prior year was not repeated. A large follow-on export order anticipated at Fuchs was not received during the year and this, together with the strong rand, resulted in a R162 million reduction in the contribution from Reutech. Indications are that this order will be received in 2011 and we are confident Reutech will continue to be an important contributor although its results can be volatile.

The sustained reduction in interest rates has been positive for the economy and the consumer. These lower interest rates have resulted in an IFRS, non-cash, mark-to-market charge of R40 million for the year arising from interest rate swaps. IFRS however does not recognise the gain from the fixed interest book in the finance company. This R40 million charge to the income statement will reverse over the duration of these hedges. The higher interest rates in South Africa, compared to those of first-world economies, have resulted in substantial inflows of capital into bond and equities market, strengthening the rand considerably. The strong rand adversely affected revenue and margins by an estimated R50 million.

Financial performance

- Revenue up 4% to R10,7 billion
- Operating profit up 7% to R1,2 billion
- Cash on hand improves to R1,8 billion
- Normalised headline earnings per share at 515,7 (2009: 499,5) cents per share
- Headline earnings per share down 22% to 505,5 cents per share

The acquisition of Nashua Communications (formerly Siemens Enterprise Communications) in November 2009 has proved successful. This operation has brought a wealth of technical talent to the group and enhanced our product offering and communications solution capability. Operating profit in its first year in the Reunert group came close to the 10% margin target despite having to move to a new computer platform and premises. We are delighted to have this operation on board.

Reunert also welcomed empowerment partners to its Divitech set-top box operation and into Reutech. We look forward to a long and mutually beneficial partnership with these businesses.

Continued strong cash generation by the group and its favourable operational performance have resulted in an increase of 17% in the final dividend to 220 cents per share. Together with the interim dividend of 67 cents, our total 2010 distribution is 287 cents per share (2009: 253 cents).

CBI-electric

Our electrical businesses have produced strong results for the year with operating profit up 24%. Revenue was flat for the year mainly due to lower activity in our telecommunications cable joint venture. Cost-reduction actions and resizing of the businesses in 2009 boosted margins in the cable operations.

Building activity remained subdued but increased exports to Europe and Asia and the return to profitability of our Australian operation helped our low-voltage operation to be significantly up on the previous year. Material cost control and increased efficiency improved gross margins.

Refurbishments and additions to residential buildings and the replacement market were buoyant. As the installed base of our product in the residential market is high, any improvement in this activity is positive.

The energy cable business, CBI-electric: African Cables, had an excellent year. With the factory operating on a normal shift system, efficiency increased with scrap and material over-consumption levels significantly reduced. African Cables has invested in its service and project operation, Power Installations, and has expanded its value-added service to match key customer requirements. The electrical installations required for the 2010 FIFA Soccer World Cup™ were a welcome stimulus for the cable and electrical service market, adding to revenue and operating profit. Market conditions remain challenging, with the strong rand encouraging importers to enter our market.

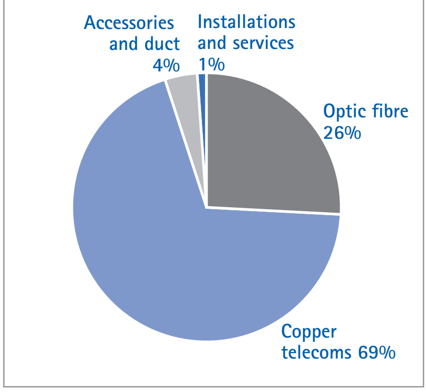
CBI-electric: Aberdare ATC Telecom Cables, our joint venture with Altron, had a mixed year. The first half was below expectations because of reduced activity in the copper telecommunications cable market. The second half was stronger. All operations in the joint venture are now located at our Brits factory with the data cable manufacturing plant relocated during the year. The micro-duct production line, commissioned last year, has expanded our product range. The fibre-optic cable connections between major cities in South Africa are going ahead, with demand for fibre and micro-duct increasing significantly.

Nashua

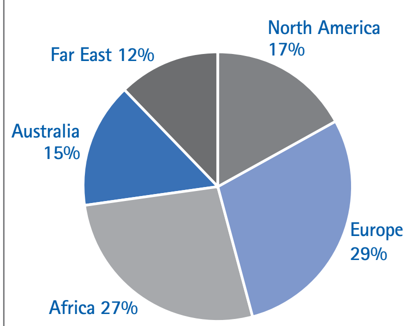
Revenue was boosted by the inclusion of Nashua Communications from 1 November 2009, which enabled Nashua to achieve 9% growth. Operating profit was up 19% due to increased revenue, cost control and profit contributed by Nashua Communications.

Nashua Office Automation gained market share which, at 21%, is comfortably ahead of its closest competition. Unit sales grew by 20%, assisted by the strong rand and lower interest rates. The weakening of the euro against the dollar assisted in making our product more competitive. We are now an HP (Hewlett-Packard) preferred partner and this has increased the range of products we offer. Our managed print services offering, together with

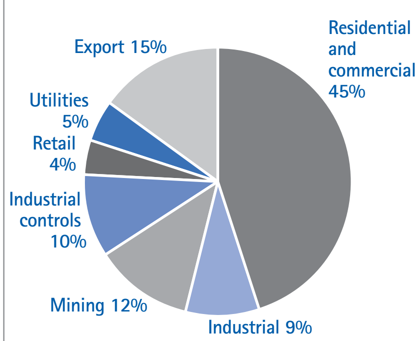
Telecoms
Product mix %



Low-voltage
Export sales by region



Low-voltage
Product mix %



enhanced digital software solutions, has seen us secure the majority of tenders we pursued. The strategy of purchasing a controlling interest in larger franchises continues.

Nashua Communications has integrated the Panasonic PABX division into its operation, increasing its product offering to small and medium-sized enterprises and strengthening its position as a leading unified communications provider. Management in the enlarged operation has embraced Nashua's philosophy and has revelled in the opportunities presented by this new environment.

Nashua Mobile was able to increase ongoing revenue by 6% due to a strong sales drive and a net gain of 96 000 connections was achieved for the year. The total contract base is now 819 000 customers, 13% higher than the prior year. This is supported by a network of 149 outlets nationwide. The focus remains on quality customers with an emphasis on retail due to a relatively saturated corporate market.

Significant reductions in data tariffs have prevailed over the last year. Interconnection rates were reduced on 1 March 2010 with further reductions to occur up to 2013. The increased focus on retail customers and reduction in data tariffs has reduced average revenue per user by 5% to R463. The Legendary Service campaign introduced two years ago has improved customer satisfaction. This remains a core strategy and will continue in future with significant training programmes in the customer care and service areas.

Least-cost routing remained a large contributor to revenue and profit during the year, but will face challenges in future given reductions in interconnect rates. Alternative solutions are being developed to retain these customers. Advanced technologies and regulatory changes have enabled the development of strategies to complement our product offerings.

Despite the refocusing at Nashua Electronics, the business has continued to produce disappointing results. Kyocera Mita products have been added to the office systems product range which, together with further restructuring, should improve performance in the year ahead.

Nashua's financing operation, Quince, had another difficult year although, by year-end, impairments had settled to more normal levels. Over 70% of the assets financed by Quince are written at fixed interest rates and interest swaps are taken out to convert our floating interest rate to fixed rates. IFRS requires these swaps to be marked to market and the lower interest rate has resulted in a R40 million charge to the income statement. We are confident that the spike in bad debts is now behind us and, while interest rates may move marginally lower, the mark-to-market charge should not be repeated in 2011.

Reutech

Reutech's operating profit decreased by 73% from R223 million to R61 million. Revenue was down 13% from R904 million to R791 million. As reported, the contribution from Fuchs was significantly down for the year. Prospects for receiving this order in 2011 are good. The remaining businesses in the division performed as expected and are well positioned for the years ahead.

Nashua Mobile	2010	2009	% change
Gross contract connections	**150 519**	136 362	**10,4**
Data connections (3G/HSDPA)	**36 863**	23 198	**58,9**
Gross total connections	**187 382**	159 560	**17,4**
Closing company base	**819 035**	722 638	**13,3**
Average revenue per user	**463**	488	**(5,1)**
Churn %	**11,8**	13,6	**13,2**
Net bad debts % revenue	**0,95**	1,24	**(23,4)**
Number of retail outlets	**149**	155	**(3,9)**

NSN

Reunert has an option to put its shares in NSN to the other shareholders in that company. The minimum price of the put option is R793,5 million. Following the Nokia and Siemens merger of their telecommunications infrastructure operations and subsequent restructuring of NSN in 2007, we intend to exercise the option on 31 December 2010. A minimum price of R793,5 million will be the amount payable by the other shareholders of NSN for Reunert's 40% share in NSN.

Capital investment and cash management

Our capital investment totalling R149 million over the past year has ensured that our capability and capacity to meet future demand is sustained. We have invested in our IT infrastructure to enhance business efficiency and reporting.

We have extended the RRS premises at the Technopark outside Stellenbosch and have also invested in new premises for Reutech Communications. The initial production of new-generation radios by Reutech Communications for the country's ground forces will begin in 2011 and the new factory in New Germany has a state-of-the-art production line to meet the most stringent requirements.

In addition, Reunert invested R180 million in acquiring Nashua Communications and R126 million in buying back 2,1 million Reunert shares at an average price of R59,18 per share.

Reunert's balance sheet remains strong and cash flow generated by the group's operations increased net cash resources by R498 million. Cash and cash equivalents at the end of the year were R1,8 billion.

Strategic direction

Reunert will continue to focus on its three main operating segments, adding products and services to meet and exceed customer requirements. Selective acquisitions will be made to add meaningfully to these businesses or where we believe there is suitable strategic alignment with our core competencies.

Nashua Mobile is managing the change brought about by the lower interconnect rate. Voice remains the primary revenue source for Nashua Mobile. Opportunities in the data market will be pursued to increase market share and revenue.

Planned infrastructure spending by government and parastatals will remain a focus area for the businesses in the electrical segment, as will opportunities for growth in the African market.

Reunert will continue to improve group productivity and strive to be the most efficient organisation in the segments in which we operate.

Reunert will further increase its cash resources in February 2011 with proceeds from the sale of its shares in NSN. Suitable acquisitions continue to be identified and evaluated. The buyback of Reunert shares began in August 2010 and will be continuing outside of closed periods.

Prospects

The economy is in a delicate state with lower interest rates encouraging growth. However, the strength of the rand is of serious concern with increased imports and reduced export opportunities hampering growth.

Subject to prevailing economic conditions remaining unchanged, the group predicts increased earnings for the year ahead.

Sustainability

Reunert is conscious of its impact on society and the environment in which it operates. We are proud of the success of our social investment initiative with the Reunert College. This year, it has given more than 80 black matriculants the opportunity to achieve a high-level matric in mathematics, science, accounting and English, paving the way for them to pursue tertiary education. Since inception, we have assisted close to 880 students of whom about 450 have entered university. Our training philosophy is that there are no shortcuts and what we offer must have a lasting effect. There is no substitute for a first-class education and experience. We endeavour to provide both.

We are conscious of the environment and the need to protect it. Our operations have a low to medium impact on the environment and we comply with laws and regulations. Several initiatives to reduce energy consumption have been implemented in the group, including an experimental 50kWh solar-driven solution at the Nashua Mobile premises in Midrand.

Directorate and appreciation

At the annual general meeting on 2 February 2010, Messrs MJ Shaw and KS Fuller retired from the board. Martin served as chairman of the board from June 2003 to May 2009 and Kingsley as chairman of the audit and risk committee from June 2005 to February 2010. The board expresses its appreciation to both for their valuable service to the group.

Mr Gerrit (Boel) Pretorius retired in August after 12 years as chief executive of the group. It is with heartfelt thanks that the board bids him farewell. His contribution to the group was outstanding and we wish him and his wife, Adele, a happy retirement.

The board welcomes Mr Nick Wentzel as chief executive of the group.

Thank you to the members of our board, executives and all our employees for their contribution to the success of Reunert. With their constant energy and support, we look forward to a bright future. Finally, we thank our customers, as well as our suppliers and technology providers, for their ongoing support.

Trevor Munday
Chairman

Nick Wentzel
Chief executive

Sandton
16 November 2010

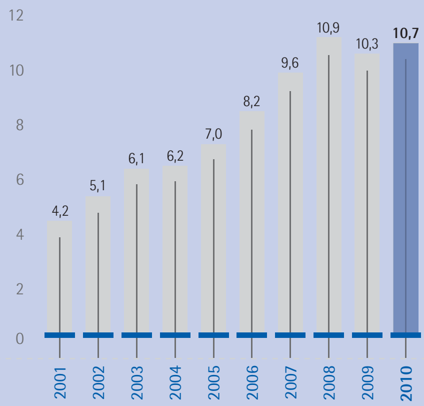
Financial director's report

Financial director: **David Rawlinson**

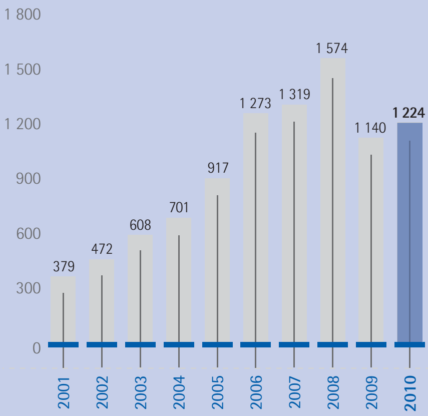
The ongoing spend by Eskom at the Medupi and Khusile power stations, together with municipalities spending on electrical network upgrades, will benefit the group over the next few years.

Revenue and operating profit increased despite the effects of the economic downturn. Revenue rose by 4% to R10,7 billion, while operating profits increased by 7% to R1,2 billion.

Revenue *(Rbn)*



Operating profit *(Rm)*



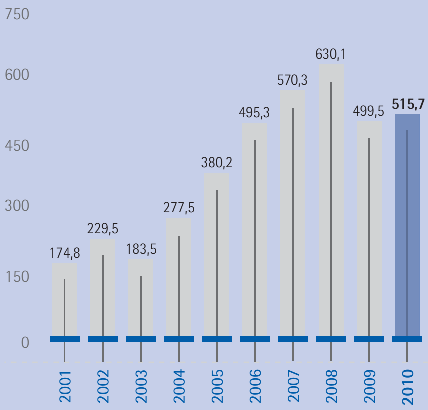
Normalised headline earnings

The group has disclosed normalised headline earnings per share for a number of years to provide shareholders and other users of these financial statements with the group's sustainable earnings. These numbers are comparable with prior years.

Adjustments made to normalised earnings in 2009 reduced headline earnings by R271,5 million. These reductions included the value of the NSN put option of R299 million and the BEE minority interest of R10 million, adjusted for tax.

In 2010, the adjustments made increased headline earnings by R18,2 million. The R34 million non-cash charge for the Reutech empowerment deal was reversed. The other side of this charge is a credit to equity, leaving shareholders' funds intact. The BEE minority interest charge was also taken into account in calculating normalised headline earnings.

Normalised headline earnings per share *(cents)*

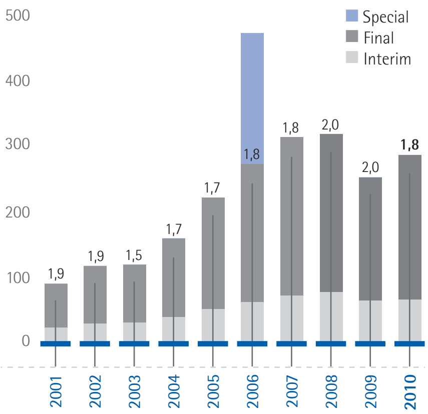


Dividends

Given the strong cash-generating ability of Reunert, the progressive and generous dividend policy has continued. Dividend cover is based on normalised earnings, to preclude dividends being paid on non-cash accounting income.

Cash dividend per share and dividend cover

(cents)



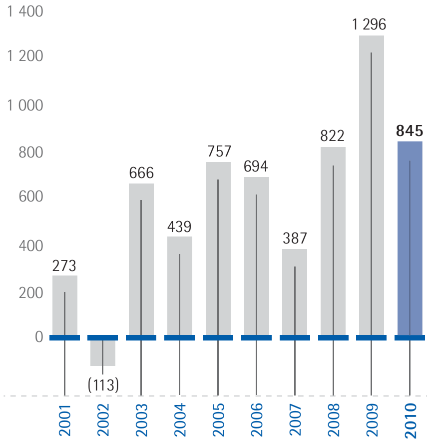
Cash flow

Cash flow excluding dividends and share buybacks

Reunert's profit is underpinned by strong cash flow. This year, cash flow was less than in prior years due to the acquisition of the remaining 60% of Nashua Communications and buyback of Reunert shares.

Cash flow (excluding Quince, dividends and buybacks)

(Rm)

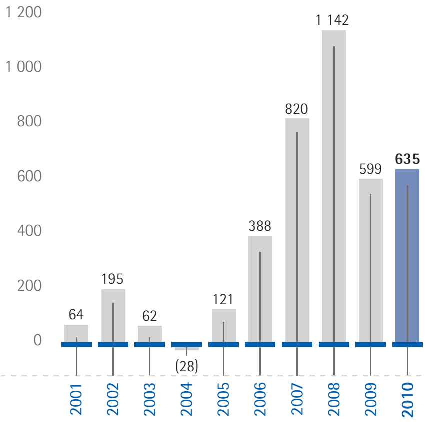


The cash flow for Quince (formerly RC&C Finance Company) has been excluded from cash flow figures as finance is raised on the rental debtors' book. Currently the cash accumulated in the group is deposited with Quince for most of the financial year. This policy results in the group achieving retail interest rates for its cash. The group's exposure to Quince in the past has been limited, but the global financial crisis has resulted in providers of capital requiring Reunert to underwrite certain borrowings.

	2010 Rm	2009 Rm
Quince accounts receivable	**1 468,0**	1 703,3
Quince long-term borrowings	**(699,9)**	(699,9)
Quince short-term borrowings	**(691,5)**	(1 012,3)
Cash	**72,5**	97,6
Total Quince borrowings	**(1 318,9)**	(1 614,6)

A conscious decision was taken to improve the quality and reduce the size of the rental book.

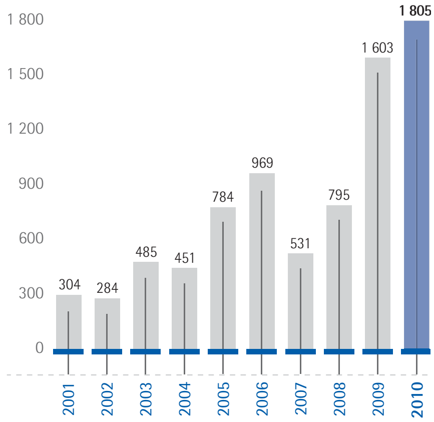
Working capital (excluding Quince) *(Rm)*



Cash accumulation

Despite the acquisition of Nashua Communications and the share buyback, cash is being accumulated. The share buyback programme will continue after the release of Reunert's results in November.

Cash on hand *(Rm)*



Risk review

Global economy

The challenging economic conditions are expected to continue. The strength of the rand is impacting negatively on margins we are able to achieve in export markets. We anticipate rand strength remaining an issue while global markets continue to be stimulated by monetary interventions. The rise in commodity prices and lower interest rates will have a positive impact on the economy.

Exchange rates

Our financial year began in October 2009 at a dollar exchange rate of R7,55. The rand then weakened to around R7,95 and ended the year at R6,94 – a spread of more than 14%.

All imports are covered with foreign exchange contracts. Significant exports are covered on an individual basis.

Infrastructure

The local economy has benefited from the large number of infrastructure projects. A significant number of these were completed for the 2010 FIFA Soccer World Cup™. The ongoing spend by Eskom at the Medupi and Khusile power stations, together with municipalities spending on electrical network upgrades, will benefit the group over the next few years.

Corporate activity

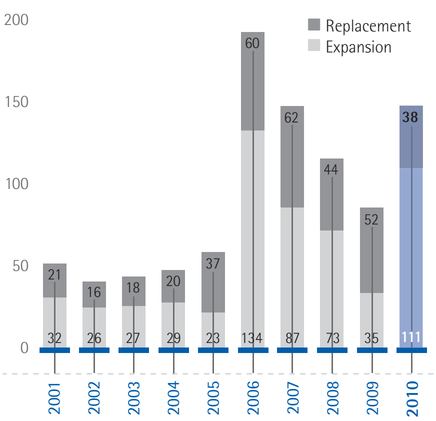
Reunert acquisitions in the financial year totalled R180 million to purchase the remaining 60% of Nashua Communications to expand its capability in the telecommunications industry.

Capex

The following capital expenditure was incurred for property, plant and equipment:

	2010 Rm	2009 Rm
Expansion	111,0	34,7
Replacement	37,9	52,4
	148,9	87,1

Capital expansion *(Rm)*



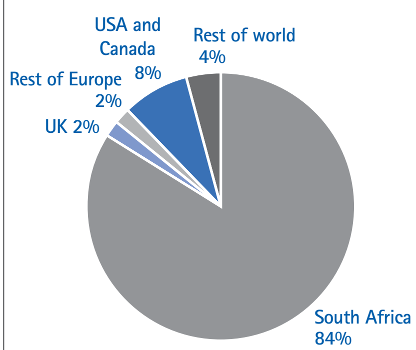
Shareholders' statistics

Reunert shares continued to trade actively on the JSE in the past year. The total value of shares traded was R7,6 billion, resulting in 69% of the market capitalisation of the company being traded during the year. Some 134,4 million shares were traded in over 85 000 transactions.

Fund managers and investors have an active interest in the group, mainly due to its exposure to infrastructure spending through its electrical operations.

The majority of shares are held by pension funds, unit trusts and mutual funds. On 30 September 2010, the offshore shareholding was 16,%, with USA, the UK and European shareholders accounting for 12,5%.

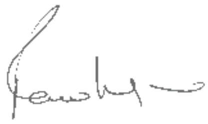
Geographical split of beneficial shareholders



In summary

Reunert has large market shares in the segments in which it operates. Growth in recent years has mostly been organic, with smaller bolt-on acquisitions adding products and services to existing operations.

Reunert has improved its cost structure and will continue to control these costs and improve working capital in the next financial period.



David Rawlinson
Financial director

Sandton
16 November 2010

Corporate governance

Governance framework

Board of directors

Non-executive independent directors[1]
BP Connellan
SD Jagoe
KJ Makwetla
TJ Motsohi
KW Mzondeki
JC van der Horst
R van Rooyen

Non-executive director
NDB Orleyn

Chairman
TS Munday (non-executive independent)

Chief executive
NC Wentzel (executive)

Executive directors
BP Gallagher (executive)
DJ Rawlinson (financial)
GJ Oosthuizen (commercial)

[1] *Ms YZ Cuba will join the board from 1 January 2011 as non-executive independent director.*

Board committees

Audit and risk committee[1]	Nomination committee	Remuneration committee	Group executive and risk management committee
R van Rooyen (chairman)	TS Munday (chairman)	NDB Orleyn (chairman)	NC Wentzel (chairman)
BP Connellan	SD Jagoe	SD Jagoe	BP Gallagher
SD Jagoe	KJ Makwetla	TS Munday	DJ Rawlinson
KW Mzondeki	JC van der Horst	JC van der Horst	GJ Oosthuizen

[1] *As from 2011 the audit and risk committee will operate as two separate board committees.*

Enterprise risk management, governance and assurance

Subsidiary boards
Nashua Mobile
Nashua Limited
Nashua Communications
Nashua Electronics & Pansolutions
Quince Capital
CBI-electric: African Cables
CBI-electric: low voltage &
CBI-electric: medium voltage
CBI-electric: Aberdare ATC Telecom Cables
Reutech Solutions
Fuchs Electronics
Reutech Radar Systems
Reutech Communications

Risk management meetings

Key group committees
Group management
Human resources
Technology forum

Group guidelines and policies
Memorandum and articles of association
Board and committee charters
Statement of intent
Code of ethics
Reserved matters
Dealing in Reunert securities
HIV/Aids
Whistle-blowing

Laws, regulations and codes
JSE Listings Requirements
Companies Act
King III Report
Employment Equity Act
Promotion of Access to Information Act
Competition Act
BBBEE Act
Skills Development Act
Occupational Health and Safety Act

Assurance

External auditors
Main and subsidiary boards

Internal audit

The Reunert Limited board of directors and management are committed to sound corporate governance and building a sustainable business. The group endeavours to incorporate into its actions the best mutual interests of all stakeholders including investors, employees, suppliers, customers and the communities where we operate.

In the past year, Reunert has identified its areas of non-compliance based on the principles and recommendations of the King Report on Governance for South Africa, 2009 (King III) and the JSE Listings Requirements relating to governance. Reunert achieved the highest rating possible after completing the Institute of Directors South Africa's governance assessment instrument. Findings have been reviewed by the audit and risk committee and by the Reunert board.

For the 2010 financial year Reunert adhered to the King II code and actively worked towards incorporating King III. Apart from the exceptions outlined on page 31, the board confirms that Reunert complies with the Code of Corporate Practices and Conduct as set out in the King III report and that the group complies with all the required JSE codes.

Board of directors – Non-executive

From left:
Trevor Munday, Brian Connellan, Sean Jagoe, Bobby Makwetla

Non-executive

1. TS MUNDAY BCom
Chairman, non-executive, independent director
Director of companies
Appointed to the board from 1 June 2008 and as chairman from 1 June 2009
Born 12 September 1949

Trevor spent his formative years from 1971 in a wide-ranging number of roles in financial and commercial management positions both in southern Africa and Europe. In the late 1980s he was appointed finance and commercial director of AECI Explosives and Chemicals Limited. In 1990 he was appointed managing director of Dulux Paints and in the period 1996 to 2000 managing director of Polifin Limited. In 2001 Trevor was appointed executive director and chief financial officer of Sasol Limited with responsibility also for corporate affairs and various other portfolios. Two years later he assumed global responsibility for Sasol's chemical businesses. In 2005 and 2006 he was deputy chief executive of Sasol Limited. At the end of 2006 he retired from executive roles and in 2007 became a non-executive director of various companies.
He serves as a board member of Absa Group Limited, Absa Bank Limited, Illovo Sugar Limited, Life Healthcare Limited, Sasol Synfuels International (Pty) Limited, Sasol Petroleum International (Pty) Limited and Sasol Polymers and Sasol Nitro – both trading as divisions of Sasol Chemical Industries (Pty) Limited.

2. BP CONNELLAN CA(SA)
Non-executive, independent director
Director of companies
Appointed to the board in 1999
Born 28 June 1940

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

3. SD JAGOE BSc (Eng), MBA
Non-executive, independent director
Merchant banker
Appointed to the board in 2000
Born 9 June 1951

Sean, who has 29 years' experience in banking and finance, is a senior adviser with JP Morgan, having run a boutique advisory firm, Fidelis Partners, for a year. Prior to this he was a senior adviser in Morgan Stanley's Johannesburg office, where he worked for 13 years, head of mergers and acquisitions at Deutsche Morgan Grenfell and head of corporate finance at Rand Merchant Bank.
Sean also serves on the board of Ceramic Industries Limited.

4. KJ MAKWETLA Social Work Diploma, PMD (Harvard)
Non-executive, independent director
Appointed to the board in 2000
Born 14 September 1941

Bobby spent most of his working life in the furniture and food industries. He served as executive director of Tiger Foods deputising in the group public affairs portfolio and thereafter as non-executive director of Tiger Foods.
He served as chairman of Limpopo Economic Development Enterprises, 1995 to 2006; and served on the boards of Lebowa Platinum and Potgietersrus Platinum. He was chairman of The Joburg Property Company; 2000 to 2005 and from 2004 to 2007 served as director of SAPOA. He was also chairman of Clear Channel Merafe from 2003 to 2007.
Bobby is a director of 24 Rivers Platinum and is chairman of Merafe Holdings (Pty) Limited. He is on the boards of African Renaissance Holdings, African Renaissance Aviation Corporation and Marine Bulk Carriers. In his various capacities, Bobby has contributed extensively to black economic empowerment issues at both NAFCOC and government level.

From left:

Thabang Motsohi, Kholeka Mzondeki, Thandi Orleyn, Johannes van der Horst, Rynhardt van Rooyen

5. TJ MOTSOHI BSc

Non-executive, independent director
Strategy consultant
Appointed to the board from 1 June 2008
Born 9 November 1947

Thabang is a strategy consultant and has consulted to major corporate clients such as DBSA, SA Port Operations, StatsSA, City of Tshwane, FFC, Nozala, Transnet Fiscal and Financial Commission and the Vaal University of Technology (2010) for the past eight years.
Thabang spent 13 years at executive level in the Civil Aviation Directorate in Lesotho. During this period he was elected vice-president of the African Civil Aviation Commission for the East African region for three years. He joined Transnet in 1994 and was promoted to the position of transformation strategist at Transnet Group as general manager in 1997 and to chief executive of PX in 1998, a position which he held until January 2000.
Thabang has attended executive management programmes at London Business School, University of Singapore and the Harvard Business School.

6. KW MZONDEKI BCom, ACCA (UK)

Non-executive, independent director
Director of companies
Appointed to the board from 1 November 2009
Born 21 September 1967

Kholeka started her career as trainee accountant and has held several senior finance positions across diverse industries. Until recently she was finance director at BP South Africa associate company. She joined 3M South Africa as corporate accountant and assumed the general manager finance role within six months. She has worked for Eskom in the consulting and treasury departments.
She serves on other audit committees among which is the United Nations World Food Programme and she is a member of the International Assembly for the Association of Chartered Certified Accountants (ACCA) in London, and was recently voted into ACCA Council. In 2008, Kholeka was a finalist in the BWA/Nedbank Business Woman of the Year competition.

7. NDB ORLEYN BJuris, BProc LLB

Non-executive director
Director of companies
Appointed to the board in 2007
Born 13 January 1956

Thandi is a director and shareholder of Peotona, an investment company owned and managed by four women – Cheryl Carolus, Wendy Lucas-Bull, Dolly Mokgatle and Thandi Orleyn. She is also a mediator and arbitrator for Tokiso Dispute Settlement; a member of the Competition Tribunal and adjunct professor of Law at the University of Cape Town; she also serves as vice-chairman of the Council of the University of Fort Hare. She sits on various boards including the South African Reserve Bank, Toyota SA and Implats Limited.
Thandi was an attorney and regional director of the Legal Resources Centre, national director of the Commission for Conciliation, Mediation and Arbitration and director of a commercial law firm.

8. JC VAN DER HORST BA, LLD

Non-executive, independent director
Director of companies
Appointed to the board in 1993
Born 4 February 1944

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 with its listing on the London Stock Exchange and the JSE Limited. Over the past 25 years he has served on the boards of various companies listed on the JSE Limited. He currently serves on the boards of Assore Limited and Foord Compass Limited.

9. R VAN ROOYEN BCompt (Hons), CA(SA)

Non-executive, independent director
Director of companies
Appointed to the board from 1 November 2009
Born 23 January 1949

Rynhardt retired as group general manager Sasol Limited at the end of 2008 after 31 years with Sasol. During his employment with Sasol he held various positions in financial and accounting management. At retirement he was a member of Sasol's group executive committee and director and member of most of Sasol's major subsidiaries. He is a director of Alert Steel Holdings Limited and a trustee of the Sasol Pension Fund.

SUBSEQUENT EVENT

Ms YZ Cuba (32) has been appointed as non-executive independent director to the board effective 1 January 2011. Yolanda holds BCom (Stats), BCom (Hons)(Acc), CA(SA) qualifications.

Board of directors – Executive

From left:
Nick Wentzel, Pat Gallagher, Gerrit Oosthuizen, David Rawlinson

Executive

NC WENTZEL BCom CA(SA)
Chief executive
Appointed to the board 1 August 2010
Born 27 July 1955

Nick holds a BCom from the University of Johannesburg and qualified as a chartered accountant in 1977.

His management experience includes working in the corporate finance division of Hill Samuel Merchant Bank, being a general manager in the industrial division of General Mining, and serving as divisional chairman of Tiger Foods. He managed the unbundling of Astral Foods and became the first CEO of that company following its unbundling. Since 2009 he was CEO of Parmalat SA as well as taking responsibility for Africa. On 1 August 2010 he was appointed chief executive of Reunert.

BP GALLAGHER BCom
Executive Director
Appointed to the board in 1993
Born 5 March 1950

After completing his articles at Deloitte & Touche, Pat qualified as a chartered accountant.

Pat joined the Barlow Rand Group in 1976. He was promoted soon after and subsequently 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 and chairman of Reunert Consumer and Commercial Holdings.

GJ OOSTHUIZEN BJuris, LLB
Commercial director
Appointed to the board in 1997
Born 31 March 1954

Gerrit practised as a lawyer for nine years before joining the Barlow Rand Group as industrial relations adviser 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 and legal affairs.

DJ RAWLINSON CA(SA)
Financial director
Appointed to the board in 1992
Born 23 February 1949

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

He has been involved in the electronics and electrical engineering industry for over 20 years, working for CG Smith, GEC and as deputy managing director of Alstom.

In 1992 David was appointed financial director of Reunert.

Board, directors and committees

Composition of the board

The Reunert board provides strategic leadership and direction to the company. The board duly considers diversity and the appropriate balance of executive, non-executive and independent directors when making appointments to the board. There is a clear division of board responsibilities and no one individual has unfettered powers of decision-making.

The board currently consists of 13 directors with nine non-executive directors. Except for Ms Orleyn, all non-executive directors are considered independent as defined in King III.

Three non-executive directors have served more than nine years on the board. Dr Johannes van der Horst has served on the board since 1993, Brian Connellan since 1999 and Sean Jagoe since 2000. The board is satisfied after a rigorous review that all three have retained independence of character and judgement.

During their tenure, they have not formed associations with management, shareholders or other stakeholders that might compromise their decisions to act in the best interest of the group.

Four non-executive directors are black, of whom two are women. There are four executive directors.

Directors bring a wide range of experience, wisdom and professional skills to the board. The directors are deemed to be individuals of calibre and credibility. An induction programme is completed by new board members and ongoing training, development and exposure to the business of the group are conducted through formal processes.

Non-executive directors are not appointed under service contracts and their remuneration does not depend on the group's financial performance. Non-executive directors do not participate in any share incentive or option scheme of the company. The notice period for all executive directors' service contracts is less than one year.

The board, on the recommendation of the nomination committee, appoints the chief executive. In addition the board, on the recommendation of the remuneration committee, determines the terms and conditions of the appointment and compensation.

Brief résumés for all directors appear on pages 28 to 30 of this report.

Declaration of interests and independence

Several non-executive directors hold directorships in other listed companies. Details of these directorships are listed as part of their résumés.

Declarations of interests are submitted by all directors at least annually to determine any

Exceptions to King III

Independence of directors

Ms Thandi Orleyn represents the group's black economic empowerment partner Peotona, which is deemed a major shareholder of the group and she is therefore not independent. Ms Orleyn was appointed on 2 February 2010 as chairman of the remuneration committee. The board believes her non-independence will not impede her performance as chairman of this committee.

Remuneration

King III requires that the salaries of the three most highly paid employees who are not executive directors should be disclosed. Due to the diverse nature of Reunert's operations and the highly competitive environment, fuelled by a shortage of critical skills and experience, this information is not disclosed.

Non-executive directors receive a base fee that includes attendance for a set number of meetings per year. A proposal will be tabled at the annual general meeting that additional fees will be paid for any additional meetings required. Details of non-executive directors' fees appear in note 24 and on page 114.

Roles of the chairman and chief executive

The chairman and chief executive are regarded as experienced board members. Reunert is compiling guidelines and objectives for their roles and responsibilities in writing as proposed by King III.

Audit committee

Shareholders have not had the opportunity to elect the audit and risk committee. The nomination committee presents suitable candidates to the board which elects the members. Shareholders will approve these appointments at the next annual general meeting.

The internal audit function does not go through an independent quality review as the board believes the audit and risk committee is the appropriate body to independently review this function.

Company secretary

The role and function of the company secretary is not formulated in writing since the function is the responsibility of RMS. RMS acts as the company secretary.

Information technology

Reunert does not have an overarching IT governance framework, charter and policies due to the diverse nature of the group's IT requirements. Key IT risks are reported to the audit and risk committee. Group IT is monitored by the Reunert IT Forum which meets quarterly and is chaired by an experienced IT practitioner in the group.

Integrated reporting and disclosure

The sustainability report has not been externally assured. The board is satisfied with progress being made in internal oversight conducted by the internal audit department. The advantages of external assurance will be periodically reviewed to ensure the integrity of the sustainability report.

conflict of interest. Any potential conflict of interest is disclosed immediately. Where necessary and appropriate, the director concerned will recuse him-/herself from discussions at board or board committee meetings when the relevant matter is tabled.

In assessing a non-executive director's independence, the following guidelines are considered:

- Whether the director has been employed in an executive capacity in the group in the last three years
- Whether the director has served on the board for longer than nine years
- Whether the director was a representative of a major shareholder
- Whether the proportion of that director's shareholding in Reunert (if any) or director's fees represent a material part of his/her wealth or income.

Roles and responsibilities

The roles of the chairman and the chief executive are separate. The chairman is elected by members of the board and confirmed annually after an assessment of the chairman's performance.

The chairman conducts shareholder meetings and has no executive or management responsibilities. Directors are jointly accountable for decisions of the board. Directors have a legal obligation to act in the best interests of the company and the group, to act with due care in discharging their duties as directors, to declare and avoid conflict of interest with the company and group and to account to the company for any advantages gained in discharging their duties on behalf of the company.

The board of directors evaluated its own performance, processes and procedures at the beginning of the year. A self-assessment questionnaire was constructively used to improve the board and its subcommittee's effectiveness, maximise its strengths and address weaknesses. The results of the assessments are used beneficially to identify improvements and formulate further training and development plans for individual directors.

Some of the key areas highlighted as part of the assessment were:

- The board recognised that four of its experienced non-executive directors with extensive knowledge of Reunert's technologies and markets will be lost to the company by February 2011. Incoming board members must possess equal knowledge and experience, taking into consideration the diversity of the board
- A requirement to interface with operational management at board strategy meetings
- Formalised transformation and remuneration reporting.

The Reunert board of directors, among other functions:

- Provides strategic direction to the company
- Retains full and effective control of the group
- Monitors and evaluates the implementation of strategies, policies and management performance
- Sets criteria and approves adoption of strategic business plans and annual budgets
- Approves significant acquisitions and disposals
- Determines the group's purpose and values
- Ensures the group complies with sound codes of business practice
- Has unrestricted right of access to management, all company information, records, documents and property
- Has an agreed procedure to take professional advice at the company's expense
- Ensures Reunert has appropriate risk management, internal control and compliance procedures in place
- Approves the composition and terms of reference of board-appointed committees
- Ensures a process exists to identify key business risk areas and key performance indicators
- Guards the interests of minorities.

The board meets quarterly and at any additional time that may be required. Members of senior management may be invited to attend board meetings to facilitate communication between executive management and board members and have done so in the past year.

The board works to a formal agenda that covers strategy, structure, operating performance, growth initiatives, sustainability, investor relations, risk and governance and other key activities of the group.

Appointment and re-election of directors

Ms KW Mzondeki and Mr R van Rooyen joined the board on 1 November 2009. Messrs MJ Shaw and KS Fuller retired from the board at the annual general meeting on 2 February 2010 after reaching the mandatory retirement age for non-executive directors.

G Pretorius, chief executive since 1997, retired on 2 August 2010 and was succeeded by NC Wentzel, effective 1 August 2010.

Ms YZ Cuba will join the board on 1 January 2011.

The board charter is 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 to consider.

In terms of the company's articles of association, at least one-third of directors retire at the annual general meeting. Appointments are not for a fixed term and directors are re-elected by shareholders as required by rotation.

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.

Mr NC Wentzel and Ms Cuba, having been elected to the board, are required to retire at the next annual general meeting but, being eligible, offer themselves for re-election.

Messrs BP Gallagher and SD Jagoe and Ms NDB Orleyn retire by rotation at the next annual general meeting. The nomination committee, at its meeting on 16 November 2010, recommended that they be re-elected and they have offered themselves for re-election.

Messrs BP Connellan and KJ Makwetla have reached retirement age and will retire from the board at the coming annual general meeting.

Details of remuneration, fees and other benefits earned by directors in the past two years are explained in the remuneration report on pages 39 to 41 and in note 24 of the financial statements.

Board committees

In terms of the articles of association, the board has the power to appoint board committees and to delegate powers to these committees. The board has four subcommittees: the audit and risk committee, the remuneration committee, the 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 when necessary. All committees have charters approved by the Reunert board which are reviewed and updated annually. The committees are directly responsible to the board.

The Reunert board and its committees have adopted appropriate charters. Salient features include:

- Demarcation of the roles, functions, responsibilities and powers of the board and its board committees
- Terms of reference of the various board-appointed committees
- Matters reserved for decisions by the board and its committees
- Policies and practices of the board on matters such as corporate governance, board meetings and documentation, disclosure of conflict of interest and trading by directors in the securities of the company.

Meeting attendance 2010

	Board				Audit and risk committee				Remuneration committee			Nomination committee		
Director	2 Feb[1]	12 May	31 Aug	16 Nov	4 Mar	7 May	15 Sep	12 Nov	12 May	31 Aug	16 Nov	12 May	31 Aug	16 Nov
TS Munday	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓
BP Connellan	✓	✓	✓	✓	✓	✓	✓	✓						
SD Jagoe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
KJ Makwetla	A	✓	✓	✓								✓	✓	✓
TJ Motsohi	✓	A	✓	✓										
KW Mzondeki	✓	✓	✓	✓	✓	✓	✓	✓						
NDB Orleyn	✓	✓	✓	A					✓	✓	A			
JC van der Horst	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓
R van Rooyen	✓	✓	✓	✓	✓	✓	✓	✓						
G Pretorius[2]	✓	✓												
NC Wentzel[3]			✓	✓										
BP Gallagher	✓	✓	✓	✓										
GJ Oosthuizen	✓	✓	✓	✓										
DJ Rawlinson	✓	✓	✓	✓										

[1] *And annual general meeting.*
[2] *Retired effective 2 August 2010.*
[3] *Appointed effective 1 August 2010.*

A = Apology received

Audit and risk committee

R van Rooyen (chairman), BP Connellan, SD Jagoe and KW Mzondeki.

Mr R van Rooyen was appointed chairman of the audit and risk committee on 2 February 2010, after Mr KS Fuller retired from the board at the annual general meeting. Mr MJ Shaw retired at the same time.

The audit and risk committee consists of four independent non-executive directors and meets at least twice a year. The external auditors, chairman of the Reunert board, chief executive, financial director, internal auditors and financial executives attend committee meetings by invitation.

The committee has considered and satisfied itself on the suitability of the expertise and experience of the financial director, the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

In terms of its charter, the main responsibilities of the audit and risk committee include:

- Monitoring the quality and integrity of the financial statements and other relevant financial reports and reviewing all judgements and inputs to ensure a balanced assessment of the performance and financial position of the group is presented
- Ensuring appropriate accounting policies have been adopted and consistently applied
- Satisfying itself of the adequacy and effectiveness of the internal control systems of the group
- The appointment of the external auditors
- Satisfying itself on the independence of the external auditors
- Determining the terms of engagement and approving fees for external audit and non-audit work carried out by the external auditors
- Ensuring that the appointment of the external auditors complies with the Companies Act and any other relevant legislation
- Reviewing and reporting on compliance with the King III code
- Monitoring the financial reporting cycle and developments in accounting standards
- Reviewing and approving the annual internal audit operational plan
- Reviewing the scope and effectiveness of the external and internal audit functions
- Overseeing operation of the risk management function that incorporates insurance, security, information technology, occupational health and safety and environmental issues
- Overseeing potential material litigation affecting the group.

The terms of reference of the audit and risk committee allows investigation into any activity of the group and it can seek information and advice from any employee or expert to carry out its duties. The committee has not received any complaints relating to accounting practices or other matters for any operation in the group during the review period.

The chairman of the committee meets at least annually and individually with external and internal audit, the chief executive and financial director without any other executives of Reunert present. The committee has unrestricted access to management, external auditors and the internal audit team.

The committee discharges its duties to its widely held subsidiaries in the same meetings held for Reunert Limited, as permitted by section 269A of the Companies Act.

As from 2011 the audit and risk committee will function as two separate board committees.

Remuneration committee

NDB Orleyn (chairman), SD Jagoe, TS Munday and JC van der Horst.

The remuneration of executive directors and executives in operating divisions is determined by the remuneration committee. The committee consists of at least three members who are non-executive independent directors of the board. The chairman of the Reunert board may not act as the chairman of the committee.

Mr MJ Shaw retired from the committee at the annual general meeting in February 2010. Ms NDB Orleyn replaced Mr SD Jagoe as chairman of the remuneration committee on 2 February 2010.

The committee meets at least twice a year to make recommendations to the board on the framework of executive remuneration. The committee is tasked with ensuring that individual awards are linked to performance and aligned with the interests of the company's shareholders.

In terms of its charter, the main responsibilities of the remuneration committee include:

- Designing, monitoring and communicating Reunert's remuneration policies
- Approving the remuneration of the chief executive, executive directors and other senior executives
- Recommending to the board the granting of share options in terms of the Reunert share option schemes
- Recommending and approving performance-based incentives for executive directors and senior executives
- Compiling the remuneration report to shareholders.

The chief executive attends these meetings by invitation.

More details on Reunert's remuneration policy and criteria for performance incentives are disclosed in the remuneration report on pages 39 to 41 and in note 24 of the annual financial statements.

Nomination committee
TS Munday (chairman), SD Jagoe, KJ Makwetla and JC van der Horst.

This committee comprises independent non-executive directors only and meets at least annually. The chairman of the committee is the chairman of the board.

Mr MJ Shaw retired from the committee at the annual general meeting.

The committee's terms of reference have been approved by the board and are reviewed every year. The committee makes recommendations to the board on the composition of the board and identifies and nominates knowledgeable candidates with appropriate experience to fill any vacancies. The integrity and standing of candidates are verified and that the candidate complies with the requirements of the Companies Act, 2008 and applicable codes.

The committee drives the process and reviews the results of the annual performance evaluation of individual directors, the board and board committees, including whether audit and risk committee members collectively have the required level of experience and qualifications to fulfil their duties.

The committee is tasked to advise the board on succession planning of the chairman, chief executive and executive directors. Senior executive appointments are the responsibility of the chief executive and the executive. The nomination committee is informed of all recommendations and decisions.

The committee is entitled to obtain independent professional advice on any issue within its scope.

Group executive and risk management committee
NC Wentzel (chairman), BP Gallagher, GJ Oosthuizen and DJ Rawlinson.

Mr NC Wentzel assumed responsibility for the group executive and risk management committee on 1 August 2010 after the retirement of Mr G Pretorius. 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 and strategy of the group and to identify risk areas. The committee met 25 times in the past year.

The group executive and risk management committee is responsible to the board for overseeing the group's risk management programme. The day-to-day responsibility for risk management and communication of policies remains with the executives of Reunert and the executives of each operation in the group.

The internal audit department assists the board and executives in monitoring the risk management programme.

Other corporate governance issues

External audit
The audit and risk committee has appointed Deloitte to perform an independent and objective audit of the group. The financial statements are prepared in terms of IFRS.

The committee has satisfied itself that Deloitte is independent of the group, as set out in section 94(8) of the Companies Act, 2008, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by Deloitte that internal governance processes in the audit firm support and demonstrate its claim to independence.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2010 year. There is a formal procedure that governs the process whereby Deloitte is considered for non-audit services and approves the nature and extent of non-audit services Deloitte may provide in terms of the agreed pre-approval policy.

The audit and risk committee has satisfied itself that Deloitte is accredited on the JSE list of auditors and advisers.

Internal audit
Internal audit operates under a charter approved by the audit and risk committee. Internal audit attends all audit and risk committee meetings by invitation and reports its findings to the committee.

The internal audit function reports independently on whether risk management, control and governance processes are adequate and functioning in the group. Internal audit responds to requirements by performing periodic independent evaluations of the adequacy and effectiveness of controls, financial reporting structures and integrity of all information systems and records. Biannual risk assessments are facilitated by the internal audit function and the annual risk-based internal audit work plan is approved by the audit and risk committee. The head of internal audit has a standing invitation to attend executive committee meetings and attends operational board meetings.

Internal audit has unrestricted access to the chairman of the audit and risk committee. Functionally, internal audit reports to the audit and risk committee. This committee approves the appointment and dismissal of the head of internal audit and assesses the internal audit team's performance, objectivity and independence.

Accounting and internal controls

Accounting and internal controls focus on critical risk areas. The controls are designed to provide reasonable assurance that assets are safeguarded from loss and unauthorised use and financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities. The identification of risks and implementation and monitoring of adequate systems of internal, financial and operating controls to manage such risks are delegated to senior executive management. Risk management policies are communicated directly to executive management and the appropriate levels of management in the various entities.

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, monitors the effectiveness of established controls and procedures to ensure the accuracy and integrity of accounting records and monitors the wider group's businesses, risks and performance.

Based on the results of the formal documented review of the design, implementation and effectiveness of Reunert's system of internal financial controls conducted by the internal audit function during the 2010 financial year and, in addition, considering information and explanations given by management and discussions with Deloitte on the results of its audit, nothing has come to the attention of the audit and risk committee that caused it to believe that Reunert's system of internal financial controls is not effective and does not form a basis for the preparation of reliable financial statements.

Risk management

The board considers risk management to be a key business discipline designed to balance risk and reward and protect Reunert against risks and uncertainties that could threaten achieving its business objectives. The board's risk strategy has been established through deliberation with the audit and risk committee where Reunert's risk tolerance has been considered and balanced against the drive towards achieving its strategies and objectives.

The board acknowledges its responsibility for the entire process of risk management, as well as forming an opinion on the effectiveness of this process. Management is accountable to the board for designing, implementing and monitoring the process of risk management, as well as integrating it into the day-to-day activities of the business.

Risk assessments are conducted periodically by all group companies and appropriate mitigation or treatment actions are identified and driven through a risk improvement management system. Formal risk management meetings are conducted biannually across all group companies and are attended by the financial director and Reunert executive directors. Internal audit attends all group company risk meetings and facilitates the process. In addition to formal risk management meetings, risks are discussed monthly at all group company management meetings.

The results of risk meetings are communicated to the audit and risk committee biannually.

Information technology

IT is a key enabler for Reunert in providing employees and decision makers of the group with critical information needed to make effective decisions on behalf of the group. Due to the diverse nature of the group's IT requirements, Reunert does not have an overarching IT governance framework, charter and policies. However, substantial work is done throughout the group to ensure adequate system security, data integrity and business continuity controls and processes are in place. Key IT risks are assessed and reported biannually to the audit and risk committee. While the board is responsible for IT governance, IT is monitored by the Reunert IT Forum which meets quarterly and is chaired by an experienced IT practitioner in the group.

The board believes the systems of internal control over IT are adequate and effective and is not aware of any material breakdown in the functioning of the internal IT control systems during the year.

Company secretary

RMS fulfils the role of company secretary and provides guidance and advice to the board and, within the company, on matters of governance and changes in legislation. Individual directors and the board collectively have access to the advice and services of RMS, enabling the board and its members to properly discharge their responsibilities and duties. The board believes the management of RMS has the requisite attributes, experience and qualifications to fulfil its company secretarial commitments effectively.

Board and subcommittee meeting agendas, minutes and papers are made available to all members of the board and committees. In addition, RMS administers the share option schemes and all statutory requirements of the company and the group.

Sponsor

The company continues to use RMB as its sponsor. RMB's services include advising the board on the interpretation of, and compliance with, the Listings Requirements of the JSE and reviewing all notices required in terms of its statutes and JSE rules and regulations.

Employment equity

The group supports employment equity. All business units have employment equity programmes that comply with legislative objectives and requirements. Various skills development, mentoring and training programmes exist within the group. A review of Reunert's focus on people development is available on pages 44 to 47.

Environmental issues

Systems and policies are in place to control or influence issues that may have any major impact on the environment and are addressed in detail on pages 42 and 43.

Stakeholder relations

Reunert is committed to ongoing and effective communication with all stakeholders. More details on these interactions are listed on page 38.

Reunert subscribes to a policy of open, frank and timely communication in line with JSE guidelines and sound corporate governance practice. Executive directors conduct interviews with the investment community during open periods, while executive management interacts with investors and shareholders through participative investor days.

Numerous channels are used to disseminate information according to the preferences of the intended target audiences. These include dialogue with identified stakeholder groups and a corporate website with updated information on the group.

Business conduct

Code of ethics

Reunert is committed to achieving the highest standards of ethical behaviour and places strong emphasis on promoting awareness of, and compliance with, its code of ethics. All employees are required to adhere to this code, which appears on page 44 and on the company website. The code is periodically reviewed.

Whistle-blowing function

Reunert has implemented a whistle-blowing programme that gives employees and suppliers the opportunity to anonymously report perceived cases of unethical practice. All reports received are thoroughly investigated and acted on under the guidance of internal audit.

Corruption and fraud

All processes in business units are analysed for risks of potential corruption and fraud. Unfortunately three cases of fraud, totalling nearly R4 million, were uncovered and addressed in the past year. Fraud risk is high on the agenda and processes are continually improved to curtail and eliminate opportunities for fraud to be perpetrated.

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 is publicly announced to the market. Senior executives require permission from the chief executive before shares are purchased or sold. All directors require permission from the chairman before dealing in the company's shares.

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

Political donations

Reunert remains impartial to party politics and does not contribute any funding to political parties, their elected representatives, or persons seeking political office. This includes think-tanks, trade unions and other support organisations linked to the creation of support for political parties, their representatives or candidates for office. We do contribute to business institutions that might debate policy issues affecting our business operations.

Anti-competitive behaviour

At the date of this report, no legal actions for anti-competitive behaviour, anti-trust or monopolistic practices have been brought against the group. All senior managers in each business sign annual declarations confirming they have complied fully with competition matters. Comprehensive training in competition matters is provided to all relevant employees throughout the group.

Promotion of access to information

Reunert complies with the requirements of the Promotion of Access to Information Act of 2000. Relevant documents are made available on the group's website and are also available from the commercial director or the company secretary.

Stakeholder engagement

Reunert aims to create, build and maintain relationships with its stakeholders at the appropriate levels. We engage with our stakeholders, through various structures in the organisation in our day-to-day operations. External stakeholders cover government, banks and funders, the media, shareholders, customers, suppliers and others. Internal stakeholders include management and employees, students at the Reunert College, contractors, unions and business partners. In 2011 we will increase our engagement with key stakeholders to address reporting expectations.

Stakeholder	Type of engagement	Material issues raised	Action taken
Shareholders and investing community	Annual reports, interim results, roadshows, presentations, one-on-one meetings, investor conferences, site visits, website and electronic updates, preliminary results in local newspapers	Performance overviews Cash utilisation Impact of exchange rates and copper prices Succession planning	Responses are provided during the engagement process by executive directors and investor relations manager
Banks and funders	Equity, debt and insurance engagements	Annual credit reviews on funding requirements	Continuous engagement with financial institutions
Media	Electronic, print, radio and television	None	Interviews arranged or media releases issued when relevant
Government – national, provincial and local	Limited liaison with government	Industrial policy	Discussion with Department of Trade and Industry
BEE partners – Peotona Holdings	Quarterly issues forum	Governance, strategy and government policy	Continuing engagement
Suppliers	Meetings, suppliers' forums, equipment forums, presentations and workshops	Negotiations to reduce rand prices in line with strength of the rand	Continuing engagement
Vendors: Business partners, franchisees and other agents	Meetings, training, sales conferences and technical updates	None	Continuing engagement
Enterprise development: BEE suppliers, SMMEs and cooperatives	Mentorship and business training	Procurement opportunities	Continuing engagement
Customers	Relationships maintained with key long-term customers through personal visits, quality control, and regular meetings	Customer complaints on products and services	Reviewed and resolved through management systems. All rectified and necessary feedback provided
Employees	Performance appraisals, company and award functions	None	Continuing engagement
Trade unions	Collective bargaining, shop-floor forums	None	Continuing engagement
Safety approval authorities	Committee membership of National Regulator for Compulsory Specifications, shared product testing and advisory capacity	Non-conforming products in South Africa	Continuing participation
Corporate memberships	Continuing engagement with:	Afrikaanse Handelsinstituut, Business Against Crime South Africa, Business Leadership South Africa, Business Unity South Africa, Chartered Secretaries Southern Africa, Illumination Engineering Society of South Africa, Institute of Internal Auditors, National Business Initiative, South African Chamber of Commerce and Industry, South African Institute of Chartered Accountants	

Remuneration report

This report reflects the current arrangements for the remuneration of senior executives including, where appropriate, executive and non-executive directors, as approved by the remuneration committee. As noted below, these arrangements are being reviewed and any changes will be communicated to shareholders.

The committee met on three occasions in the 2010 financial year and it considered and approved the following:

- A review of base salary and other compensation elements of the executive directors' and group executives' remuneration
- Approval of bonuses earned during the 2010 financial year
- Performance measures, targets and allocation guidelines for short-term incentives for the 2011 financial year
- Performance criteria that will guide the award of share options to executive directors and group executives in 2011
- A comprehensive review of the group's remuneration philosophy.

Terms of reference

The board has delegated authority to the committee to review and approve annual salary increases, incentive arrangements, service agreements and other employment conditions for group executives and, in aggregate, for the group's employees. The committee is tasked with ensuring that individual awards are linked to performance and aligned with the interests of the company's shareholders. This requires that cost-effective packages are provided which are suitable to attract and retain executives of the highest calibre and to motivate them to perform to the highest standards. The committee oversees the implementation of performance criteria for long-term incentives for executives to ensure that these are aligned with shareholders' interests.

Remuneration committee members and advisers

In 2010 the committee consisted of:
NDB Orleyn (chairman), SD Jagoe, TS Munday and JC van der Horst.

With the exception of the chairman, all are independent non-executive directors. As noted on page 31, the board is satisfied that the chairman's non-independence does not impact her ability to chair the committee. Other directors who attended some or all of the meetings and who provided material, advice or services to the committee during the year were:

Gerrit Pretorius
Chief executive until 2 August 2010
Nick Wentzel
Chief executive from 1 August 2010
Gerrit Oosthuizen
Commercial director
John Simmonds
For group secretaries

Current remuneration considerations

Considerable time was spent considering remuneration issues, including both current and future incentive plans, performance criteria for the Reunert Share Option Scheme, and remuneration related requirements of the King III Report that will be introduced in 2011.

The short-term incentive plans for 2011 are, in general, aligned with the plans that were in place in 2010. During 2010 a number of group companies performed well against the challenging performance targets set by and expected of group companies. However, the difficult macroeconomic environment resulted in some group companies not being able to reach their targets. The committee is mindful of the need in times of economic turbulence to keep remuneration systems under constant review to provide an appropriate balance between salary and incentive payments, to ensure employees are challenged and that the group is able to attract and retain employees of the highest calibre.

The committee sought advice from the HayGroup in respect of appropriate performance criteria for long-term incentives, which included information on international best practice, competitors and other businesses.

Reunert has insufficient South African peers to enable relative performance measures to be determined. The committee was advised to lean towards absolute measures in establishing appropriate performance criteria.

Remuneration policy principles

Remuneration paid to executives is made up of a fixed-pay component (cash and benefit costs), a short-term cash incentive (variable) component and a long-term incentive, being a share option plan.

The following general principles apply to executive remuneration in the Reunert group:

- To ensure long-term and sustainable performance while ensuring that staff of the right calibre are attracted and retained
- A significant portion of the total remuneration should be linked to value-creating objectives
- The reward structure should provide alignment between senior executives and shareholders.

The committee will be revising the policy during 2011, and in particular, the balance between fixed remuneration and variable short-term cash incentives. During the course of such revision the long-term option plan may have to be adjusted to ensure that all the remuneration components remain integrated.

Share-based awards and dilution

The board ensures that the shares issued in terms of the share option schemes provides appropriate market-related incentives for senior executives at a reasonable cost to shareholders, and which does not exceed the guidelines laid down by the King Report and the JSE Limited. These provide that options issued to employees should not exceed an aggregate amount equal to 10% of the company's issued share capital. The available dilution capacity on the basis expressed as a percentage of the company's total issued ordinary share capital on the last day of each of the last financial years was as follows:

2007	2008	2009	**2010**
1,7%	2,4%	3,1%	**2,9%**

Balance between fixed and variable pay

The variable (incentive) component of senior executives' (including executive directors) pay is linked to performance and capped at 140% of the executives' fixed salary, including all cost-to-company items. The performance criteria for determining variable pay are the same for all the executive directors, and are set annually.

The current philosophy is to have a lower base salary and to provide executives with a higher cash incentive component. The appropriateness of this structure will be re-evaluated during 2011.

Service contracts

All executive directors' service contracts provide that, where a service contract becomes terminable, the notice period will be less than one year.

A predetermined compensation on termination of service will be payable to executive directors in line with circumstances which would ordinarily give rise to an obligation requiring an employer to pay severance pay in terms of the provisions of the Labour Relations Act, 1995 or the Basic Conditions of Employment Act, 1997. In such event, a severance package shall be equal to the multiple of the relevant individual's monthly remuneration, such multiple ranging between 12 and 36 months. However, the multiple is limited to the number of months to retirement. This termination payment is calculated by reference to the relevant individual's cash earnings plus the value of medical aid, pension contributions and pensionable service, group life and permanent health insurance benefits and the performance bonus earned by the employee in the preceding year. In addition, the relevant employee will be granted permission to exercise share options and to repay loans which may be due to a share purchase scheme.

In the case of termination of service with cause, no compensation is payable to executive directors.

Contractual obligation to G Pretorius

The board, with the active support of Mr Pretorius, initiated the process of finding a chief executive as successor for Mr Pretorius before his retirement date. A successor was identified a year before Mr Pretorius's employment contract ended. Consequently he was entitled to receive a severance benefit which is contractually determined. Mr Pretorius received a severance benefit of R7 113 000 and he had accumulated leave in the amount of R3 065 000. The details of the payments made to him appear in note 24.

Salaries and benefits for executives

In setting the base salary of each executive, the committee takes into account the group's remuneration philosophy, the performance of each individual executive and the remuneration structure in place for executives used by comparable companies in South Africa.

In 2010, the rate of fixed salary increases for executive directors was on average 8,6%. The salaries of group executives below executive board level ranged between 7,5% and 9,4%.

Short-term incentive scheme

Incentive targets are set annually and take into account business plans and conditions. There is a threshold performance below which no cash award is paid, and a sliding scale for stretching performance at various levels. Senior executives, including executive directors, are eligible to receive up to a 140% cash award based on the total fixed salary. This payment is linked to economic value-added targets and includes other appropriate performance indicators and personal objectives that are determined by the committee each year. The 2010 award for executive directors was 42% of total fixed salary.

Long-term share option plan

In total, 94 senior executives, including the executive directors, were granted options in 2009. The award was made to those executives who have a clear capability of contributing towards the group achieving its objectives. The maximum number of options that may be awarded is capped. Options can be exercised in tranches over three-, four- and five-year periods after the options are granted.

In 2010, options were granted to four executives as part of benefits granted on joining the Reunert group.

Reunert offers a finance scheme to employees to encourage ownership of shares where options are exercised. These loans bear interest at the rate prescribed by the South African Revenue Services.

The group has the option to cash settle options instead of issuing shares. The appropriateness of the settlement method is constantly reviewed.

Historically, option awards were granted biennially. During 2011 consideration will be given to move to annual (smaller) awards.

The committee has recommended to the board to award share options in 2011. The board will consider this proposal at its next meeting. The criteria to be applied for the 2011 award will be as follows:

- 40% of options to be granted in 2011 will be subject to performance criteria whilst 60% of the options will be issued, for purposes of retaining and/or attracting executives.
- In respect of performance-based options, a threshold performance will apply below which no award will be made and a sliding scale is in place for stretch-targets achieved at various levels.
- Targets based on value-added performance criteria were set to be achieved at 2010 year-end for all the participating companies' executives and the executive directors. These factors will apply when options are issued in 2011. The factors include economic value-added, cash-flow management, cost containment/ reductions, retention or increase in market share, exchange rate management and commodity price factors.
- To achieve threshold awards (i.e. 40% of the incentivised portion) performance will have to be above the previous year (with due regard to inflation).
- For some companies in the group a small percentage of non-financial measures have been applied depending on the cycle and circumstances of a particular business.
- Targets for the 2011 year-end are expected to be set on broadly the same terms, subject to possible changes being made to the long-term share option scheme.

Retirement and medical benefits

All executive directors and company executives are members of the Reunert Retirement Fund which is a defined contribution retirement plan.

As Reunert rewards on a total cost-to-company basis the retirement benefit forms part of the fixed remuneration received by executives.

The contributions that are made to the retirement fund are determined by the fund itself and additional contributions, subject to the requirements of the South African Revenue Services, are permitted by the fund rules. More details are provided in note 25.

Medical scheme contributions are also included in the basic fixed remuneration of executives. Since Reunert is a participating member of a number of medical schemes, executives are entitled to choose from a variety of medical plans to enable them to structure benefits that suit their personal needs.

Remuneration of non-executive directors

The remuneration of non-executive directors was benchmarked this year against the Spencer Stewart South African Board Index. Based on the information contained in the index, the non-executive directors' fees at Reunert are significantly below the average numbers.

It will be proposed at the 2011 AGM that the directors' fees and fees for committee members be increased by 12%, the chairman of the audit and risk committee by 39%, the chairman of the remuneration committee by 34% and the chairman of the board by 42% per annum as a first step in bringing non-executive remuneration in line with market rates. This follows consultation with the group's largest shareholders who have confirmed their support for the proposal.

Given the increased demands on boards and board committees with additional regulatory requirements being introduced, it is recognised that the workload of non-executive directors and committees has increased considerably.

In the context of the above, the remuneration of non-executive directors has to be adjusted to ensure that the remuneration is suitable to attract and retain directors of the highest calibre and to motivate them to perform to the highest standard.

Directors' remuneration 2010

The directors' remuneration and interests and the non-executive directors' remuneration for 2010 appear in note 24.

Environmental report

The nature of Reunert businesses means they are unlikely to pose any material environmental risk. In the past two years, Reunert has not had any significant spills of chemicals, oils and fuels that could have a negative impact on the surrounding environment.

We had one minor spill of less than a kilolitre of aluminium wire-drawing lubricant after a thunderstorm and blocked stormwater drains flooded the area. Grassed areas were rehabilitated by removing the top layer of soil and replanting the lawn at a cost of R20 000. Preventative actions, in cooperation with the local council, were taken to prevent a recurrence.

There were no fines or legal actions brought against the group for non-compliance with environmental laws and regulations in the review period.

Several companies – especially in the manufacturing operations – already have systems in place to manage their impact on the environment. In the next year, Reunert will improve its methods of gathering data to measure our impact on the environment in line with global standards.

Current standards and verifications for our operations are listed on pages 14; 16 and 18. Three more companies, CBI-electric: telecoms, Nashua Limited and Quince Capital are finalising their ISO 14001 certification, which will increase the number of companies already certified against an environmental management system.

Renewable energy sources

In the past year, Reunert has investigated using renewable energy sources cost-effectively. Many of these initiatives are at infancy stage and full comparative disclosure is not available.

A highlight, however, was the good progress made in installing a range of solar panel systems at the Nashua Mobile premises in Midrand. The installation will have a peak power capacity of 50kW and will generate an average energy supply of 350kWh per day. This system will be a photovoltaic source linked to the national grid. Although cost savings will be achieved over the longer term, this project is structured as a Reunert technology initiative to fully understand the associated complexities of entering the renewable energy market in South Africa.

Reunert's energy consumption

The group's primary source of energy is the purchase of electricity produced by the state-owned entity, Eskom. In the past financial year, nearly 62GWh has been used which equates to 63 660 tonnes of CO_2 equivalent. Compared to the prior year, the group showed a decrease of 202 982kWh despite an increase in operating activities as the economy improved. The biggest user of electricity in the group is our manufacturing operations at CBI-electric, responsible for 80% of total energy consumption.

An initiative to establish our carbon footprint was started late in the year and better insight into Reunert's total contribution to carbon emissions should be available for inclusion in the international Carbon Disclosure Project in May 2011.

Actions to save energy

A number of proactive efforts to improve energy efficiencies have been implemented in the group, with the most progress being made at our energy cables operation in Vereeniging. Some of these initiatives included process redesign such as installing variable output controllers for heating on the aluminium press and optimising distribution transformers to increase load factors. An obsolete steam line was removed. Equipment, such as the boiler burner and boiler rear-door economiser, was upgraded.

At the telecoms factory in Brits, all the hi-bay lights were replaced with t-bay lights, resulting in a 20% reduction in energy costs. Several other companies in the group have started replacing lighting with energy-efficient substitutes and installing time switches. At RRS, existing geysers were replaced with solar geysers when the building was upgraded.

Energy efficiency and reducing carbon emissions were some of the key considerations in the design and refurbishment of Reutech Communication's building in New Germany, KwaZulu-Natal. Natural lighting and green planting areas have been introduced and environmentally friendly porous open-cell grass concrete blocks used in staff parking bays.

A range of energy-efficient technologies was used including lower insulated ceilings, saving 409kW in airconditioning load or 128kW of electrical power per day, CO_2 refrigeration which has a much lower global warming impact and the use of other energy-efficient equipment.

Initiatives to change staff behaviour to switch off non-essential lights were started in many companies and these will be intensified in future.

Water use

The bulk of water used in Reunert is supplied by municipalities, with an estimated 335 807 kilolitres consumed during the period. Information on total use for the previous year is insufficient to be used as a comparative.

CBI-electric consumed 70% of the water and uses closed-loop cooling systems where water is managed by specialists. This water is recycled up to 10 times a day. It is treated with rust inhibitors, biocides and other chemicals to make it suitable for process water which comes into contact with machine components, product and employees. It is not suitable for drinking but the standard is above the minimum requirements imposed by the local council and Rand Water.

Waste management

Non-hazardous materials

Processes to eliminate wastage and intensify recycling programmes have received attention in most Reunert companies.

At CBI-electric, improvement teams are tasked to reduce process waste and scrap. Process scrap is stripped and sorted into various components and, where possible, PVC and bedding-grade materials are reused. Metals are partially recycled on site or sold for recycling to accredited waste partners.

Most of the shredded documents generated in the group as well as other paper and cardboard are collected by external contractors for recycling.

Software to monitor printing habits has been installed at Nashua and can be used to increase awareness and manage unnecessary consumption. The facility to send documents to a PDF resource to reduce paper and ink toner is in place at most companies.

Although some group companies have sufficient processes in place to dispose of defective or obsolete electronic equipment in an environmentally friendly way, more effort is needed to ensure group-wide involvement.

Hazardous materials

Limiting the use of hazardous materials is receiving the necessary attention and the disposal of such materials, under controlled conditions by experts, has been included in risk management assessments.

Mercury used in laboratory testing equipment is being phased out with a target date of 2013. Freon cleaning liquid has been discontinued and replaced with an environmentally friendly cleaning liquid.

At CBI-electric, all hazardous materials are disposed of at approved sites and safe disposal certificates are filed. Hazardous materials include compound-contaminated PPE, contaminated cleaning rags, solvents, fluorescent tubes, paint and oil containers or drums, rubber drive belts, forklift tyres and waste laboratory chemicals.

As part of Nashua and Quince's audit towards obtaining their ISO 14001 certification, all hazardous materials have been identified and bio-friendly replacements are now being sourced.

Product innovation and supply chain management

The products supplied by the Nashua group are sourced from multinational companies which have been committed to developing environmentally friendly products for a number of years.

Ricoh, as a main supplier to Nashua, uses recycled material in manufacturing its office automation equipment. All products and packaging from Nashua Communication's main supplier, Siemens, comply with European Environmental Standards.

Nashua Electronics' main supplier, Kyocera, has a waste-reduction strategy which for instance reduces the amount of waste generated by its printers and increases the lifespan of consumables typically by more than 50%. All product models comply with the Energy Star standard and include an ID code for plastic components for easy recycling at end of life.

Products sourced from Panasonic are highly energy efficient and have been acknowledged as such by the US Environmental Protection Agency (EPA) and US Department of Energy (DEO). Panasonic products have won Energy Star recognition for six consecutive years.

Nashua is now offering recycled paper to all its franchises and customers as part of its consumable products, while the paper supplied by Nashua Electronics carries the Forest Stewardship Council (FSC) chain-of-custody certification and is made from elemental chlorine-free (ECF) pulp. The company purchases the green range product, which is FSC certified and 100% recycled.

Nashua Mobile continued its partnership with Food and Trees for Africa, donating R10 to the programme for every subscriber that converts to electronic billing from paper-based statements. During the year, a further donation of R225 980 was made to Food and Trees for Africa, bringing total contributions to date to R683 980. With these funds, 3 658 trees were planted during the year in Orlando East, Barberton, Riverlea in Johannesburg, Phukeng in North West province and Mogale City. So far, 6 108 trees have been planted by the programme resulting in the sequestration of 2 296 tonnes of carbon dioxide over the next 15 years and planting 153 hectares of urban forest.

This annual report has been printed on Cartridge 105gsm. A minimum of 30% fibre used in making this paper comes from well-managed forests independently certified according to the rules of the FSC. The cover is printed on Trucard recycled 330gsm. It contains 50% post-consumer de-inked pulp, is FSC certified and carries the NAPM mark.

Code of ethics

- Conduct yourself honourably and in the best interest of the company
- Abide by all laws and regulations
- Avoid all conflict of interest between work and personal affairs
- Act in good faith, with integrity and honesty
- Foster an environment in which people are encouraged to be open
- Respect one another and act in a non-discriminatory manner
- Act in a socially responsible way
- Protect the environment and our natural resources

Human capital

Reunert follows a decentralised management approach with operational companies taking responsibility for its own human resources management, relationship building and marketing with its customers and suppliers and reaching out to the communities where it operates.

The majority of our businesses are based in South Africa and our employees come from diverse cultural and educational backgrounds ranging from highly qualified, experienced engineers and technicians to trainees.

A human resources (HR) forum, chaired by the commercial director, meets quarterly to align group-wide HR strategies and policies where applicable.

Equality

Respect for the individual and non-discrimination are principles outlined in our code of ethics. Through our mentorship programmes, that have been in place for more than a decade, we ensure that people from different races, creeds and backgrounds all respect international business norms and values, which serves to instil a common purpose.

Human rights principles extend to our employees and independent contractors and where necessary are incorporated into the policies of operating companies and divisions. These principles include:

- Prohibition of forced and compulsory labour
- Prohibition of child labour
- Intolerance of discrimination
- Freedom of association and, where appropriate, engagement in collective bargaining
- Providing a safe and healthy work environment
- Community involvement
- Establishing fair and competitive wages and benefits.

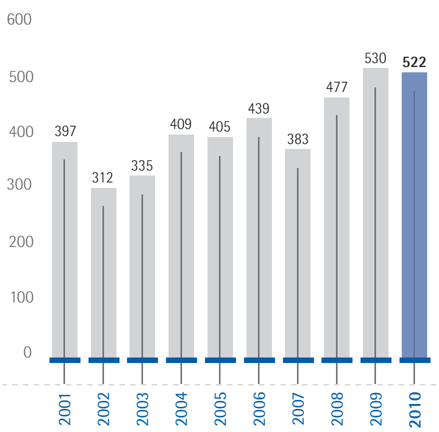
Reunert complies with the Basic Conditions of Employment Act, the Labour Relations Act, the Employment Equity Act and the Skills Development Act.

At year-end Reunert had 6 356 employees in Southern Africa of which 70% of the females are black and 60% of the males are black.

The increase in employee numbers from the previous year is mainly due to the acquisition of Nashua Communication.

Staff costs are indicated in note 2.

Wealth created per employee *(R'000)*



Employee profile as at 30 September

Total number of employees in Southern Africa

Occupational levels	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total number of employees 2010	Total % black representation[1] Male	Total % black representation[1] Female	Total number of employees 2009
Top management	5	–	4	55	3	–	–	1	**68**	14	75	61
Senior management	10	4	5	91	3	3	3	17	**136**	17	35	158
Professionally qualified, experienced specialists and middle management	20	19	30	323	12	8	8	85	**505**	18	25	493
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	444	153	140	830	209	90	74	488	**2 428**	47	43	2 036
Semi-skilled and discretionary decision-making	778	63	53	72	220	71	50	152	**1 459**	93	69	1 450
Unskilled and defined decision-making	267	7	1	10	919	10	2	1	**1 217**	96	100	1 210
Total permanent	1 524	246	233	1 381	1 366	182	137	744	**5 813**	59	69	5 408
Contract workers	33	32	11	94	39	39	3	44	**295**	45	65	644
Temporary workers	114	8	2	10	68	5	1	18	**226**	93	80	123
Trainees	14	1	–	–	7	–	–	–	**22**	100	100	30
Total non-permanent	161	41	13	104	114	44	4	62	**543**	67	72	797
Total	1 685	287	246	1 485	1 480	226	141	806	**6 356**	60	70	6 205

Total number of employees in foreign countries

Occupational levels	Total number of employees 2010	Total number of employees 2009
Top management	**1**	1
Senior management	**1**	3
Professionally qualified, experienced specialists and middle management	**18**	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	**34**	52
Semi-skilled and discretionary decision-making	**2**	2
Unskilled and defined decision-making	**4**	26
Total permanent	**60**	104
Contract workers	**6**	10
Temporary workers	**–**	2
Total non-permanent	**6**	12
Total	**66**	116
Total number of employees in the group	**6 422**	6 321

[1] *Black is defined as African, Coloured and Indian in terms of the BBBEE codes.*

Learning and development

In the past year Reunert has invested R1,1 million towards learning and development. The number of employees trained was:

Occupational level	2010	2009
Managers	84	129
Professionals	183	481
Technicians and associated professionals	768	318
Clerks	156	551
Services and sales	82	432
Skilled workers	377	60
Plant operators	439	112
Elementary occupations	226	84
Apprentices/trainees	25	72
Total number of employees trained:	2 340	2 239

A variety of training and development interventions are in place such as e-learning, on-the-job-training, as well as more traditional methods that are provided at training centres and through external service providers. On average, 60% of all training and development spent in 2010 was to the advantage of blacks.

In 2011 more emphasis will be placed on providing e-learning through interactive programmes to provide faster, efficient and more cost-effective training. It is particularly companies with a wide reaching footprint across South Africa that will benefit from this initiative.

During 2010 an investment was made in introducing appropriate assessment instruments in all our companies, enabling us to identify employees with appropriate skills for a particular position.

This methodology identifies development needs of employees to assist them reaching their full potential and to achieve career goals aligned with the interests of the business. This will ensure a talent pipeline which will provide the required skills and quality of managers and specialists to enable the company to meet its strategic objectives.

All our companies have skills development plans in place and resources are focused on the development of leadership, management and technical skills.

Freedom of association and collective bargaining

Reunert respects the right of employees to be members of a trade union. At CBI-electric, collective bargaining takes place at industry level, which is a requirement in terms of the relevant labour legislation. Approximately 60% of employees at CBI-electric have trade union representation, with the National Union of Metal Workers South Africa being the largest.

Memberships of trade unions are not significant in the rest of the group. In areas where industry-based collective bargaining arrangements are not in place, collective bargaining takes place at enterprise level if trade unions enjoy significant representation as determined by South African labour legislation.

Health and safety

Each of our businesses has processes in place to manage health and safety, and to minimise the risk of incidences occurring. During the year, the group recorded 176 minor industrial injuries and the man-days lost through injury were 266 days. No serious injuries were recorded.

There were no work-related fatalities in Reunert this year.

Alexander Forbes Risks Services conducts annual risk improvement surveys at all companies in the group. These assessments include occupational health and safety standards and areas of non-conformance are highlighted for further action. The group achieved an 85% overall average.

Corporate social investment

To ensure that the maximum impact is made through corporate social investment (CSI) spent; Reunert has issued a guideline to group companies to invest mainly in education and training for the benefit of previously disadvantaged individuals in South Africa.

In addition, many of our companies are involved in the social upliftment of communities where they operate and as such they invest in other areas such as HIV/Aids prevention, providing food and shelter to the homeless and the support of needy children. During 2010, 91% of all Reunert's CSI spend in South Africa was for the exclusive benefit of previously disadvantaged communities and amounted to R6,4 million.

Reunert College

The most significant investment in Reunert has remained its focus on the Reunert College, which has campuses at Alrode and Boksburg. Since 1993 Reunert has invested R30 million into the training of young, mostly black school children.

As part of an integrated community upliftment programme, the College provides bridging education in English, mathematics, accounting and science to learners who have already completed their matric at a township school.

The aim of the model is to improve matriculation results and to provide lifeskills and coaching to the participants. The best students in any particular year are granted bursaries assisting them to complete their studies at tertiary institutions. To date some 900 students have participated in the bridging course with about 500 individual bursaries granted over this period.

In a quest to optimise the learning model, Reunert has attracted a number of partner sponsors who also participate in the funding of additional students. The students and communities have benefited from collaboration of the Zenex Foundation, Standard Bank and the JSE.

On completion of tertiary education, students are assessed through the Reunert assessment programme, and the results are matched against the job profiles of vacancies. In this manner, we believe that the success of the programme will be enhanced even further.

Black economic empowerment

All companies in Reunert comply with the provisions of the Employment Equity Act, i.e. plans are in place aimed at ensuring that the Reunert workforce becomes more representative of the demographics of South Africa over a period of time. Regrettably, the education system in South Africa has not lived up to expectations, which is why the Reunert College is not only a beacon of hope but also a strategic necessity to ensure that those who are not yet benefiting from the underperforming education system, will receive the opportunity to make progress in the economy.

Reunert has entered into a transaction in 2007 with Peotona and the Rebotona Trust in which 9% of Reunert's shares were allocated as BEE shares and has resulted in the effective BEE shareholding in Reunert being 23%. This target percentage will be re-evaluated in terms of the codes issued pursuant to the BBBEE Act in the near future (annual evaluation takes place).

During 2010 further transactions were entered into in two of the Reunert subsidiaries which were necessitated either because of tender requirements and/or BEE requirements of government departments and/or parastatals that are currently not in line with the provisions of the BBBEE legislation. It is not certain what the impact of these transactions will be on Reunert's overall effective BEE equity percentage.

The trading operations in the group engage actively with rating agencies, to establish their ratings as BEE participants, in particular with a view to improving their credentials for the purpose of successfully tendering for parastatal or government business. The ratings achieved vary between level 1 and level 6 contributors and it is expected that all the ratings will further improve during the course of 2011.

During the year CBI-electric: African Cables obtained its level 3 BBBEE accreditation and Nashua Mobile its level 3 BEE status, which together with its value-adding status makes it a level 1 contributor.

Enterprise development

The total amount spent towards outsourcing, sub-contracting purchases from empowerment supplies and small, medium and micro-enterprise (SMME) development amounted to R474 million.

	2010 Rm
Purchases from empowerment suppliers	335
Value of outsourcing contracts	124
Value of sub-contracting	6
SMME development	6
Other	3
Total	474

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Directors' responsibility

for the year ended 30 September 2010

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors of Reunert 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 reasonable assurance that assets are safeguarded and transactions are executed and recorded in accordance with the group's policies and procedures.

In presenting the accompanying annual financial statements, International Financial Reporting Standards have been followed, applicable accounting policies have been used and prudent judgements and estimates have been made. The annual financial statements are examined by our external auditors in conformity with International Standards on Auditing.

An audit and risk committee, consisting of at least three independent, non-executive directors, one of whom acts as chairman, meets at least two times 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 and section 7 d.11 of the Listings Requirements of the JSE, the directors, whose names are given on page 27 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 this annual report.

The annual financial statements appearing on pages 52 to 108 were approved by the board of directors on 16 November 2010 and are signed on its behalf by:

Trevor Munday
Chairman

Nick Wentzel
Chief executive

Secretaries' certification

for the year ended 30 September 2010

In terms of section 268G(d) of the Companies Act, No 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the financial year ended 30 September 2010 all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

For Reunert Management Services Limited
Company secretaries

16 November 2010

Independent auditor's report

for the year ended 30 September 2010

TO THE MEMBERS OF REUNERT LIMITED

We have audited the accompanying company and group annual financial statements of Reunert Limited, which comprise the directors' report, the balance sheets as at 30 September 2010, and the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 52 to 108 and the segmental analysis set out on pages 12 to 13.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

DELOITTE & TOUCHE.

Deloitte & Touche
Registered Auditors
Per Manuela Krog
Partner

16 November 2010

Audit and risk committee report

for the year ended 30 September 2010

TO THE MEMBERS OF REUNERT LIMITED

The audit and risk committee has pleasure in submitting this report, as required in terms of the Companies Act, No 61 of 1973, as amended. The audit and risk committee consists only of non-executive directors who act independently as described in section 269A of the Companies Act.

During the year under review four audit and risk committee meetings were held. At these meetings the committee performed its duties in respect of the group, its divisions and subsidiaries as required in terms of the Companies Act, the audit and risk committee's charter and in accordance with its mandate as approved by the board. A detailed list of the functions and duties of the committee is contained in the corporate governance section on pages 27 to 37 of the report.

The audit and risk committee has satisfied itself that the external auditors of the group, its divisions and subsidiaries are independent as defined in the Companies Act and are thereby able to conduct their audit functions without any influence from the group.

Rynhardt van Rooyen
Chairman of audit and risk committee

16 November 2010

Directors' report

for the year ended 30 September 2010

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged.

During the year 51 900 (2009: 74 000) ordinary shares were issued at R15,99 per share, 92 000 (2009: nil) at R39,30 per share, 10 000 (2009: nil) at R17,70 per share and 485 400 (2009: 189 100) at R41,90 per share. Options exercised in terms of the Reunert 1985 and 2006 Share Option Schemes accounted for this increase.

Commencing in August 2010, a group subsidiary purchased Reunert shares on the open market. Up to the beginning of the closed period, on 30 September 2010, 2 123 372 shares had been bought at an average price of R59,18 per share.

REVIEW OF OPERATIONS AND RESULTS

The group's results are reviewed on pages 3 to 26.

CASH DIVIDENDS

An interim ordinary dividend No 168 of 67 cents (2009: No 166 of 65 cents) per share was declared on 12 May 2010, and a final ordinary dividend No 169 of 220 cents (2009: No 167 of 188 cents) per share was declared on 16 November 2010.

A total distribution of 287 cents (2009: 253 cents) per ordinary share was declared relating to the 2010 financial year.

An interim 5,5% cumulative preference dividend No 50 was declared on 12 May 2010 and a final dividend No 51 will be declared on 31 December 2010.

SUBSIDIARY COMPANIES

The 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 B to this report, however, sets out the principal subsidiaries of the company.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

During this financial year the following special resolutions were passed by subsidiaries of Reunert: Vaxisolve (Pty) Limited changed its name to Moshate Technology Holdings (Pty) Limited and increased its share capital. Blue Lake Investments (Pty) Limited changed its name to Blue Lake Telecoms (Pty) Limited, RC & C Finance Company (Pty) Limited changed its name to Quince Capital (Pty) Limited, Siemens Enterprise Communications (Pty) Limited changed its name to Nashua Communications (Pty) Limited and Tupelofon (Pty) Limited changed its name to Digital Vision Technologies (Pty) Limited. Bargenel Investments Limited amended its articles of association. Reunert had acquisitions by the company or its subsidiaries in terms of sections 85(2) and 85(3). Full details of these resolutions may be viewed at the company's registered office.

DIRECTORATE AND COMPANY SECRETARY

Directors are subject to retirement by rotation and re-election by shareholders at an annual general meeting at least once every three years in terms of the company's articles of association. The board charter is 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 to consider.

With effect from 2 August 2010, Mr G Pretorius retired from the board of directors after 37 years of service. The company thanks him for his enormous contribution to the group and wishes him well for the future.

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.

Mr NC Wentzel, having been appointed to the board on 1 August 2010, is required to retire at the next annual general meeting, but being eligible, offers himself for re-election. Ms YZ Cuba, who has been appointed to the board effective 1 January 2011, is required to retire at the next annual general meeting, but being eligible, offers herself for re-election. Messrs BP Gallagher and SD Jagoe and Ms NDB Orleyn retire by rotation at the next annual general meeting. The nomination committee, at its meeting held on 16 November 2010, has recommended that they be re-elected and they have offered themselves for re-election.

Since Messrs BP Connellan and KJ Makwetla have reached retirement age, they will retire at the forthcoming annual general meeting.

The names of the directors in office at 30 September 2010 and to the date of this report, are set out on page 27.

The name and address of the company secretaries are set out on the inside back cover.

INTERESTS OF DIRECTORS

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

	Direct beneficial		Indirect beneficial		Held by associates		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
BP Connellan	**30 523**	30 523	**9 000**	9 000	**–**	–	**39 523**	39 523
BP Gallagher	**331 713**	331 713	**–**	–	**–**	–	**331 713**	331 713
KJ Makwetla	**–**	–	**–**	–	**150**	150	**150**	150
TS Munday	**–**	–	**–**	4 700	**–**	–	**–**	4 700
GJ Oosthuizen	**66 700**	66 700	**–**	–	**–**	–	**66 700**	66 700
NDB Orleyn[1]	**–**	–	**–**	–	**1 554 000**	1 554 000	**1 554 000**	1 554 000
G Pretorius[2]	**–**	133 400	**–**	–	**–**	–	**–**	133 400
DJ Rawlinson	**358 520**	358 520	**–**	–	**–**	–	**358 520**	358 520
NC Wentzel	**–**	–	**7 500**	–	**–**	–	**7 500**	–
	787 456	920 856	**16 500**	13 700	**1 554 150**	1 554 150	**2 358 106**	2 488 706

[1] *These shares are held indirectly through Bargenel's investment in Reunert which relates to the BEE deal concluded in 2007.*
[2] *Mr G Pretorius retired from the board on 2 August 2010.*

These holdings remained unchanged from 30 September 2010 up to 16 November 2010.

Executive directors of the company held unexercised options to subscribe for 160 000 (2009: 280 000) ordinary shares in terms of the Reunert 1985 Share Option Scheme. These options are due to expire on 29 August 2015. Executive directors of the company held unexercised options to subscribe for 350 000 (2009: 250 000) ordinary shares in terms of the Reunert 2006 Share Option Scheme. Altogether 150 000 of these options are due to expire on 18 June 2019 and 200 000 of these options are due to expire on 2 August 2020.

The directors have no financial interest in contracts entered into by the group during the year. For further information on directors' share options, refer to note 24 of the annual financial statements.

SUBSEQUENT EVENTS

The directors are not aware of any matters or circumstances arising between the end of the financial year and the date of these financial statements which materially affect the financial position or results of the company or group.

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2010 is:

	2010 Rm	2009 Rm
In the aggregate net income	**638,2**	698,9
In the aggregate net losses	**(8,6)**	(42,2)
	629,6	656,7

GOING CONCERN

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

Accounting policies

for the year ended 30 September 2010

The financial statements, comprising Reunert (referred to as "the company"), its subsidiaries, special purpose entities (SPEs), joint ventures, and associates (together referred to as "the group"), incorporate the following principal accounting policies, set out below. In these accounting policies "the group" refers to the group and company.

STATEMENT OF COMPLIANCE

The group financial statements have been prepared in accordance with IFRS and interpretations of those standards as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, the requirements of the JSE Limited and the requirements of the Companies Act, No 61 of 1973, as amended.

At the date of these financial statements, the following standards and interpretations were in issue but not yet effective:

Standards and interpretations	Details of amendment	Effective for annual periods beginning on or after
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	– Amendments relating to oil and gas assets and determining whether an arrangement contains a lease – Limited exemption from comparative IFRS 7 *Disclosure for First-time Adopters*	1 January 2010 1 July 2010
IFRS 2 *Share-based Payment*	– Amendments relating to group cash-settled share-based payment transactions	1 January 2010
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	– Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 January 2010
IFRS 8 *Operating Segments*	– Disclosure of information about segment assets	1 January 2010
IFRS 9 *Financial Instruments*	– Financial instruments – classification and measurement	1 January 2013
IAS 1 *Presentation of Financial Statements*	– Current /non-current classification of convertible instruments	1 January 2010
IAS 7 *Statement of Cash Flows*	– Classification of expenditures on unrecognised assets	1 January 2010
IAS 17 *Leases*	– Classification of leases of land and buildings	1 January 2010
IAS 24 *Related Party Disclosure*	– Revised definition of related parties	1 January 2011
IAS 32 *Financial Instruments: Presentation*	– Amendments relating to classification of rights issues	1 February 2010
IAS 36 *Impairment of Assets*	– Unit of accounting for goodwill impairment test	1 January 2010
IAS 39 *Financial Instruments: Recognition and Measurement*	– Amendments for embedded derivatives when reclassifying financial instruments – Treating loan prepayment penalties as closely related embedded derivatives – Scope exemption for business combination contracts – Cash flow hedge accounting	1 January 2010
IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction*	– Funding requirements and their interaction	1 January 2011
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	– Interpretation	1 July 2010

The impact of the adoption of the above standards and interpretations has not yet been determined. However, we do not anticipate these standards having a major impact on the group.

BASIS OF PREPARATION

The group financial statements are presented in South African rand, which is the currency in which the majority of the group's transactions are denominated. The group financial statements have been prepared on the going concern and historical cost or fair value bases under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that may have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year, are disclosed at the end of these policies.

The accounting policies set out below have been applied, in all material respects, consistently by all group entities to all periods presented in these consolidated financial statements.

ADOPTION OF NEW AND REVISED IFRS

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts reported in these financial statements:

IAS 1 *Presentation of Financial Statements*	The effect of IAS 1 has been the inclusion of the statement of comprehensive income and the consequent reduction in the amount of disclosure in the statement of changes in equity.
IFRS 3 *Business Combinations*	The impact of the adoption of IFRS 3 has been: – to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree; – to change the recognition and subsequent accounting requirements for contingent consideration; – where the business combination in effect settles a pre-existing relationship between the group and the acquiree, to require the recognition of a settlement gain or loss; and – to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.
IFRS 8 *Operating Segments*	The effect of IFRS 8 was the disclosure of a further segment, shown as "Other".

BASIS OF CONSOLIDATION

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

Subsidiaries

A subsidiary is an entity over which the group has control. Control exists where the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The operating results of subsidiaries are included from the date that control commences to the date that control ceases.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intragroup transactions and balances, including any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in full in preparing the consolidated annual financial statements.

An SPE is an entity where in substance:
- The activities of the SPE are being conducted on behalf of the group according to its specific business needs so that the group obtains the benefits from the SPE's operations.
- The group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE, or by setting up an "autopilot" mechanism, the group has delegated these decision-making powers.
- The group has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.
- The group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

The operating results of SPEs are included from the date that control commences to the date that control ceases.

Associates

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

Associates are accounted for by the equity method from their financial statements to 30 September. Investments in associates are carried in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the group's share of the net assets of the associates, less any impairment in the value of the individual investments.

Losses of an associate in excess of the group's interest in that associate are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Intragroup transactions with associates are eliminated to the extent of the group's interest in the relevant associate.

Joint ventures
Joint ventures are those entities which are not subsidiaries and over which the group exercises joint control, which is defined as the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

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 is included on a line-by-line basis in the consolidated annual financial statements.

When a group entity transacts with a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

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.

Goodwill
All business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, excluding any costs directly attributable to the business combination. All acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services received except for the costs relating to the issue of debt or equity instruments which are recognised as financial assets.

Goodwill represents amounts arising on acquisition of subsidiaries and joint ventures and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquirer, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities and contingent liabilities assumed. If, after assessment the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the acquirer's consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interests in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGUs) expected to benefit from the synergies of the combination. Goodwill is tested annually for impairment or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal.

In the case of associates, any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate at the date of acquisition is recognised as goodwill. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement.

INVESTMENTS
All investments are initially recognised at fair value, which excludes transaction costs. After initial recognition, investments held-for-trading and those available-for-sale are measured at their fair values, except where stated otherwise. Where investments are held for trading purposes, gains and losses arising from changes in fair value are recognised in the income statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in comprehensive income is recognised in the income statement for the period.

The following categories of investments are measured at amortised cost using the effective interest rate method if they have a fixed maturity or at cost if there is no fixed maturity:
- Loans and receivables 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.

PROPERTY, PLANT AND EQUIPMENT
All owner-occupied property and investment property are stated at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated and is stated at cost less accumulated impairment losses. Investment properties are held to earn rental income and for capital appreciation, whereas owner-occupied properties are held for use by the group, in the supply of goods, services or for administration purposes.

Property, plant and equipment in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

All other items of plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of normal production overheads.

Where an item of property, plant and equipment comprises major components with different useful lives, these components are accounted for as separate items.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. All other subsequent expenditure (repairs and maintenance) is recognised as an expense when it is incurred.

Profits or losses on disposal of property, plant and equipment are the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement. On disposal of an item of property, plant and equipment that is ordinarily sold but was held for rental purposes, the net carrying value of the item is transferred to inventory directly prior to the sale. The proceeds from the sale of the item is included in revenue.

Depreciation is provided on a straight-line basis over the estimated useful lives of property, plant and equipment in order to reduce the cost of the asset to its residual value.

Residual value is the estimated amount that the group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on intangible assets is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually with the effect of any changes in estimate being accounted for in future periods. Intangible assets with an indefinite useful life are not amortised but are tested at least annually for impairment.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding and expenditure on internally generated goodwill and brands is recognised in the income statement as an expense when incurred.

Software

Purchased software and the direct costs associated with the customisation and installation thereof are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is capitalised if it is probable that future economic benefits will flow to the group from the asset and the costs of the asset can be reliably measured. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in the income statement.

IMPAIRMENT OF ASSETS

The carrying amounts of the group's assets, other than deferred tax, are reviewed at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. For goodwill, assets with indefinite useful lives and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of each reporting period. The recoverable amount is the higher of its net selling price and its value-in-use.

In assessing value-in-use, the expected future cash flows are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

A previously recognised impairment loss, other than goodwill, is reversed to the income statement if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

LEASES

Group as lessor

Finance leases

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as lessee

Finance leases

Assets subject to finance lease agreements, where considered material and where the group assumes substantially all the risks and rewards of ownership, are capitalised as property, plant and equipment at the lower of fair value and the present value of the minimum lease payments at inception of the lease and the corresponding liability is raised.

The cost of the asset is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets in order to reduce the cost of the asset to its residual value.

Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged to the income statement over the term of the relevant lease, and the capital payment, which reduces the liability to the lessor.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification. Non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. Any change in intention to sell will immediately result in the non-current assets and disposal groups being reclassified at the lower of their carrying amount before they were first classified as held for sale adjusted for any depreciation, amortisation, revaluations and impairment losses and their recoverable amount at the date of the subsequent decision not to sell.

INVENTORY AND CONTRACTS IN PROGRESS

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the first-in, first-out, weighted average or standard cost bases and includes direct material costs together with appropriate allocations of labour and overheads based on normal operating capacity.

Obsolete, redundant and slow-moving inventory is identified on a regular basis and is written down to its estimated net 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.

TAXATION

Income tax comprises current and deferred tax.

Income tax for the group is recognised in the income statement except to the extent that it relates to items recognised directly in comprehensive income, in which case it is recognised in comprehensive income. The charge for taxation is based on the results for the year as adjusted for items which are non-taxable or disallowed.

Current taxation

Current taxation comprises tax payable on the taxable income for the year, using the tax rates enacted at the reporting period date, and any adjustment of tax payable in respect of previous years.

Deferred taxation

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities (other than in a business combination) that affect neither accounting nor taxable profit.

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 comprehensive income, in which case the deferred tax is also dealt with in comprehensive income.

The effect on deferred tax of any changes in tax rates is recognised in the income statement, or in comprehensive income to the extent that it relates to items previously charged or credited to comprehensive income.

Secondary tax on companies (STC)

STC is recognised as part of the tax charge in the income statement in the period dividends are declared, net of STC credits on dividends received.

REVENUE

Revenue comprises net invoiced sales to customers, rental from leasing fixed and moveable assets, commission and interest earned in the group's financing operations and excludes value added tax (VAT).

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the enterprise, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the enterprise, the stage of completion at the reporting period date can be measured reliably, and the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the reporting period 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 by the cellular service provider are disclosed at the amounts charged to subscribers.

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

DIVIDENDS

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

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Reunert group's functional and presentation currency is rand and all amounts, unless otherwise stated, are stated in millions of rand (Rm).

FOREIGN CURRENCIES

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency and accounted for at the rates of exchange ruling on the date of the transaction. Gains or losses arising from the settlement of such transactions are recognised in the income statement on a net basis unless the gains or losses are material, in which case they are reported separately.

Foreign currency balances

Foreign monetary assets and liabilities of South African companies are translated into the functional currency at rates of exchange 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.

Foreign entities

The financial statements of foreign operations that are consolidated into the group financial statements are translated into rand as follows:

- Assets and liabilities at rates of exchange ruling at the group's financial year-end; and
- Income, expenditure and cash flow items at the average rates of exchange during the financial year, to the extent that such average rates approximate actual rates.

Differences arising on translation are reflected in non-distributable reserves as a foreign currency translation reserve.

On disposal of part or all of a consolidated foreign operation, the proportionate share of the related cumulative gains and losses previously recognised in the foreign currency translation reserve are included in determining the profit or loss on disposal of that investment recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at reporting period date.

PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructuring

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Product warranties

Provision is made for the group's estimated liability on all products still under warranty at the reporting period date. The provision is based on historical warranty data and returns and a weighting of possible outcomes against their associated probabilities.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 *Revenue*.

FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, trade payables, borrowings and derivative instruments.

Financial assets
The group classifies its financial assets into the following categories:
- at fair value through profit or loss (at FVTPL);
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

The above classification is dependent on the purpose and nature for which the financial assets have been acquired. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least annually.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for financial instruments other than those financial assets classified as at FVTPL.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL, which are initially measured at fair value.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held-for-trading or designated as such upon initial recognition. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss recognised in the income statement includes any dividend or interest earned on the financial asset.

The group classifies derivative instruments as held-for-trading if it is a derivative that is not a designated and effective hedging instrument.

Held-to-maturity investments
Held-to-maturity investments are financial instruments with fixed or determinable payments and fixed maturity dates that the group has the positive intention and ability to hold to maturity. Held-to-maturity investments are recorded at amortised cost using the effective interest rate method less any impairment.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets
Unlisted shares held by the group are classified as available-for-sale financial assets. On initial recognition, and subsequently at the reporting period date, the available-for-sale assets are stated at fair value. Any unrealised gains or losses arising from the changes in fair value of available-for-sale financial assets are recognised in other comprehensive income. Where the investment is disposed of, the cumulative unrealised gain or loss previously recognised in other comprehensive income is reclassified to profit or loss for the period.

The fair values of financial assets are based on discounted cash flow models. Equity investments for which fair values cannot be measured reliably are recognised at cost less any impairment.

Premiums or discounts arising from the difference between the fair value of the financial asset and the amount receivable at maturity date are charged to the income statement based on the effective interest rate method.

Impairment of financial assets
At each reporting period date, financial assets, other than those at FVTPL, are assessed for indicators of impairment. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

In the case of available-for-sale financial assets, a substantial or prolonged decrease in the fair value of the asset below its cost is considered an indicator of impairment. If any such evidence of impairment exists, the cumulative gain or loss that was previously recognised in comprehensive income is reversed and charged to the income statement. Impairment losses previously charged to the income statement are not subsequently reversed in the income statement. A change in the fair value of available-for-sale financial assets subsequent to the recognition of an impairment loss is recognised directly in comprehensive income.

Derecognition
The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Cash and cash equivalents
Cash and cash equivalents are stated at carrying value which is deemed to be fair value.

Trade and other receivables
Trade and other receivables are stated at their invoiced value as reduced by

appropriate allowances for estimated irrecoverable amounts and cost of collection. An impairment is recognised when there is evidence that the group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is charged to the income statement.

Derivative instruments

The group is exposed to market risks from changes in interest rates, commodity prices, price risk and foreign exchange rates. The group uses forward exchange contracts, commodity hedges, options and interest rate instruments to hedge its exposure to fluctuations in foreign exchange rates, commodity prices, price risk and interest rates. In accordance with its treasury policy, the group does not hold or issue derivative instruments for trading purposes.

Derivative instruments are initially measured at fair value at the date the derivative contract is entered into and are subsequently stated at fair value at each reporting date. The resulting gains or losses are charged to the income statement.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts, are not measured at fair value, with change in fair value recognised in profit or loss.

Financial liabilities and equity instruments issued by the group

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual terms of the arrangement.

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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received net of any direct issue costs.

Financial guarantee contract liabilities

A financial guarantee contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are measured initially at their fair values and are subsequently measured at the higher of:
- the amount of the obligation under the contract; and
- the amount initially recognised less, where appropriate, cumulative amortisation.

Financial liabilities

Financial liabilities are either classified as:
- financial liabilities at FVTPL; or
- other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as such upon initial recognition.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Trade and other payables are stated at their nominal value.

Derecognition

Financial liabilities are derecognised when the liability is extinguished, that is, the obligation specified in the contract is discharged, cancelled or expires.

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 disclosed separately in order to best reflect the group's performance.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, performance bonuses and annual leave represent the amounts which the group has a present obligation to pay as a result of employees' services provided to the reporting period date. The provisions have been calculated at undiscounted amounts based on current wage and salary levels.

Retirement benefits

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.

Defined benefit obligations

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually.

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 or 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.

SHARE-BASED PAYMENTS

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured by use of a modified Binomial option pricing model. The expected lives used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

BEE transactions

BEE transactions involving the disposal or issue of equity interests in subsidiaries are recognised when the accounting recognition criteria have been met.

Although economic and legal ownership of such instruments have transferred to the BEE partner, the accounting derecognition of such equity interest sold by the parent company or recognition of equity instruments issued in the underlying subsidiary is postponed until the significant risks and rewards of ownership of the equity have passed to the BEE partner.

SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged in activities from which it may earn revenue and incur expenses, including revenues and expenses relating to transactions with other components of the group, whose operating results are regularly reviewed by the chief operating decision-maker and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the group. The board of directors makes the group's strategic decisions.

CRITICAL JUDGEMENTS AND ESTIMATIONS

In preparing the financial statements in conformity with IFRS, the board of directors has made the following significant judgements, estimates and assumptions:

Useful lives and residual values

The useful lives and residual values of property, plant and equipment and intangible assets are reviewed at each reporting period date. These useful lives are estimated by management based on historic analysis and other available information. The residual values are based on the assessment of useful lives and other available information.

Impairments

Property, plant and equipment as well as intangible assets are considered for impairment when conditions indicate that impairment may be necessary and is considered at least annually. The discounted cash flow method is used, taking into account future expected cash flows, market conditions and the expected useful lives of the assets.

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 12.

Deferred taxation assets

Judgement is applied by management to determine whether a deferred taxation asset should be recognised in the event of a tax loss, based on whether there will be future taxable income against which to utilise the tax loss.

Contracts in progress

Various assumptions are applied in arriving at the profit or loss recognised on contracts in progress. Refer to the revenue accounting policy for more detail.

Provision for obsolete inventory

Judgement is required to establish whether inventory is obsolete, redundant or slow moving and the extent to which cost exceeds net realisable value.

Provision for doubtful debts

Judgement is required to determine the recoverability of trade and other receivables. Various factors are considered when deciding on whether to impair receivables, including general economic conditions, credit terms, payment history and any other knowledge of the financial viability of the customer.

Provisions

Various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. This includes the provision for warranty claims and contract completion. The carrying amounts of the provisions are disclosed in note 21.

Retirement benefit obligation

Various assumptions have been applied by the actuaries in the calculation of the retirement benefit obligation. The assumptions are disclosed in note 25 to the annual financial statements.

Deferred tax on fair value of available-for-sale financial asset

In management's opinion the group's available-for-sale financial asset will be realised through a sale. As a result, the capital gains tax rate has been used to determine the deferred tax liability resulting from the fair valuation of the asset.

Income statements

for the year ended 30 September

		Group		Company	
	Notes	2010 Rm	2009 Rm	2010 Rm	2009 Rm
REVENUE	1	10 679,9	10 270,8	2 552,3	2 379,2
COST OF SALES		(7 599,5)	(7 585,4)	(1 485,9)	(1 475,8)
GROSS PROFIT		3 080,4	2 685,4	1 066,4	903,4
Other income		54,9	36,5	122,5	(6,1)
Other expenses		(1 911,7)	(1 581,5)	(691,7)	(585,3)
OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS	2	1 223,6	1 140,4	497,2	312,0
Interest and dividends received	3	110,4	129,3	466,5	478,9
Interest paid	4	(12,0)	(21,1)	(3,0)	(1,5)
PROFIT BEFORE ABNORMAL ITEMS		1 322,0	1 248,6	960,7	789,4
Abnormal items	5	(34,0)	299,2	–	299,2
PROFIT BEFORE TAXATION		1 288,0	1 547,8	960,7	1 088,6
Taxation	6	(376,6)	(374,3)	(142,8)	(114,0)
PROFIT FOR THE YEAR		911,4	1 173,5	817,9	974,6
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Non-controlling interests		12,0	9,0		
Equity holders of Reunert		899,4	1 164,5	817,9	974,6
BASIC EARNINGS PER SHARE (CENTS)	7	503,3	652,4		
DILUTED EARNINGS PER SHARE (CENTS)	7	498,8	646,9		
CASH DIVIDEND DECLARED AND PAID PER SHARE (CENTS)					
– Interim	8	67,0	65,0	67,0	65,0
CASH DIVIDEND DECLARED PER SHARE (CENTS)					
– Final	8	220,0	188,0	220,0	188,0
TOTAL CASH DIVIDENDS DECLARED PER SHARE (CENTS)		287,0	253,0	287,0	253,0

Statements of comprehensive income

for the year ended 30 September

	Group		Company	
	2010 Rm	2009 Rm	2010 Rm	2009 Rm
PROFIT FOR THE YEAR	911,4	1 173,5	817,9	974,6
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Losses arising from translating the financial results of foreign subsidiaries	(1,9)	(0,9)	–	–
Loss arising on remeasurement of available-for-sale financial assets	–	(311,7)	–	(311,7)
Effective portion of gains/(losses) on hedging instruments in a cash flow hedge	6,0	(10,2)	–	–
Income tax relating to components of other comprehensive income	1,2	39,2	–	39,2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	916,7	889,9	817,9	702,1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Non-controlling interests	12,0	9,0		
Equity holders of Reunert	904,7	880,9	817,9	702,1

Balance sheets

at 30 September

		Group		Company	
	Notes	**2010 Rm**	2009 Rm	**2010 Rm**	2009 Rm
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	**593,8**	559,3	**241,6**	193,9
Intangible assets	11	**41,5**	28,6	**6,8**	8,6
Goodwill	12	**492,1**	460,6	**13,9**	–
Interest in subsidiaries	13			**2 528,7**	2 509,4
Other investments and loans	14	**44,3**	853,9	**44,0**	846,8
Quince receivables	15	**821,7**	993,6		
Deferred taxation assets	16	**40,4**	29,1	**–**	–
		2 033,8	2 925,1	**2 835,0**	3 558,7
CURRENT ASSETS					
Inventory and contracts in progress	17	**863,3**	696,2	**351,2**	260,7
Other accounts receivable	15	**1 700,8**	1 624,6	**359,8**	302,1
Quince receivables	15	**646,3**	709,7		
Taxation		**29,7**	–	**4,6**	21,3
Investment	14	**793,5**	–	**793,5**	–
Derivative assets	28	**7,3**	41,1	**2,6**	10,9
Cash and cash equivalents	18	**1 805,6**	1 603,1	**283,0**	90,1
Quince bank balances and cash	18	**72,5**	97,6		
		5 919,0	4 772,3	**1 794,7**	685,1
TOTAL ASSETS		**7 952,8**	7 697,4	**4 629,7**	4 243,8
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	19	**140,9**	116,0	**140,9**	116,0
Share-based payment reserves	19	**732,4**	679,6	**639,4**	637,4
BEE shares	19	**(276,1)**	(276,1)		
Treasury shares	19	**(125,7)**	–		
Investment fair value reserve		**345,6**	338,4	**335,8**	335,8
Equity transaction with BEE partner		**(35,3)**	(35,3)		
Non-distributable reserves		**10,0**	11,9	**0,3**	0,3
Retained earnings		**3 641,3**	3 199,9	**2 908,7**	2 633,8
Equity attributable to equity holders of Reunert		**4 433,1**	4 034,4	**4 025,1**	3 723,3
Non-controlling interests		**37,9**	26,7		
TOTAL EQUITY		**4 471,0**	4 061,1	**4 025,1**	3 723,3
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	16	**122,0**	140,3	**58,8**	57,4
Long-term borrowings	20	**11,0**	11,0	**41,8**	44,2
Quince long-term borrowings	20	**699,9**	699,9		
		832,9	851,2	**100,6**	101,6
CURRENT LIABILITIES					
Provisions	21	**85,4**	83,0	**27,6**	24,5
Trade and other payables		**1 799,1**	1 653,3	**473,4**	386,5
Taxation		**19,9**	6,4	**–**	–
Quince short-term borrowings	18	**691,5**	1 012,3		
Derivative liabilities	28	**52,2**	27,0	**0,6**	6,2
Bank overdrafts and short-term portion of long-term borrowings		**0,8**	3,1	**2,4**	1,7
		2 648,9	2 785,1	**504,0**	418,9
TOTAL EQUITY AND LIABILITIES		**7 952,8**	7 697,4	**4 629,7**	4 243,8

Cash flow statements

for the year ended 30 September

	Notes	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations before working capital changes	A	**1 362,6**	1 279,4	**445,7**	370,6
Decrease in net working capital		**318,3**	757,4	**6,3**	183,0
Working capital changes (excluding Quince)	B	**83,0**	513,9	**6,3**	183,0
Movement in Quince accounts receivable		**235,3**	243,5		
Cash generated from operations		**1 680,9**	2 036,8	**452,0**	553,6
Interest received		**117,3**	128,9	**9,2**	12,4
Interest paid		**(20,3)**	(21,1)	**(3,0)**	(1,5)
Dividends received		**1,4**	0,4	**457,3**	466,5
Taxation paid	C	**(407,9)**	(477,5)	**(123,7)**	(157,5)
Net cash inflow from operating activities available to pay dividends		**1 371,4**	1 667,5	**791,8**	873,5
Dividends paid (including to outside shareholders in subsidiaries)	D	**(456,8)**	(550,3)	**(503,2)**	(602,9)
Net cash inflow from operating activities		**914,6**	1 117,2	**288,6**	270,6
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		**(21,7)**	(26,9)	**6,2**	(8,2)
Repayment of non-current loans		**13,4**	3,6	**9,2**	3,5
Non-current loans granted		**(1,7)**	(4,7)	**–**	(4,2)
Replacement of property, plant and equipment and intangible assets		**(37,9)**	(52,4)	**(4,6)**	(8,5)
Proceeds on disposal of non-current assets held for sale		**–**	24,0	**–**	–
Proceeds on disposal of property, plant and equipment, intangible assets, investments and other capital items		**4,5**	2,6	**1,6**	1,0
Investments to increase operating capacity		**(291,6)**	(103,9)	**(218,4)**	(0,1)
Expansion of property, plant and equipment		**(87,4)**	(32,7)	**(73,7)**	(1,4)
Expansion of intangible assets		**(23,6)**	(2,0)	**–**	–
Goodwill on minor acquisitions		**(0,3)**	(0,8)	**–**	–
Transfer investment in subsidiary to another subsidiary		**–**	–	**–**	1,5
Proceeds on disposal of subsidiaries and businesses	E	**–**	–	**18,0**	–
Acquisition of subsidiaries and businesses	F	**(180,3)**	(68,4)	**(162,7)**	(0,2)
Net cash outflow from investing activities		**(313,3)**	(130,8)	**(212,2)**	(8,3)

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
CASH FLOWS FROM FINANCING ACTIVITIES				
Funds provided by equity holders of Reunert	**24,9**	9,1	**24,9**	9,1
Share buyback	**(125,7)**	–	**–**	–
Long-term borrowings – raised	**0,5**	0,1	**–**	–
– repaid	**(3,5)**	(6,7)	**(1,7)**	(1,1)
Net loans from/(to) subsidiaries			**93,3**	(304,7)
Net cash (outflow)/inflow from financing activities	**(103,8)**	2,5	**116,5**	(296,7)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**497,5**	988,9	**192,9**	(34,4)
NET CASH AND CASH EQUIVALENTS/(BORROWINGS) AT THE BEGINNING OF THE YEAR	**688,4**	(300,5)	**90,1**	124,5
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1 185,9**	688,4	**283,0**	90,1
MADE UP OF:				
Cash and cash equivalents	**1 805,6**	1 603,1	**283,0**	90,1
Bank overdrafts	**(0,7)**	–	**–**	–
Net cash resources of the group/company excluding Quince	**1 804,9**	1 603,1	**283,0**	90,1
Quince bank balances and cash	**72,5**	97,6		
Quince short-term borrowings	**(691,5)**	(1 012,3)		
Quince net borrowings	**(619,0)**	(914,7)		
Net cash and cash equivalents (refer to note 18)	**1 185,9**	688,4	**283,0**	90,1
Net cash flows from operating activities before dividends paid and excluding movements in Quince accounts receivable	**1 136,1**	1 424,0		
Operating cash flow per share (cents)	**635,8**	797,8		

Notes to the cash flow statements

for the year ended 30 September

		Group		Company	
		2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
A.	**RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES**				
	Profit before taxation	**1 288,0**	1 547,8	**960,7**	1 088,6
	Adjusted for:				
	Net interest received	**(97,0)**	(107,8)	**(6,2)**	(10,9)
	Dividends received	**(1,4)**	(0,4)	**(457,3)**	(466,5)
	Depreciation of property, plant and equipment	**96,4**	82,4	**35,9**	28,2
	Amortisation of intangible assets	**16,3**	14,0	**1,9**	4,0
	Impairment of property, plant and equipment	**5,6**	–	**5,6**	–
	Share option expense	**16,5**	15,0	**2,0**	4,0
	Profit on sale of shares in terms of BEE transaction	**–**	–	**(99,0)**	–
	BEE transaction charge	**34,0**	–	**–**	–
	IFRS 3 profit on acquisition of subsidiary	**(8,2)**	–	**–**	–
	Net loss on disposal of property, plant and equipment	**0,1**	3,9	**0,5**	1,9
	Fair valuation adjustment of financial instrument – investment in NSN	**–**	(299,2)	**–**	(299,2)
	Other non-cash movements	**12,3**	27,6	**1,6**	20,5
	Cash generated from operations before working capital changes	**1 362,6**	1 279,4	**445,7**	370,6
B.	**WORKING CAPITAL CHANGES**				
	Inventory and contracts in progress	**(130,0)**	293,2	**(58,0)**	131,3
	Accounts receivable and derivative assets	**121,0**	283,6	**65,0**	145,0
	Trade and other payables and derivative liabilities	**92,0**	(62,9)	**(0,7)**	(93,3)
	Working capital changes	**83,0**	513,9	**6,3**	183,0
C.	**RECONCILIATION OF TAXATION PAID TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:**				
	Net amounts unpaid at beginning of year	**(6,4)**	(84,4)	**21,3**	(36,5)
	Current taxation per the income statement	**(395,9)**	(399,5)	**(140,4)**	(99,7)
	Taxation charge on transaction with BEE partner	**(2,0)**	–	**–**	–
	Taxation provisions of subsidiaries purchased	**6,2**	–		
	Net amounts unpaid at end of year	**(9,8)**	6,4	**(4,6)**	(21,3)
	Cash amounts paid	**(407,9)**	(477,5)	**(123,7)**	(157,5)
D.	**RECONCILIATION OF CASH DIVIDENDS PAID TO THE AMOUNTS DISCLOSED IN THE STATEMENTS OF CHANGES IN EQUITY AS FOLLOWS:**				
	Dividends per the statement of changes in equity	**(456,0)**	(546,3)	**(503,2)**	(602,9)
	Dividends paid to outside shareholders in subsidiaries	**(0,8)**	(4,0)	**–**	–
	Cash amounts paid	**(456,8)**	(550,3)	**(503,2)**	(602,9)

		Group		Company	
		2010 Rm	2009 Rm	2010 Rm	2009 Rm
E.	**ANALYSIS OF DISPOSAL OF SUBSIDIARIES AND BUSINESSES:**				
	Inventory	–	–	14,7	–
	Accounts receivable	–	–	6,9	–
	Trade and other payables and provisions	–	–	(5,3)	–
	Property, plant and equipment	–	–	1,5	–
	Intangible assets	–	–	0,2	–
	Proceeds on disposal	–	–	18,0	–
F.	**ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES:**				
	Shares acquired	–	–	112,2	0,2
	Goodwill acquired	–	–	53,7	–
	Deferred taxation	7,2	–	1,0	–
	Property, plant and equipment	23,7	1,4	14,5	–
	Intangible assets	–	11,9	0,1	–
	Inventory	36,1	9,7	47,2	–
	Accounts receivable	164,1	14,3	121,3	–
	Taxation	6,2	–	–	–
	Long-term liabilities	–	(7,0)	–	–
	Trade and other payables and provisions	(80,0)	(5,4)	(87,3)	–
	Amounts due to bankers and short-term loans	(168,1)	–	–	–
	Fair value of assets and liabilities acquired	(10,8)	24,9	262,7	0,2
	Purchase consideration	12,2	69,4	262,7	0,2
	Goodwill arising on acquisition	(23,0)	(44,5)	–	–
	Settled by:				
	Cash	(12,2)	(69,4)	(262,7)	(0,2)
	Less: Amounts due to bankers and short-term loans	(168,1)	–	–	–
	Less: Non-cash preference share deal in terms of BEE transaction	–	–	100,0	–
	Less: Loans contributed by non-controlling shareholders	–	1,0	–	–
	Net cash flow on acquisition of subsidiaries and businesses	(180,3)	(68,40	(162,7)	(0,2)

Statements of changes in equity

for the year ended 30 September

	Notes	Share capital and premium Rm	Share-based payment reserves Rm	BEE shares[2] Rm	Treasury shares[3] Rm	Investment fair value reserve Rm	Equity transaction with BEE partner Rm	Non-distributable reserves Rm	Retained earnings Rm	Attributable to equity holders of Reunert Limited Rm	Non-controlling interests Rm	Total Rm
		Group										
Balance at 30 September 2008		106,9	664,3	(276,1)	–	621,1	(35,3)	4,1	2 590,4	3 675,4	20,7	3 696,1
Profit for the year									1 164,5	1 164,5	9,0	1 173,5
Other comprehensive income for the year						(282,7)		(0,9)		(283,6)		(283,6)
Total comprehensive income for the year						(282,7)		(0,9)	1 164,5	880,9	9,0	889,9
Share-based payment expense	2; 19		15,0							15,0		15,0
Deferred tax on share-based payment expense	16; 19		0,3							0,3		0,3
Dividends declared and paid	8								(546,3)	(546,3)	(4,0)	(550,3)
Issue of shares – share capital[1]	19	–								–		–
– share premium	19	9,1								9,1		9,1
Net non-controlling interest introduced										–	1,0	1,0
Transfer to reserves								8,7	(8,7)	–		–
Balance at 30 September 2009		116,0	679,6	(276,1)	–	338,4	(35,3)	11,9	3 199,9	4 034,4	26,7	4 061,1
Profit for the year									899,4	899,4	12,0	911,4
Other comprehensive income for the year						7,2		(1,9)		5,3		5,3
Total comprehensive income for the year						7,2		(1,9)	899,4	904,7	12,0	916,7
Share-based payment expense	2; 5; 19		50,5							50,5		50,5
Deferred tax on share-based payment expense	16; 19		2,3							2,3		2,3
Dividends declared and paid	8								(456,0)	(456,0)	(0,8)	(456,8)
Issue of shares – share capital	19	0,1								0,1		0,1
– share premium	19	24,8								24,8		24,8
Buyback of ordinary shares					(125,7)					(125,7)		(125,7)
Income tax relating to transactions with BEE partners									(2,0)	(2,0)		(2,0)
Balance at 30 September 2010		**140,9**	**732,4**	**(276,1)**	**(125,7)**	**345,6**	**(35,3)**	**10,0**	**3 641,3**	**4 433,1**	**37,9**	**4 471,0**

[1] *Nil due to rounding.*

[2] *These are shares held by Bargenel, a company sold by Reunert to an accredited BEE partner in 2007. In terms of IFRS, until the amount owing by the BEE partner is repaid to Reunert, Bargenel is to be consolidated by the group, as the significant risks and rewards of ownership of the equity have not passed to the BEE partner.*

[3] *Commencing in August 2010, a group subsidiary purchased Reunert shares on the open market. Up to the beginning of the closed period, on 30 September 2010, 2 123 372 shares had been bought at an average price of R59,18 per share.*

Company

	Notes	Share capital and premium Rm	Share-based payment reserves Rm	Investment fair value reserve Rm	Non-distributable reserves Rm	Retained earnings Rm	Total Rm
Balance at 30 September 2008		106,9	633,4	608,3	0,3	2 262,1	3 611,0
Profit for the year						974,6	974,6
Other comprehensive income for the year				(272,5)			(272,5)
Total comprehensive income for the year				(272,5)		974,6	702,1
Share-based payment expense	2; 19		4,0				4,0
Dividends declared and paid	8					(602,9)	(602,9)
Issue of shares – share capital[1]	19	–					–
– share premium	19	9,1					9,1
Balance at 30 September 2009		116,0	637,4	335,8	0,3	2 633,8	3 723,3
Profit for the year						817,9	817,9
Other comprehensive income for the year							
Total comprehensive income for the year						817,9	817,9
Share-based payment expense	2; 19		2,0				2,0
Dividends declared and paid	8					(503,2)	(503,2)
Issue of shares – share capital	19	0,1					0,1
– share premium	19	24,8					24,8
Derecognition of previous gain on disposal of business re-acquired in current year						(39,8)	(39,8)
Balance at 30 September 2010		**140,9**	**639,4**	**335,8**	**0,3**	**2 908,7**	**4 025,1**

[1] *Nil due to rounding.*

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
1. REVENUE				
Gross invoiced sales	10 284,0	9 732,8	2 468,7	2 290,5
Rendering of services	123,2	129,2	–	–
Rental received	2,7	28,5	20,0	8,7
Other revenue	270,0	380,3	63,6	80,0
	10 679,9	10 270,8	2 552,3	2 379,2

Revenue includes group export revenue of R600,3 million (2009: R930,6 million) and company export revenue of R328,2 million (2009: R217,0 million). Group revenue also includes interest generated by Quince of R237,1 million (2009: R290,8 million).

In terms of the agreement governing the commission income NSN may pay a dividend to Reunert as a method of settlement of commission income.

Reunert received a dividend of R32,4 million from NSN in the current year (2009: R80 million).

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
2. OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS				
Operating profit before interest, dividends and abnormal items is stated after:				
Administration, management and other fees	65,0	41,9	23,8	23,6
Auditors' remuneration:				
Audit fees	14,6	12,1	6,3	5,1
Other fees	1,2	1,1	0,6	0,8
Expenses	0,1	0,1	–	–
	15,9	13,3	6,9	5,9
Depreciation:				
Buildings	7,6	12,7	5,9	10,4
Plant and equipment	81,8	62,9	27,5	15,5
Vehicles	7,0	6,8	2,5	2,3
	96,4	82,4	35,9	28,2
Impairment of plant and equipment	5,6	–	5,6	–
Amortisation:				
Intangible assets	16,3	14,0	1,9	4,0
Bad debt expense	87,6	162,3	9,4	8,1
Rental income from investment properties (included in revenue)	2,7	2,8	18,0	–
Direct operating expenses arising from investment properties that generated rental income	1,4	1,7	6,5	–
Compensation income received from NSN on cancelled contracts	–	(12,5)	–	(12,5)
Net realised losses/(gains) on currency exchange differences	23,5	(60,1)	21,8	6,0
Net unrealised losses/(gains) on currency exchange differences	16,3	19,3	18,1	(2,3)
Net realised (gains)/losses on fair value adjustments to derivative instruments	(8,0)	22,2	(7,8)	3,6
Net unrealised losses/(gains) on fair value adjustments to derivative instruments	39,7	(14,5)	(2,1)	6,2
	71,5	(33,1)	30,0	13,5

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
2. OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS (continued)				
Net losses on financial assets and liabilities at FVTPL – held for trading	**10,9**	2,4	**10,9**	1,8
Income from subsidiaries:				
Fees (included in revenue from 2010)			**1,3**	5,0
Rental (included in revenue)			**17,3**	8,9
			18,6	13,9
Operating lease charges:				
Land and buildings	**46,1**	56,9	**16,9**	33,1
Vehicles and other	**0,6**	1,4	**–**	0,4
	46,7	58,3	**16,9**	33,5
Research and development expenditure:				
Financed by revenue from customers	**45,9**	31,7	**4,5**	–
Not financed by revenue from customers	**24,1**	26,3	**5,9**	2,4
	70,0	58,0	**10,4**	2,4
Net (loss)/profit on disposal of property, plant, equipment and intangible assets	**(0,1)**	3,9	**(0,5)**	1,8
Government grants	**(0,7)**	(2,0)	**(0,2)**	–
Staff costs:[1]				
Salaries and wages	**1 308,5**	1 087,4	**–**	–
Pension fund contributions	**14,7**	11,0	**–**	–
Provident fund contributions	**78,3**	71,0	**–**	–
Other staff costs	**70,2**	57,6	**–**	–
	1 471,7	1 227,0	**–**	–
Share-based payment expense in respect of the group's share option schemes (refer to note 19)	**16,5**	15,0	**2,0**	4,0
Compensation of key management personnel				
The remuneration paid to directors and other key management personnel of Reunert during the year was as follows:				
Short-term benefits	**55,6**	43,2	**–**	–
Post-employment benefits	**2,5**	3,4	**–**	–
Share-based payments	**4,1**	5,6	**–**	–
	62,2	52,2	**–**	–
The remuneration of directors and key management personnel is determined by the remuneration committee and is based on market trends and the performance of individuals.				
Write-down of inventory (refer to note 17)	**4,2**	47,6	**3,9**	1,2

[1] *11% of the increase in gross remuneration and service benefits was due to the acquisition of Nashua Communications.*

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
Unlisted subsidiaries			**456,4**	466,1
Other	**1,4**	0,4	**0,9**	0,4
	1,4	0,4	**457,3**	466,5
Interest received:				
Subsidiaries			**3,1**	2,9
From Quince	**44,0**	69,8	**–**	–
Other	**65,0**	59,1	**6,1**	9,5
	109,0	128,9	**9,2**	12,4
	110,4	129,3	**466,5**	478,9
Interest earned on financial assets analysed by category of asset:				
Bank deposits	**52,4**	43,2	**3,3**	3,7
Loans and receivables	**47,3**	80,6	**4,5**	4,0
Held-to-maturity investments	**1,0**	1,6	**1,0**	1,6
	100,7	125,4	**8,8**	9,3
Interest earned on non-financial assets	**8,3**	3,5	**0,4**	3,1
	109,0	128,9	**9,2**	12,4
4. INTEREST PAID				
Subsidiaries			**2,7**	1,3
Long-term borrowings	**–**	2,1	**–**	–
To Quince	**4,8**	–	**–**	–
Short-term loans and bank overdrafts	**7,2**	19,0	**0,3**	0,2
	12,0	21,1	**3,0**	1,5
Interest paid by Quince (included in cost of sales)	**114,4**	169,6		
5. ABNORMAL ITEMS				
Gain on fair valuation of option in terms of agreement with NSN (refer to note 14)	**–**	299,2	**–**	299,2
BEE transaction expense (refer to note 9.3)	**(34,0)**	–	**–**	–
Taxation	**–**	(37,4)	**–**	(37,4)
Net abnormal item after taxation	**(34,0)**	261,8	**–**	261,8
6. TAXATION				
South African current taxation:				
– Current year	**352,2**	333,6	**103,8**	74,1
– Prior year	**1,8**	13,4	**(0,9)**	(8,9)
Deferred taxation:				
– Current year (refer to note 16)	**(18,1)**	13,2	**2,1**	30,6
– Prior year (refer to note 16)	**(0,9)**	(38,4)	**0,3**	(16,3)
Secondary tax on companies:				
– Current year	**39,8**	48,3	**37,5**	34,5
	374,8	370,1	**142,8**	114,0
Foreign taxation:				
– Current year	**2,1**	4,2	**–**	–
– Deferred taxation	**(0,3)**	–	**–**	–
	376,6	374,3	**142,8**	114,0

	Group		Company	
	2010	2009	**2010**	2009
6. TAXATION (continued)				
Tax rate reconciliation	**%**	%	**%**	%
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Movement in rate of taxation due to:				
Dividends received and other exempt income	**(2,5)**	(7,8)	**(17,4)**	(22,1)
Disallowable expenses	**1,5**	0,5	**0,1**	0,2
Secondary tax on companies	**3,1**	3,1	**3,9**	3,2
Capital gains tax	**0,1**	2,2	**0,3**	3,5
Adjustments from prior year	**0,1**	(1,6)	**–**	(2,3)
Temporary differences not recognised	**(0,2)**	(0,2)	**–**	–
Foreign tax rate differential	**(0,4)**	(0,1)	**–**	–
Net tax loss (utilised)/arising	**(0,5)**	0,1	**–**	–
Effective rate of taxation	**29,2**	24,2	**14,9**	10,5

The group has total estimated tax losses available to be offset against future taxable income of R64,3 million (2009: R29,7 million). Deferred tax assets have not been raised unless future taxable income is probable.

The group has capital gains tax losses of R18,1 million (2009: R36,0 million) which can be offset against future capital gains. Deferred tax assets have not been raised due to the uncertainty of any future capital gains.

	Group		Company	
	2010	2009	**2010**	2009
7. NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE				
Weighted average number of shares in issue used to determine basic earnings, headline earnings and normalised headline earnings per share (millions of shares)	**178,7**	178,5		
Adjusted by the dilutive effect of:				
– Unexercised share options granted (millions of shares)	**1,6**	1,5		
– The notional unencumbered Reunert shares held by Bargenel (millions of shares)[1]	**–**	–		
Weighted average number of shares used to determine diluted, diluted headline and diluted normalised headline earnings per share (millions of shares)	**180,3**	180,0		

[1] *The notional unencumbered Reunert shares represent the proportion of the 18,5 million BEE shares held by Bargenel that could be settled out of the year-end equity of Bargenel (being the 18,5 million shares multiplied by the Reunert ordinary share price at the end of the year (R62,01) (2009: R56,00), less the disposal value per share as defined in the circular to shareholders dated 13 December 2006, dealing with this transaction, net of the upfront discount of 10% (R60,13)).*

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
8. CASH DIVIDENDS				
Ordinary dividends paid:				
Final 2009 – 188 cents per share (2008: 241 cents per share)	**370,9**	474,8	**370,9**	474,8
Interim 2010 – 67 cents per share (2009: 65 cents per share)	**132,3**	128,1	**132,3**	128,1
Attributable to Reunert shares held by a special purpose entity	**(47,2)**	(56,6)		
	456,0	546,3	**503,2**	602,9
Final ordinary dividend declared:				
220 cents per share (2009: 188 cents per share)	**435,2**	370,7	**435,2**	370,7
Attributable to Reunert shares held by a special purpose entity	**(40,7)**	(34,8)		
Attributable to Reunert shares held by a subsidiary	**(4,7)**	–		
	389,8	335,9	**435,2**	370,7

The STC payable on the final dividend is estimated to be R39,0 million. Since the Reunert Limited dividend cycle will not close until 14 January 2011, this amount may change.

	Note	Group 2010 Rm	Group 2009 Rm
9. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS			
HEADLINE EARNINGS PER SHARE (CENTS)	9.1	**505,5**	651,6
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	9.1	**501,1**	646,2
NORMALISED HEADLINE EARNINGS PER SHARE (CENTS)	9.2	**515,7**	499,5
NORMALISED DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	9.2	**511,1**	495,3
9.1 Headline earnings			
Profit attributable to equity holders of Reunert – IAS 33 *Basic Earnings*		**899,4**	1 164,5
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:		**4,0**	(1,4)
Net surplus on dilution in and disposal of business		**(0,2)**	(1,3)
Net loss on disposal of property, plant and equipment and intangible assets		**0,1**	3,9
Impairment charge recognised for property, plant and equipment		**5,6**	–
Taxation		**(1,6)**	(3,9)
Non-controlling interest		**0,1**	(0,1)
Headline earnings attributable to equity holders of Reunert		**903,4**	1 163,1
9.2 Normalised headline earnings			
Headline earnings attributable to equity holders of Reunert (basic and diluted) (refer to note 9.1)		**903,4**	1 163,1
Normalised headline earnings are determined by eliminating the effect of the following items in attributable headline earnings:		**27,0**	(261,5)
BEE transaction expense		**34,0**	–
IFRS 3 profit on acquisition of Nashua Communications (refer to note 29)		**(8,2)**	–
Rate portion of revaluation of interest rate swap derivative assets and liabilities		**11,2**	–
Gain arising on fair value of option in terms of agreement with NSN (refer to note 14)		**–**	(299,2)
Taxation		**(3,1)**	37,4
BEE share of headline and normalised headline earnings adjustments		**(6,9)**	0,3
Net economic interest in profit attributable to all BEE partners (refer to note 9.3)		**(8,8)**	(10,0)
Normalised headline earnings attributable to equity holders of Reunert		**921,6**	891,6

	Group 2010 Rm	Group 2009 Rm
9. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS (continued)		
9.3 Black economic empowerment transactions		
Interest in profit that is economically attributable to BEE partners		
With effect from 1 October 2009 the group disposed of 20% of its interest in Reutech Limited to an accredited BEE partner for R100,0 million.		
This transaction gave rise to an expense of R34,0 million in terms of IFRS 2 *Share-based Payment.*		
Certain BEE transactions involving the disposal of equity interests have not been recognised as non-controlling interests because the significant risks and rewards of ownership of the equity have not passed to the BEE partners under IFRS.		
Accordingly, their equity interests in subsidiaries have not been recognised in the group income statement and balance sheet.		
The effect of this has been to not recognise the following:		
Net economic interest in current year profit attributable to all BEE partners (refer to note 9.2)	**8,8**	10,0
Balance sheet interest that is economically attributable to all BEE partners	**154,1**	115,0

		Group Cost Rm	Group Accumulated depreciation and impairments Rm	Group Net book value Rm	Company Cost Rm	Company Accumulated depreciation and impairments Rm	Company Net book value Rm
10. PROPERTY, PLANT AND EQUIPMENT							
2010							
Freehold land	– Investment	**6,2**		**6,2**	**19,7**		**19,7**
	– Owner occupied	**38,9**		**38,9**	**7,5**		**7,5**
Freehold buildings	– Investment	**4,7**	**0,6**	**4,1**	**46,3**	**2,1**	**44,2**
	– Owner occupied	**108,5**	**18,2**	**90,3**	**32,1**	**10,7**	**21,4**
Leasehold buildings	– Owner occupied	**68,7**	**33,3**	**35,4**	**49,7**	**19,2**	**30,5**
Plant and equipment		**943,4**	**591,7**	**351,7**	**305,7**	**221,6**	**84,1**
Vehicles		**44,2**	**26,2**	**18,0**	**13,8**	**8,8**	**5,0**
Capital work-in-progress		**49,2**	**–**	**49,2**	**29,2**	**–**	**29,2**
		1 263,8	**670,0**	**593,8**	**504,0**	**262,4**	**241,6**
2009							
Freehold land	– Investment	21,0		21,0	13,4		13,4
	– Owner occupied	21,9		21,9	6,8		6,8
Freehold buildings	– Investment	4,0	0,6	3,4	16,5	–	16,5
	– Owner occupied	79,9	16,8	63,1	27,9	10,9	17,0
Leasehold buildings	– Owner occupied	67,2	23,4	43,8	49,7	14,8	34,9
Plant and equipment		891,4	533,0	358,4	277,9	182,9	95,0
Vehicles		44,8	24,6	20,2	12,3	6,6	5,7
Capital work-in-progress		27,5	–	27,5	4,6	–	4,6
		1 157,7	598,4	559,3	409,1	215,2	193,9

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land Invest-ment Rm	Land Owner occupied Rm	Buildings Invest-ment Rm	Buildings Owner occupied Rm	Plant and equipment Rm	Vehicles Rm	Capital WIP Rm	2010 Total Rm	2009 Total Rm
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – GROUP									
Reclassified book value at the beginning of the year[1]	6,2	36,5	3,4	107,3	358,2	20,2	27,5	**559,3**	569,6
Acquisition of businesses	–	–	–	–	21,1	0,3	2,3	**23,7**	1,4
Additions	–	3,2	0,7	26,0	63,6	6,4	19,8	**119,7**	78,1
Disposals	–	(0,8)	–	–	(1,9)	(1,9)	–	**(4,6)**	(7,4)
Transfers to inventory	–	–	–	–	(1,9)	–	(0,4)	**(2,3)**	–
	6,2	38,9	4,1	133,3	439,1	25,0	49,2	**695,8**	641,7
Depreciation	–	–	–	(7,6)	(81,8)	(7,0)	–	**(96,4)**	(82,4)
Impairment	–	–	–	–	(5,6)	–	–	**(5,6)**	–
Net book value at the end of the year	6,2	38,9	4,1	125,7	351,7	18,0	49,2	**593,8**	559,3
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – COMPANY									
Reclassified book value at the beginning of the year[1]	13,4	6,8	15,0	53,4	95,0	5,7	4,6	**193,9**	215,4
Additions	6,3	1,6	29,2	4,4	11,1	0,9	24,6	**78,1**	9,5
Disposals	–	(0,9)	–	–	(0,7)	(0,3)	–	**(1,9)**	(2,8)
Net transfer of businesses	–	–	–	–	11,8	1,2	–	**13,0**	–
	19,7	7,5	44,2	57,8	117,2	7,5	29,2	**283,1**	222,1
Depreciation	–	–	–	(5,9)	(27,5)	(2,5)	–	**(35,9)**	(28,2)
Impairment	–	–	–	–	(5,6)	–	–	**(5,6)**	–
Net book value at the end of the year	19,7	7,5	44,2	51,9	84,1	5,0	29,2	**241,6**	193,9

[1] *The opening balances for land and buildings have been reclassified to better reflect the split between investment property and owner occupied property. However the overall balances remain unchanged from those reported in the prior year. In addition capital work-in-progress which was previously included in plant and equipment has been separately disclosed.*

10. PROPERTY, PLANT AND EQUIPMENT (continued)

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 R46,4 million (2009: R44,9 million).

   The open-market values were determined in 2009 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, and adjusted to 2010 values using relevant building price indices to determine value increases.
3. Useful lives used for the following categories:

Buildings	12 to 50 years
Plant	5 to 33,3 years
Office equipment	5 to 20 years
Computer equipment	3,3 to 10 years
Furniture	5 to 20 years
Vehicles	3 to 12 years

4. The insured value of the group's property, plant and equipment as at 30 September 2010 amounted to R4,0 billion (2009: R4,1 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.
5. During the year a review was carried out on the recoverable amount of the group's manufacturing plant and equipment, having regard to the ongoing programme of introduction of new product lines and the discontinuation of old lines. The review led to the recognition of an impairment loss of R5,64 million, which has been recognised in profit and loss. The recoverable amount of the relevant assets has been determined based on their fair values. Fair values were estimated based on current market prices obtainable for such assets in South Africa.

	Group		Company	
	2010 Rm	2009 Rm	2010 Rm	2009 Rm
6. Operating leases receivable				
Total future minimum lease payments receivable for all non-cancellable leases on land and buildings				
< 1 year	–	–	3,1	4,7
1 – 5 years	–	–	1,0	2,4
	–	–	4,1	7,1
Gross carrying amount of assets leased under operating leases	–	–	26,8	26,8
Accumulated depreciation	–	–	(2,1)	(1,9)
	–	–	24,7	24,9
Total future minimum lease payments receivable for all non-cancellable leases on property, plant and equipment				
< 1 year	18,3	–	–	–
1 – 5 years	25,2	–	–	–
	43,5	–	–	–
Gross carrying amount of assets leased under operating leases	39,1	–	–	–
Accumulated depreciation	(27,6)	–	–	–
	11,5	–	–	–

	Group Cost Rm	Group Accumulated amortisation and impairments Rm	Group Net book value Rm	Company Cost Rm	Company Accumulated amortisation and impairments Rm	Company Net book value Rm
11. INTANGIBLE ASSETS						
2010						
Computer software	**70,1**	**50,7**	**19,4**	**11,2**	**10,0**	**1,2**
Customer list, restraint of trade and order book	**42,2**	**20,8**	**21,4**	**11,0**	**5,4**	**5,6**
Capital work-in-progress	**0,7**	**–**	**0,7**	**–**	**–**	**–**
	113,0	**71,5**	**41,5**	**22,2**	**15,4**	**6,8**
2009						
Computer software	53,2	44,6	8,6	11,1	9,7	1,4
Customer list, restraint of trade and order book	33,1	13,1	20,0	11,0	3,8	7,2
	86,3	57,7	28,6	22,1	13,5	8,6

	Computer software Rm	Customer list, restraint of trade and order book Rm	Capital work-in-progress Rm	**2010 Total Rm**	2009 Total Rm
MOVEMENT IN INTANGIBLE ASSETS – GROUP					
Net book value at beginning of the year	8,6	20,0	–	**28,6**	21,7
Acquisition of businesses	–	–	–	**–**	11,9
Additions	16,9	11,6	0,7	**29,2**	9,0
Disposals	–	–[1]	–	**–**	–
	25,5	31,6	0,7	**57,8**	42,6
Amortisation	(6,1)	(10,2)	–	**(16,3)**	(14,0)
Net book value at end of the year	19,4	21,4	0,7	**41,5**	28,6
MOVEMENT IN INTANGIBLE ASSETS – COMPANY					
Net book value at beginning of the year	1,4	7,2	–	**8,6**	12,2
Acquisition of businesses	0,1	–	–	**0,1**	–
Additions	0,2	–	–	**0,2**	0,4
Disposals of businesses	(0,2)	–	–	**(0,2)**	–
	1,5	7,2	–	**8,7**	12,6
Amortisation	(0,3)	(1,6)	–	**(1,9)**	(4,0)
Net book value at end of the year	1,2	5,6	–	**6,8**	8,6

[1] *Nil due to rounding.*

NOTE:

Useful lives used for the following categories:

Computer software	3 – 10 years
Customer list	4 years
Restraint of trade	2 years
Order book	1 year

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
12. GOODWILL				
Carrying value at the beginning of the year	**460,6**	415,3	**–**	–
Acquisition of businesses and subsidiaries	**23,0**	44,5	**–**	–
IFRS 3 profit on acquisition of subsidiary	**8,2**	–	**–**	–
Minor acquisitions in existing businesses and subsidiaries	**0,3**	0,8	**–**	–
Existing goodwill acquired with transfer of division			**13,9**	–
Carrying value at the end of the year	**492,1**	460,6	**13,9**	–
Goodwill	**496,3**	464,8	**13,9**	–
Accumulated impairments	**(4,2)**	(4,2)	**–**	–
	492,1	460,6	**13,9**	–
Carrying value attributable to:				
– Joint ventures	**10,7**	10,7	**–**	–
– Subsidiaries	**481,4**	449,9	**13,9**	–
	492,1	460,6	**13,9**	–

The recoverable amounts of the cash-generating units (CGUs) are determined as the greater of fair value less costs to sell or value-in-use.

Discounted cash flow calculations have been used to determine the recoverable amount.

The key assumptions for the discounted cash flows are those regarding the discount rates and growth rates and are based on management's past experience.

Management estimates discount rates using pre-tax rates that reflect the current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on sustainable growth rates in earnings.

	Group		
2010	Quince	Nashua Mobile	CBI-electric: African Cables
Carrying amount of goodwill allocated to the CGU (Rm)	**124,4**	**178,1**	**59,3**
Pre-tax discount rates (%)	**11,9**	**14,7**	**12,5**
Sustainable growth rates (%)	**5,0**	**5,0**	**5,0**

The balance of goodwill of R130,3 million (2009: R98,8 million) has been allocated to other CGUs, none of which are considered significant in relation to total goodwill.

	Company
2010	Pansolutions
Carrying amount of goodwill allocated to the CGU (Rm)	**13,9**
Pre-tax discount rates (%)	**11,3**
Sustainable growth rates (%)	**4,0**

	Company	
	2010 Rm	2009 Rm
13. INTEREST IN SUBSIDIARIES		
(Refer to Annexure B)		
Shares at cost	**2 606,5**	2 495,3
Amounts owing by subsidiaries	**326,4**	328,4
Provision for impairment	**(122,8)**	(124,2)
	2 810,1	2 699,5
Amounts owing to subsidiaries	**(281,4)**	(190,1)
	2 528,7	2 509,4

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
14. OTHER INVESTMENTS AND LOANS INCLUDING NSN INVESTMENT				
Reunert 1988 Share Purchase Trust loans – at cost	**12,0**	17,4	**12,0**	17,4
Other loans – at cost	**30,8**	34,7	**30,5**	34,3
Financial instrument – investment in NSN – at fair value[1]	**494,3**	494,3	**494,3**	494,3
Financial instrument – NSN option – at fair value[1]	**299,2**	299,2	**299,2**	299,2
Other unlisted investments – at cost	**1,5**	8,3	**1,5**	1,6
Total investments and loans	**837,8**	853,9	**837,5**	846,8
Non-current investments and loans	**44,3**	853,9	**44,0**	846,8
Current investments[2]	**793,5**	–	**793,5**	–
Directors' valuation – unlisted investments				
NSN option and investment	**793,5**	793,5	**793,5**	793,5
Other unlisted investments	**1,5**	8,3	**1,5**	1,6

Loans granted by Reunert in respect of the share option schemes (the schemes)

Option holders are obliged to pay 1 cent per share for shares purchased under the schemes. Thereafter, Reunert 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 the South African Revenue Services from time to time.

	Company	
	2010 Rm	2009 Rm
Value of loans granted during the year to scheme participants	**0,8**	5,2
Loans to the scheme include loans to Reunert executive directors:		
Balance at the beginning of the year	**1,2**	2,1
Advances and interest during the year	**0,1**	0,1
Repaid during the year	**(0,7)**	(1,0)
Balance at the end of the year	**0,6**	1,2

[1] *An option exists whereby Reunert may put its investment in NSN to the other shareholders of NSN, similarly, the other shareholders of NSN may call on Reunert to sell its shares in NSN.*

During the prior year R12,5 million of compensation, as defined in the agreement with NSN group, was received in respect of a country, sales to whom ceased qualifying for commission. In terms of the agreement any compensation received reduces the minimum and maximum prices of the options.

The minimum price of the put option is R793,5 million (2009: R793,5 million) and the maximum price of the call option is R947,5 million (2009: R947,5 million).

The first time the options may be exercised is on 31 December 2010, and if not exercised then, another opportunity exists for either party to exercise its option on 31 December 2012.

Based on the growth rate discussed above the option value at 30 September 2010 is R299,2 million (2009: R299,2 million) and the value of the investment is R494,3 million (2009: R494,3 million).

The option and the investment were valued by professional actuaries as at 30 September 2010 and no adjustment to carrying values was necessary.

[2] *Reunert intends to put its shares to NSN on 31 December 2010 which should result in R793,5 million being received during February 2011.*

For information regarding the maturity profile relating to other investments refer to note 28.

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
15. QUINCE AND OTHER ACCOUNTS RECEIVABLE				
15.1 Quince accounts receivable				
Discounted deals:				
Collectible within one year	**702,0**	771,3		
Provision for doubtful debts	**(55,7)**	(61,6)		
	646,3	709,7		
Collectible after one year	**821,7**	993,6		
	1 468,0	1 703,3		
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 the balance sheet date.				
The Quince accounts receivable are ceded as security for the Quince long-term borrowings (refer to note 20).				
15.2 Other accounts receivable				
Trade receivables	**1 384,7**	1 321,8	**353,2**	280,3
Contract receivables	**10,6**	–	**–**	–
Retention receivables	**2,1**	4,6	**–**	–
Claims, prepayments and other receivables	**390,6**	363,6	**27,0**	49,9
Provision for doubtful debts	**(87,2)**	(65,4)	**(20,4)**	(28,1)
	1 700,8	1 624,6	**359,8**	302,1
Trade receivables to the value of R267,8 million (2009: R239,5 million) have been ceded as security for certain trade payables.				
Finance lease receivables				
Current finance lease receivables	**62,0**	28,0	**–**	–
Non-current finance lease receivables	**24,3**	20,4	**–**	–
	86,3	48,4	**–**	–

The group enters into financing arrangements for various cellular and office equipment. All leases are denominated in rand. The average lease term is two years.

15.3 Movement in the allowance for doubtful debts classified into major risk types (including Quince)

	Group			
2010	Insured debtors Rm	Individuals/ contractors and small business Rm	Mines/large business government – national and regional Rm	Total Rm
Balance at the beginning of the year	**(2,0)**	**(99,6)**	**(25,4)**	**(127,0)**
Acquisition of business	**–**	**–**	**11,7**	**11,7**
Increase in allowance	**(5,7)**	**(101,0)**	**(1,5)**	**(108,2)**
Amounts recovered during the year	**–**	**–**	**(4,1)**	**(4,1)**
Amounts written off during the year (against provision)	**1,4**	**106,9**	**–**	**108,3**
Other	**–**	**(3,8)**	**(19,8)**	**(23,6)**
Balance at end of year	**(6,3)**	**(97,5)**	**(39,1)**	**(142,9)**
2009				
Balance at the beginning of the year	(3,7)	(53,3)	(15,2)	(72,2)
Decrease/(increase) in allowance	0,1	(146,3)	(12,3)	(158,5)
Amounts recovered during the year	0,3	–	0,3	0,6
Amounts written off during the year (against provision)	1,3	109,3	1,8	112,4
Other	–	(9,3)	–	(9,3)
Balance at end of year	(2,0)	(99,6)	(25,4)	(127,0)

	Insured debtors Rm	Individuals/ contractors and small business Rm	Mines/large business government – national and regional Rm	Total Rm
15. QUINCE AND OTHER ACCOUNTS RECEIVABLE (continued)		**Company**		
15.3 Movement in the allowance for doubtful debts classified into major risk types (including Quince) (continued)				
2010				
Balance at the beginning of the year	**(0,2)**	**(6,5)**	**(21,4)**	**(28,1)**
Decrease/(increase) in allowance	**0,2**	**(1,3)**	**1,7**	**0,6**
Amounts recovered during the year	**–**	**–**	**0,1**	**0,1**
Amounts written off during the year (against provision)	**–**	**0,4**	**6,6**	**7,0**
Balance at end of year	**–**	**(7,4)**	**(13,0)**	**(20,4)**
2009				
Balance at the beginning of the year	–	(2,9)	(12,9)	(15,8)
Increase in allowance	(0,2)	(3,8)	(9,8)	(13,8)
Amounts written off during the year (against provision)	–	0,2	1,3	1,5
Balance at end of year	(0,2)	(6,5)	(21,4)	(28,1)

	Insured debtors Rm	Individuals/ contractors and small business Rm	Mines/large business government – national and regional Rm	Total Rm
15.4 Ageing of past due but not impaired accounts receivable classified into major risk types (including Quince)		**Group**		
2010				
0 – 30 days	**21,5**	**38,5**	**108,3**	**168,3**
31 – 60 days	**12,3**	**20,4**	**29,6**	**62,3**
61 – 90 days	**4,2**	**9,0**	**38,1**	**51,3**
90+ days	**5,5**	**26,5**	**68,3**	**100,3**
Total	**43,4**	**94,4**	**244,3**	**382,2**
2009				
0 – 30 days	25,0	56,0	76,4	157,4
31 – 60 days	15,5	19,6	28,3	63,4
61 – 90 days	2,7	7,2	12,0	21,9
90+ days	9,8	20,4	20,0	50,2
Total	53,0	103,2	136,7	292,9
		Company		
2010				
0 – 30 days	**5,0**	**12,8**	**12,5**	**30,3**
31 – 60 days	**5,8**	**9,8**	**16,7**	**32,3**
61 – 90 days	**3,1**	**1,6**	**13,9**	**18,6**
90+ days	**4,0**	**13,0**	**27,8**	**44,8**
Total	**17,9**	**37,2**	**70,9**	**126,0**
2009				
0 – 30 days	13,1	16,9	5,4	35,4
31 – 60 days	6,5	5,2	1,6	13,3
61 – 90 days	1,2	0,9	–	2,1
90+ days	2,8	3,5	0,2	6,5
Total	23,6	26,5	7,2	57,3

		Insured debtors Rm	Individuals/ contractors and small business Rm	Mines/large business government – national and regional Rm	Total Rm
15. QUINCE AND OTHER ACCOUNTS RECEIVABLE (continued)					
15.5 Ageing of past due and impaired accounts receivable classified into major risk types (including Quince)					
			Group		
2010					
0 – 30 days		**–**	**3,5**	**–**	**3,5**
31 – 60 days		**–**	**0,9**	**–**	**0,9**
61 – 90 days		**0,8**	**1,5**	**1,0**	**3,3**
90+ days		**4,2**	**66,2**	**55,6**	**126,0**
Total		**5,0**	**72,1**	**56,6**	**133,7**
2009					
0 – 30 days		2,3	–	–	2,3
31 – 60 days		23,8	20,5	–	44,3
61 – 90 days		1,8	–	–	1,8
90+ days		6,2	1,0	–	7,2
Total		34,1	21,5	–	55,6
			Company		
2010					
0 – 30 days		**–**	**0,4**	**–**	**0,4**
31 – 60 days		**–**	**–**	**–**	**–**
61 – 90 days		**–**	**0,3**	**–**	**0,3**
90+ days		**–**	**9,6**	**2,7**	**12,3**
Total		**–**	**10,3**	**2,7**	**13,0**
2009					
0 – 30 days		–	–	–	–
31 – 60 days		–	0,4	0,5	0,9
61 – 90 days		–	0,4	–	0,4
90+ days		–	1,0	–	1,0
Total		–	1,8	0,5	2,3
15.6 Analysis of accounts receivable that are individually determined to be impaired classified into major risk types (including Quince)					
Group	**2010**	**0,4**	**1,9**	**4,1**	**6,4**
Group	2009	4,3	3,3	4,0	11,6
Company	**2010**	**–**	**0,6**	**–**	**0,6**
Company	2009	3,9	–	–	3,9

Trade and other receivables consist of a large number of customers spread across diverse industries. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, excluding government departments which are considered a low credit risk.

Before accepting any new customers, the group assesses the potential customer's credit quality and defines a credit limit specific to that customer.

The average credit period on the sale of goods is 30 days. No interest is charged on the trade receivables for the first 60 days from the date of invoice. Thereafter, interest is charged at between 15% and 20% per annum, charged monthly on the outstanding balance.

In determining the recoverability of trade receivables, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being fairly large and unrelated.

Where the recoverability of accounts receivable is considered doubtful, provision is made so that the carrying values reflect the estimated recoverable amount.

	Group		Company	
	2010 Rm	2009 Rm	2010 Rm	2009 Rm
16. DEFERRED TAXATION ASSETS/LIABILITIES MOVEMENT OF DEFERRED TAXATION				
Balance at the beginning of the year	(111,2)	(176,2)	(57,4)	(82,3)
Current year charge (refer to note 6)	18,4	(13,2)	(2,1)	(30,6)
Deferred tax directly in equity	3,5	39,5	–	39,2
Adjustment for prior years (refer to note 6)	0,9	38,4	(0,3)	16,3
Subsidiaries acquired	7,2	–	1,0	–
Other	(0,4)	0,3	–	–
	(81,6)	(111,2)	(58,8)	(57,4)
Deferred taxation liabilities	(122,0)	(140,3)	(58,8)	(57,4)
Deferred taxation assets	40,4	29,1	–	–
	(81,6)	(111,2)	(58,8)	(57,4)
ANALYSIS OF DEFERRED TAXATION				
Capital allowances	(75,5)	(79,5)	(14,4)	(15,1)
Provisions and accruals	18,3	7,6	(8,8)	(5,3)
Advance income offset by allowed future expenditure	2,5	1,0	0,4	0,4
Effect of tax losses	7,5	(3,5)	–	–
Capital gains tax on fair valuation of financial asset	(37,4)	(37,4)	(37,4)	(37,4)
Share-based payment reserve	2,6	0,3	–	–
Other (net)	0,4	0,3	1,4	–
	(81,6)	(111,2)	(58,8)	(57,4)
17. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	223,6	208,1	69,6	49,3
Finished goods	299,7	238,5	86,6	80,8
Merchandise	227,3	214,4	195,4	178,5
Consumable stores	6,8	6,1	0,1	–
Contracts and other work-in-progress	222,4	147,1	60,9	31,4
	979,8	814,2	412,6	340,0
Provision against inventory	(116,5)	(118,0)	(61,4)	(79,3)
	863,3	696,2	351,2	260,7
The value of inventory has been determined on the following bases:				
First-in, first-out	537,8	432,9	316,8	242,5
Weighted average cost	108,0	115,9	20,1	–
Standard cost	197,2	134,6	9,0	12,3
Net realisable value	20,3	12,8	5,3	5,9
	863,3	696,2	351,2	260,7
Write-down of inventory recognised in the income statement (refer to note 2)	4,2	47,6	3,9	1,2
18. QUINCE AND OTHER CASH AND CASH EQUIVALENTS				
Bank balances and cash	1 805,6	1 603,1	283,0	90,1
Bank overdrafts	(0,7)	–	–	–
	1 804,9	1 603,1	283,0	90,1
Quince bank balances and cash	72,5	97,6		
Quince short-term borrowings	(691,5)	(1 012,3)		
Net cash and cash equivalents	1 185,9	688,4	283,0	90,1

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
19. SHARE CAPITAL AND PREMIUM				
AUTHORISED SHARE CAPITAL				
235 000 000 ordinary shares of 10 cents each	23,5	23,5	23,5	23,5
350 000 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
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

	Number of shares 2010	Number of shares 2009
ISSUED SHARE CAPITAL		
Ordinary shares of 10 cents each		
At the beginning of the year	197 185 285	196 922 185
Shares issued during the year in terms of:		
the Reunert 1985 Share Option Scheme	547 300	263 100
the Reunert 2006 Option Scheme	92 000	–
At the end of the year	197 824 585	197 185 285

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
Ordinary shares of 10 cents each	19,8	19,7	19,8	19,7
350 000 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
	20,5	20,4	20,5	20,4
SHARE PREMIUM				
At the beginning of the year	95,6	86,5	95,6	86,5
Arising on the issue of ordinary shares	24,8	9,1	24,8	9,1
At the end of the year	120,4	95,6	120,4	95,6
Total issued share capital and premium	140,9	116,0	140,9	116,0
SHARE-BASED PAYMENT RESERVES				
As a result of IFRS 2				
At the beginning of the year	679,6	664,3	637,4	633,4
Share option reserve arising on the expensing of executive share options (refer to note 2)	16,5	15,0	2,0	4,0
Deferred tax on share-based payment expense	2,3	0,3	–	–
Reserve arising on a BEE transaction	34,0	–	–	–
At the end of the year	732,4	679,6	639,4	637,4
BEE SHARES[1]				
Reunert shares bought back and held by Bargenel 18 500 000 (2009: 18 500 000)	(276,1)	(276,1)		
TREASURY SHARES[2]				
Reunert shares bought back and held by a subsidiary 2 123 372 (2009: nil)	(125,7)	–		

[1] *These are shares held by Bargenel, a company sold by Reunert to an accredited BEE partner in 2007. In terms of IFRS, until the amount owing by the BEE partner is repaid to Reunert, Bargenel is to be consolidated by the group as the significant risks and rewards of ownership of the equity have not passed to the BEE partner.*

[2] *Commencing in August 2010, a group subsidiary purchased Reunert shares on the open market. Up to the beginning of the closed period, on 30 September 2010, 2 123 372 shares had been bought at an average price of R59,18 per share.*

	Company Number of shares 2010	Company Number of shares 2009
UNISSUED ORDINARY SHARES		
Total shares reserved to meet the requirements of the Reunert 1985 Share Option Scheme and the Reunert 1988 Share Purchase Scheme	2 041 900	2 620 000
Total shares reserved to meet the requirements of the Reunert 2006 Option Scheme	500 000	–
	2 541 900	2 620 000
Shares issued during the year	(639 300)	(263 100)
Number of shares available for the schemes at year-end	1 902 600	2 356 900

The directors have general authority over these shares until the next annual general meeting.

19. SHARE CAPITAL AND PREMIUM (continued)

Executive share option schemes

Options to take up Reunert ordinary shares are granted to executives in terms of the Reunert 1985 Share Option Scheme and the Reunert 2006 Option Scheme.

The terms of both schemes 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 10 years from the date of initial issue or the moment an option holder resigns from the group. Should the option price exceed the market price, option holders may decline to exercise their right to have Reunert shares issued to them.

	Number of options unexercised at the beginning of the year (Thousands)	Options granted during the year (Thousands)	Options exercised during the year (Thousands)	Options relinquished[3]/ forfeited during the year (Thousands)	Number of options unexercised at the end of the year (Thousands)	Amount received for options exercised Rm
2010						
Exercise price						
R14,10[1]	**52**	**–**	**–**	**–**	**52**	**–**
R15,80[1]	**54**	**–**	**–**	**–**	**54**	**–**
R17,70[1]	**20**	**–**	**(10)**	**–**	**10**	**0,2**
R15,99[1]	**190**	**–**	**(52)**	**–**	**138**	**0,8**
R41,90[1]	**1 726**	**–**	**(485)**	**(20)**	**1 221**	**20,3**
R71,30[2]	**53**	**–**	**–**	**–**	**53**	**–**
R53,50[2]	**230**	**–**	**–**	**(20)**	**210**	**–**
R39,30[2]	**3 808**	**–**	**(92)**	**(110)**	**3 606**	**3,6**
R57,50[2]	**–**	**200**	**–**	**–**	**200**	**–**
R59,06[2]	**–**	**200**	**–**	**–**	**200**	**–**
	6 133	**400**	**(639)**	**(150)**	**5 744**	**24,9**
2009						
Exercise price						
R14,10[1]	52	–	–	–	52	–
R15,80[1]	54	–	–	–	54	–
R17,70[1]	20	–	–	–	20	–
R15,99[1]	264	–	(74)	–	190	1,2
R41,90[1]	2 075	–	(189)	(160)	1 726	7,9
R71,30[2]	1 098	–	–	(1 045)	53	–
R53,50[2]	1 177	–	–	(947)	230	–
R39,30[2]	–	3 872	–	(64)	3 808	–
	4 740	3 872	(263)	(2 216)	6 133	9,1

The weighted average share price, at the dates of exercise, for share options exercised during the year was R57,52 (2009: R46,90).

[1] *Issued in terms of the Reunert 1985 Share Option Scheme.*
[2] *Issued in terms of the Reunert 2006 Option Scheme.*
[3] *During the prior year certain rights to exercise 966 500 R71,30 share options and 837 500 R53,50 share options were rendered non-exercisable by mutual consent between the company and option holder.*

Estimated fair value of options granted after 7 November 2002:

Share option	Fair value per option R	Total option value Rm	Share options expensed in previous periods Rm	Share option expense for the year Rm	Share options to be expensed in future periods Rm
R15,99	4,7	8,9	8,9	–	–
R17,30	5,0	1,0	1,0	–	–
R41,90	11,1	28,2	26,5	1,7	–
R71,30	17,4	19,3	9,0	5,0	5,3
R53,50	14,6	17,6	7,5	4,5	5,6
R39,30	8,9	18,8	1,4	4,9	12,5
R57,50	14,79	3,0	–	0,3	2,7
R59,06	15,69	3,1	–	0,1	3,0
		99,9	54,3	16,5	29,1

These fair values were calculated using a Binomial option pricing model.

19. SHARE CAPITAL AND PREMIUM (continued)

The inputs into the model were as follows:

	R15,99 Share option	R17,30 Share option	R41,90 Share option	R71,30 Share option	R53,50 Share option	R39,30 Share option	R57,50 Share option	R59,06 Share option
Share price at issue (R)	15,99	17,30	41,90	71,30	53,50	39,30	57,50	59,06
Exercise price (R)	15,99	17,30	41,90	71,30	53,50	39,30	57,50	59,06
Expected volatility (%)	25,14	25,29	25,25	22,69	25,34	32,09	32,81	32,80
Expected option life (years)	8	8	10	10	10	10	10	10
Expected dividend yield (%)	5,93	5,93	5,67	4,37	4,51	7,45	4,51	4,25
Risk-free interest rate (%)	11,75	10,32	7,74	9,70	9,20	BEASSA zero coupon swap curve	BEASSA zero coupon swap curve	BEASSA zero coupon swap curve

R15,99, R17,30 and R41,90 options

Expected volatility was determined by calculating the historical volatility of Reunert's share price from 30 September 2002 to the issue date of each option. The share price movements prior to 30 September 2002 are considered to be "abnormal" in terms of being a reasonable reflection of the volatility going forward.

The model allowed for early exercises based on rational investor behaviour. A zero forfeiture rate has been used due to the strong performance of the Reunert share and an historic forfeiture rate of 0,9% per annum. This will only affect the timing of the share option expense as opposed to the total expense being recognised in the income statement.

R71,30 and R53,50 options

Expected volatility was determined by calculating the historical volatility of Reunert's share price from 23 August 2006 to the issue date of each option. The share price movement from this date was considered to reflect a more normal pattern than the movements prior to that date.

The model allowed for early exercises based on rational investor behaviour. A 6% forfeiture rate has been used due to the performance of the Reunert share of late and an historic forfeiture rate of a similar amount.

R39,30 options

Expected volatility assumed is a five-year equally weighted volatility of the Reunert share price on the JSE and was estimated using data sourced from iNet.

The model allowed for early exercises based on rational investor behaviour. A 6% forfeiture rate has been used due to the performance of the Reunert share of late and an historic forfeiture rate of a similar amount.

The risk-free interest rate used the BEASSA zero coupon swap curve which ranges from 6,87% (NACC) for one year to 8,62% for 10 years.

A total of 3 872 000 options were issued at a strike price of R39,30 per share. Altogether 1 757 600 of these options were issued to employees who were also offered the R71,30 and R53,50 options issued in the previous financial year. The new options were granted to those who also received the options previously after the mutual consent between the company and option holder to render the R71,30s and R53,50s non-exercisable. This constitutes a modification to the original options in terms of IFRS 2 *Share-based Payments*.

Under these circumstances, the fair value of the original options will continue to be expensed over the vesting period in terms of the original grant. The granting of the 2 115 000 options to employees who did not receive the R71,30 or R53,50 options amounts to a new issue and the value of this issue is expensed over the vesting period of this new issue.

R57,50 options

Expected volatility assumed is a five-year equally weighted volatility of the Reunert share price on the JSE and was estimated using data sourced from iNet.

The model allowed for early exercises based on rational investor behaviour. An 8% forfeiture rate has been used due to the performance of the Reunert share of late and an historic forfeiture rate of a similar amount.

The risk-free interest rate used the BEASSA zero coupon swap curve which ranges from 6,7% (NACC) for one year to 8,77% for 10 years.

R59,06 options

Expected volatility assumed is a five-year equally weighted volatility of the Reunert share price on the JSE and was estimated using data sourced from iNet.

The model allowed for early exercises based on rational investor behaviour. An 8% forfeiture rate has been used due to the performance of the Reunert share of late and an historic forfeiture rate of a similar amount.

The risk-free interest rate used the BEASSA zero coupon swap curve which ranges from 6,44% (NACC) for one year to 8,09% for 10 years.

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
20. LONG-TERM BORROWINGS				
SECURED – AT AMORTISED COST (EXCLUDING QUINCE)				
Long-term loans	**–**	0,2	**–**	–
Finance leases	**0,3**	0,1	**44,2**	45,9
Less: Short-term portion	**(0,1)**	(0,1)	**(2,4)**	(1,7)
Total secured	**0,2**	0,2	**41,8**	44,2
UNSECURED – AT AMORTISED COST (EXCLUDING QUINCE)				
Long-term loans	**10,8**	10,8		
Total unsecured	**10,8**	10,8		
Long-term borrowings	**11,0**	11,0	**41,8**	44,2
QUINCE LONG-TERM BORROWINGS SECURED – AT AMORTISED COST				
Long-term loans	**699,9**	699,9		
Quince long-term borrowings	**699,9**	699,9		
The long-term loan relates to AA Notes issued in Quince. This loan bears interest at JIBAR plus 0,39% per annum and final payment will be made in 2012.				
The loan is secured by the Quince accounts receivable (refer to note 15).				
Amounts payable under finance leases				
Total minimum lease payments	**0,3**	0,1	**66,3**	72,8
< 1 year	**0,1**	0,1	**6,9**	6,5
1 – 5 years	**0,2**	–	**33,3**	30,9
> 5 years	**–**	–	**26,1**	35,4
Less: Future finance charges	**–**	–	**(22,1)**	(26,9)
< 1 year	**–**	–	**(4,5)**	(4,8)
1 – 5 years	**–**	–	**(14,3)**	(16,0)
> 5 years	**–**	–	**(3,3)**	(6,1)
Present value of minimum lease payments	**0,3**	0,1	**44,2**	45,9
< 1 year	**0,1**	0,1	**2,4**	1,7
1 – 5 years	**0,2**	–	**19,0**	14,9
> 5 years	**–**	–	**22,8**	29,3

Reunert entered into a lease agreement with Quince, taken over by Reunert Finance Company Limited on 1 September 2007, whereby the new Nashua building is leased over a period of 12 years at an interest rate of 10,5% per annum.

The other finance leases relate to minor equipment with average lease terms of three to five years. The group has options to purchase the equipment for nominal amounts at the conclusion of the lease agreement.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

The fair value of the lease liabilities are approximately equal to their carrying amount.

21. PROVISIONS

Description of nature of obligation	Carrying amounts at the beginning of the year Rm	New businesses acquired during the year Rm	Additional provisions created in the year Rm	Amounts utilised during the year Rm	Unutilised amounts reversed during the year Rm	Carrying amounts at the end of the year Rm
Group						
Warranty	41,4	2,8	15,2	(6,4)	(10,2)	42,8
Contract completion	4,6	–	5,8	(0,1)	(1,0)	9,3
Other	37,0	1,2	4,8	(6,5)	(3,2)	33,3
	83,0	4,0	25,8	(13,0)	(14,4)	85,4
Company						
Warranty	0,5	–	5,2	(0,9)	–	4,8
Other	24,0	–	2,0	–	(3,2)	22,8
	24,5	–	7,2	(0,9)	(3,2)	27,6

The provisions have been determined based on assessments and estimates made by management. Actual results could differ from estimates and there are no fixed terms of utilisation relating to the warranty provisions.

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
22. COMMITMENTS				
Expenditure on property, plant and equipment				
– Contracted	**11,0**	17,9	**24,4**	4,6
– Authorised not yet contracted	**54,1**	38,6	**0,7**	24,8
Total expenditure on property, plant and equipment	**65,1**	56,5	**25,1**	29,4
The above expenditure, to occur in 2011 and 2012 will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, vehicles and other assets				
< 1 year	**45,4**	39,4	**18,9**	20,1
1 – 5 years	**37,8**	51,8	**14,3**	32,8
> 5 years	**2,6**	-	**2,6**	3,5
Total operating lease commitments	**85,8**	91,2	**35,8**	56,4
Comprising				
Land and buildings	**85,2**	90,7	**35,7**	56,3
Motor vehicles and other assets	**0,6**	0,5	**0,1**	0,1
Total operating lease commitments	**85,8**	91,2	**35,8**	56,4
Certain immaterial operating leases for office equipment have not been included in calculating the operating lease commitments as the cost of obtaining that information outweighs the benefit of that information.				
23. CONTINGENT LIABILITIES				
Guarantees for advance payments on behalf of subsidiary companies	**–**	–	**27,2**	**49,3**

24. DIRECTORS' REMUNERATION AND INTERESTS

Payable to the directors of the company by the company and its subsidiaries for services as directors:

EXECUTIVE DIRECTORS

	Salary R'000	Bonus and performance related payments R'000	Travel allowances R'000	Retirement contri-butions R'000	Medical contri-butions R'000	Leave pay-ment R'000	Other R'000	Total R'000
2010								
NC Wentzel	**655**	**500**	**21**	**65**	**9**	**–**	**–**	**1 250**
G Pretorius	**2 828**	**2 887**	**50**	**313**	**17**	**3 065**[1]	**7 113**[2]	**16 273**
BP Gallagher	**1 877**	**825**	**120**	**201**	**22**	**–**	**–**	**3 045**
GJ Oosthuizen	**1 648**	**875**	**108**	**173**	**21**	**–**	**–**	**2 825**
DJ Rawlinson	**1 799**	**1 175**	**102**	**191**	**58**	**–**	**–**	**3 325**
	8 807	**6 262**	**401**	**943**	**127**	**3 065**	**7 113**	**26 718**
2009								
G Pretorius	3 291	1 000	98	342	19			4 750
BP Gallagher	1 667	500	139	184	20			2 510
GJ Oosthuizen	1 504	500	108	159	19			2 290
DJ Rawlinson	1 645	500	102	174	59			2 480
	8 107	2 500	447	859	117			12 030

[1] *Mr Pretorius had accumulated leave in terms of Reunert policy until 2001. The amount reflects the payment for such leave. (The practice of accumulation was discontinued in Reunert in 2002.)*

[2] *The board, with Mr Pretorius' active support, initiated the process of finding a successor for him, in advance of his retirement date. A successor was identified by the board a year before Mr Pretorius's employment contract ended. Consequently he was entitled to receive a severance benefit, which is contractually determined.*

NON-EXECUTIVE DIRECTORS

	Company Total paid for the year (all directors' and committee fees) 2010 R'000	2009 R'000
TS Munday	**506**	228
BP Connellan	**193**	178
KS Fuller (resigned 2 February 2010)	**75**	208
SD Jagoe	**244**	231
KJ Makwetla	**150**	108
TJ Motsohi	**117**	108
KW Mzondeki (appointed 1 November 2009)	**177**	–
NDB Orleyn	**154**	108
MJ Shaw (resigned 2 February 2010)	**96**	366
JC van der Horst	**166**	154
R van Rooyen (appointed 1 November 2009)	**198**	–
	2 076	1 689

24. DIRECTORS' REMUNERATION AND INTERESTS (continued)

SHARE OPTIONS – EXECUTIVE DIRECTORS

	Balance of unexercised share options as at 1 October 2009	Number of options granted during the year	Balance of unexercised share options as at 30 September 2010	Option price R	Date of allocation	Date from which exercisable
NC Wentzel	–	200 000	**200 000**	59,06	2/8/2010	2/8/2013
G Pretorius	120 000		[3]	41,90	29/8/2005	29/8/2008
	100 000		[3]	39,30	18/6/2009	18/6/2012
BP Gallagher	50 000		**50 000**	41,90	29/8/2005	29/8/2008
	50 000		**50 000**	39,30	18/6/2009	18/6/2012
GJ Oosthuizen	50 000		**50 000**	41,90	29/8/2005	29/8/2008
	50 000		**50 000**	39,30	18/6/2009	18/6/2012
DJ Rawlinson	60 000		**60 000**	41,90	29/8/2005	29/8/2008
	50 000		**50 000**	39,30	18/6/2009	18/6/2012
	530 000	200 000	**510 000**			

[3] *The closing balance of share options does not include the R41,90 and R39,30 shares of G Pretorius as he resigned from the board on 2 August 2010.*

No options were exercised during the year by executive directors.

A loan granted to GJ Oosthuizen to finance options exercised during 2008 to purchase 33 400 shares at a strike price of R15,99 per share was not fully repaid by the end of the financial year. The shares are held as security until the loan has been repaid.

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

A predetermined compensation on termination of service will be payable to executive directors in line with circumstances which would ordinarily give rise to an obligation requiring an employer to pay severance pay in terms of the provisions of the Labour Relations Act, 1995 or the Basic Conditions of Employment Act, 1997. In such event, a severance package shall be equal to the multiple of the relevant individual's monthly remuneration, such multiple ranging between 12 and 36 months. However, the multiple is limited to the number of months that remains from the termination date to the date on which the relevant individual would have reached his normal retirement age. This payment is calculated by reference to the relevant individual's cash earnings plus the value of medical aid, pension contributions and pensionable service, group life and permanent health insurance benefits and the performance bonus earned by the employee in the preceding year. In addition, the relevant employee will be granted permission to exercise share options and to repay loans which may be due to a share purchase scheme.

25. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits to its employees, 76% (2009: 80%) of the group's employees belong to various retirement schemes.

Industrial legislation requires that certain employees be members of designated industry schemes. At year-end 14% (2009: 14%) 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 R12,0 million (2009: R7,6 million).

A total of 41% (2009: 38%) of the group's total employees, are members of 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 2007 and found to be in a sound financial position. The total employer contribution to this fund amounted to R57,4 million (2009: R48,3 million).

The remaining 21% (2009: 28%) 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 of these funds are subject to the Pension Funds Act, 1956. The total employer contributions to these funds amounted to R23,6 million (2009: R26,0 million).

26. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURES

	Joint ventures			
	2010		2009	
	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm
INCOME STATEMENT				
Revenue	603,2	301,6	785,2	392,6
Profit after taxation	48,0	24,0	82,2	41,1
Dividends			25,0	12,5
BALANCE SHEET				
Non-current assets	215,4	107,7	221,1	110,6
Current assets (excluding cash)	205,5	102,7	207,5	103,8
Cash and cash equivalents	146,9	73,4	96,5	48,2
Current liabilities	(81,1)	(40,5)	(88,6)	(44,3)
Non-current liabilities	(27,0)	(13,5)	(25,4)	(12,7)
Equity	(459,7)	(229,8)	(411,1)	(205,6)

	Interest	
	2010 %	2009 %
JOINT VENTURES		
Lexshell 661 Investments (Pty) Limited	50,0	50,0
Telecom Cables	50,0	50,0

27. RELATED PARTY TRANSACTIONS

		Group						
Counterparty	Relationship	Sales Rm	Commission income Rm	Purchases Rm	Compensation Rm	Short-term borrowings Rm	Net interest paid/(received) Rm	Treasury shares Rm
2010								
Telecom Cables	A joint venture	6,8	–	0,9	–	(0,5)	–	–
NSN	Reunert owns 40% of NSN	–	52,9	–	–	–	–	–
Bargenel	Owns 18,5 million Reunert shares	–	–	–	–	–	–	276,1
2009								
Telecom Cables	A joint venture	8,7	–	7,1	–	1,8	(1,2)	–
NSN	Reunert owns 40% of NSN	–	54,3	–	12,5	–	–	–
Bargenel	Owns 18,5 million Reunert shares	–	–	–	–	–	–	276,1

		Company						
Counterparty	Relationship	Sales Rm	Commission income Rm	Purchases Rm	Compensation Rm	Lease payments made	Lease payments received Rm	Net administration fees paid Rm	Other paid/(received) Rm
2010									
Subsidiaries of Reunert		387,8	–	88,5	–	1,1	17,3	401,6	–
NSN	Reunert owns 40% of NSN	–	52,9	–	–	–	–	–	–
2009									
Subsidiaries of Reunert		279,3	–	34,3	–	0,7	0,1	351,6	2,8
NSN	Reunert owns 40% of NSN	–	54,3	–	12,5	–	–	–	–

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
28. FINANCIAL INSTRUMENTS				
CATEGORIES OF FINANCIAL INSTRUMENTS				
Financial assets				
Fair value through profit or loss (FVTPL)				
Held-for-trading (included in derivative assets)	**7,3**	41,1	**2,6**	10,9
Held-to-maturity investments (included in other investments and loans (group); interest in subsidiaries (company))	**–**	6,8	**2 528,7**	2 424,4
Loans and receivables (included in cash and cash equivalents, accounts receivable (including Quince) and other investments and loans)	**5 006,6**	5 001,2	**937,3**	743,9
Available-for-sale financial asset (included in investments)	**494,3**	494,3	**494,3**	494,3
Derivative assets	**7,3**	41,1	**2,6**	10,9
FECs	**2,9**	20,5	**2,6**	–
Other	**–**	11,1	**–**	10,9
Interest rate swaps – excluding Quince	**–**	0,6	**–**	–
Fair value through profit or loss	**2,9**	32,2	**–**	10,9
Interest rate swaps – Quince	**4,4**	8,9	**–**	–
NSN option (refer to note 14)	**299,2**	299,2	**299,2**	299,2
Financial liabilities				
FVTPL				
Held-for-trading (included in derivative liabilities)	**(52,2)**	(27,0)	**(0,6)**	(6,2)
Amortised cost (included in long-term borrowings, bank overdrafts and short-term portion of long-term borrowings and accounts payable)	**(2 949,6)**	(3 063,1)	**(773,5)**	(598,1)
Derivative liabilities	**(52,2)**	(27,0)	**(0,6)**	(6,2)
FECs	**(2,5)**	(7,5)	**(0,6)**	(6,2)
Interest rate swaps – Quince	**(48,2)**	(18,1)	**–**	–
Other	**(1,5)**	(1,4)	**–**	–

LEVELS OF FINANCIAL INSTRUMENTS

ASSETS MEASURED AT FAIR VALUE

	Group Level 1 Rm	Group Level 2 Rm	Group Level 3 Rm	Company Level 1 Rm	Company Level 2 Rm	Company Level 3 Rm
2010						
FVTPL						
FECs	**2,9**	**–**	**–**	**2,6**	**–**	**–**
Other	**–**	**–**	**299,2**	**–**	**–**	**299,2**
Interest rate swaps – Quince	**4,4**	**–**	**–**	**–**	**–**	**–**
Held-to-maturity investments (included in other investments and loans (group); interest in subsidiaries (company))	**–**	**–**	**–**	**–**	**–**	**2 528,7**
Available-for-sale financial asset (included in investments)	**–**	**–**	**494,3**	**–**	**–**	**494,3**
	7,3	**–**	**793,5**	**2,6**	**–**	**3 322,2**
LIABILITIES MEASURED AT FAIR VALUE						
FVTPL						
FECs	**(2,5)**	**–**	**–**	**(0,6)**	**–**	**–**
Interest rate swaps – excluding Quince	**(1,5)**	**–**	**–**	**–**	**–**	**–**
Interest rate swaps – Quince	**(48,2)**	**–**	**–**	**–**	**–**	**–**
	(52,2)	**–**	**–**	**(0,6)**	**–**	**–**

28. FINANCIAL INSTRUMENTS (continued)

	Group			Company		
	Other Rm	Held-to-maturity Rm	Available-for-sale Rm	Other Rm	Held-to-maturity Rm	Available-for-sale Rm
2010						
RECONCILIATION OF CARRYING VALUE OF LEVEL 3 ASSETS AT THE BEGINNING AND END OF THE YEAR						
FINANCIAL ASSETS						
Opening balance at 1 October 2009	299,2	6,8	494,3	299,2	2 424,4	494,3
Businesses acquired	–	–	–	–	112,2	–
Disposal	–	(6,8)	–	–	(1,0)	–
Impairments	–	–	–	–	(4,4)	–
Fair value adjustment through profit or loss	–	–	–	–	1,4	–
Other movements	–	–	–	–	(3,9)	–
Closing balance at 30 September 2010	299,2	–	494,3	299,2	2 528,7	494,3
Total gains or losses for the year included in profit or loss for assets held at the end of the year	–	–	–	–	(3,0)	–

RISK MANAGEMENT

The Reunert group is exposed to liquidity, credit, foreign currency, interest rate and commodity price risks arising from its financial instruments.

The risk management relating to each of these risks is discussed under the headings below. The group's objective in using derivative instruments for hedging purposes is to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

LIQUIDITY RISK

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations in respect of financial liabilities when they become due.

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows.

All of the group's short-term borrowings or excess cash is directed through RFCL, which is managed by senior management 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 only deposited with reputable banks and is spread over more than one bank to reduce exposures to any one institution.

28. FINANCIAL INSTRUMENTS (continued)

The following table details the group's remaining contractual maturity for its financial liabilities. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the group is required to pay. The table includes both interest and principal cash flows.

	Group			
	<1 year Rm	1 – 5 years Rm	> 5 years Rm	Total Rm
2010				
Financial liabilities included in trade and other payables	**(1 545,5)**	**(0,9)**	**–**	**(1 546,4)**
Bank overdrafts and short-term portion of long-term borrowings – excluding Quince	**(0,8)**	**–**	**–**	**(0,8)**
Long-term borrowings – excluding Quince	**–**	**(11,0)**	**–**	**(11,0)**
Quince borrowings	**(691,5)**	**(699,9)**	**–**	**(1 391,4)**
Derivative instruments				
FECs (gross settled)	**(2,5)**	**–**	**–**	**(2,5)**
Interest rate swaps – Quince	**(48,2)**	**–**	**–**	**(48,2)**
Other	**(1,5)**	**–**	**–**	**(1,5)**
	(2 290,0)	**(711,8)**	**–**	**(3 001,8)**
2009				
Financial liabilities included in trade and other payables	(1 335,3)	(1,3)	(0,2)	(1 336,8)
Bank overdrafts and short-term portion of long-term borrowings – excluding Quince	(3,1)	–	–	(3,1)
Long-term borrowings – excluding Quince	–	(7,3)	(3,7)	(11,0)
Quince borrowings	(1 012,3)	(699,9)	–	(1 712,2)
Derivative instruments				
FECs (gross settled)	(7,5)	–	–	(7,5)
Interest rate swaps – Quince	–	(18,1)	–	(18,1)
Other derivative instruments (net settled)	(1,4)	–	–	(1,4)
	(2 359,6)	(726,6)	(3,9)	(3 090,1)

	Company			
	<1 year Rm	1 – 5 years Rm	> 5 years Rm	Total Rm
2010				
Financial liabilities included in trade and other payables	**(447,9)**	**–**	**–**	**(447,9)**
Bank overdrafts and short-term portion of long-term borrowings	**(2,4)**	**–**	**–**	**(2,4)**
Long-term borrowings	**–**	**(19,0)**	**(22,8)**	**(41,8)**
Amounts owing by subsidiaries	**(233,7)**	**–**	**(47,7)**	**(281,4)**
Derivative instruments				
FECs (gross settled)	**(0,6)**	**–**	**–**	**(0,6)**
	(684,6)	**(19,0)**	**(70,5)**	**(774,1)**
2009				
Financial liabilities included in trade and other payables	(362,1)	–	–	(362,1)
Bank overdrafts and short-term portion of long-term borrowings	(1,7)	–	–	(1,7)
Long-term borrowings	–	(14,9)	(29,3)	(44,2)
Amounts owing by subsidiaries	(142,4)	–	(47,7)	(190,1)
Derivative instruments				
FECs (gross settled)	(6,2)	–	–	(6,2)
	(512,4)	(14,9)	(77,0)	(604,3)

28. FINANCIAL INSTRUMENTS (continued)

The following table details the group's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	Group			
	<1 year Rm	1 – 5 years Rm	> 5 years Rm	Total Rm
2010				
Cash and cash equivalents – including Quince	**1 878,1**	**–**	**–**	**1 878,1**
Financial assets included in accounts receivable – excluding Quince	**1 616,1**	**–**	**–**	**1 616,1**
Quince accounts receivable	**646,3**	**821,7**	**–**	**1 468,0**
Other investments and loans	**494,3**	**39,3**	**5,1**	**538,7**
Derivative instruments				
FECs	**2,9**	**–**	**–**	**2,9**
Interest rate swaps – excluding Quince	**–**	**4,4**	**–**	**4,4**
NSN option	**299,2**	**–**	**–**	**299,2**
	4 936,9	**865,4**	**5,1**	**5 807,4**
2009				
Cash and cash equivalents – including Quince	1 700,7	–	–	1 700,7
Financial assets included in accounts receivable – excluding Quince	1 519,9	23,7	–	1 543,6
Quince accounts receivable	709,7	993,6	–	1 703,3
Other investments and loans	0,4	554,3	–	554,7
Derivative instruments				
FECs	30,6	–	–	30,6
Interest rate swaps – excluding Quince	–	–	0,6	0,6
Interest rate swaps Quince	–	9,9	–	9,9
NSN option	–	299,2	–	299,2
	3 961,3	1 880,7	0,6	5 842,6

	Company			
	<1 year Rm	1 – 5 years Rm	> 5 years Rm	Total Rm
2010				
Cash and cash equivalents	**283,0**	**–**	**–**	**283,0**
Financial assets included in accounts receivable	**327,9**	**–**	**–**	**327,9**
Amounts owing by subsidiaries	**–**	**326,4**	**–**	**326,4**
Other investments and loans	**494,3**	**44,0**	**–**	**538,3**
Interest in subsidiaries	**–**	**–**	**2 483,7**	**2 483,7**
Derivative instruments	**2,6**	**–**	**–**	**2,6**
NSN option	**299,2**	**–**	**–**	**299,2**
	1 407,0	**370,4**	**2 483,7**	**4 261,1**
2009				
Cash and cash equivalents	90,1	–	–	90,1
Financial assets included in accounts receivable	272,1	–	–	272,1
Amounts owing by subsidiaries	–	328,4	–	328,4
Other investments and loans	–	547,6	–	547,6
Interest in subsidiaries	–	–	2 424,4	2 424,4
Derivative instruments	10,9	–	–	10,9
NSN option	–	299,2	–	299,2
	373,1	1 175,2	2 424,4	3 972,7

28. FINANCIAL INSTRUMENTS (continued)

BORROWING CAPACITY

The borrowings of the group are limited in terms of the company's articles of association.

	Group		Company	
	2010 Actual Rm	2009 Actual Rm	**2010 Actual Rm**	2009 Actual Rm
Total long-term borrowings	**710,9**	710,9	**41,8**	44,2
Bank overdrafts and short-term portion of long-term borrowings	**0,8**	3,1	**2,4**	1,7
Quince short-term borrowings	**691,5**	1 012,3		
	1 403,2	1 726,3	**44,2**	45,9

The group's maximum borrowings in terms of the articles of association are R4 162,8 million (2009: R3 836,4 million).

The company's maximum borrowings in terms of the articles of association are R3 648,7 million (2009: R3 410,0 million).

CREDIT RISK

Credit risk refers to the risk of financial loss due to counterparties to financial instruments, including debtors, not meeting their contractual obligations. This risk is managed through ongoing credit evaluations of the financial condition of all customers. The granting of credit is controlled by application and credit vetting procedures which are updated and reviewed on an ongoing basis.

Where considered necessary, exports are covered by letters of credit and where appropriate, credit insurance is also obtained.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

	Group		Company	
	2010 %	2009 %	**2010 %**	2009 %
Total cash and cash equivalents, investments, accounts receivable and derivative instruments (net market value of these contracts), by geographic region exposed to:				
South Africa	**96,7**	96,1	**95,8**	92,6
Rest of Africa	**0,5**	1,4	**0,9**	6,2
Europe	**0,7**	0,7	**0,7**	0,3
Australasia	**1,1**	0,5	**1,4**	–
USA	**0,5**	0,4	**0,8**	0,2
Other	**0,5**	0,9	**0,4**	0,7
	100,0	100,0	**100,0**	100,0

The maximum exposure to credit risk of financial assets included in trade and other receivables before any impairment losses or credit enhancements and excluding any collateral held, classified into major risk types:

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
Trade and other receivables (including Quince)	**2 458,9**	2 380,2	**669,7**	300,2
Insured debtors	**150,6**	196,3	**77,7**	106,9
Contractors	**32,3**	13,8	**0,4**	0,4
Individuals/small businesses	**761,1**	756,3	**99,8**	70,9
Mines/large businesses/government and parastatals	**1 401,6**	1 354,2	**487,2**	118,6
Municipalities	**113,3**	59,6	**4,6**	3,4
Derivative contracts	**7,3**	41,1	**2,6**	10,9
Insured debtors	**–**	20,4	**–**	–
Individuals/small businesses	**0,4**	–	**0,3**	–
Mines/large businesses/government and parastatals	**6,9**	20,7	**2,3**	10,9
	2 466,2	2 421,3	**672,3**	311,1

28. FINANCIAL INSTRUMENTS (continued)

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The group has appointed a foreign currency management firm to manage its major currency exposures. A mandate is agreed with the firm from time to time which then manages the exposure within this mandate.

Forward exchange contracts at 30 September 2010 and 2009 are summarised below:

	Group			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2010				
Imports – trade				
USD	**(10,9)**	**(78,6)**	**(78,0)**	**(0,6)**
Euro	**(17,4)**	**(160,0)**	**(160,6)**	**0,6**
GBP	**(0,6)**	**(7,5)**	**(7,2)**	**(0,3)**
Yen	**(241,0)**	**(20,4)**	**(21,0)**	**0,6**
CHF	**(3,3)**	**(8,5)**	**(8,6)**	**0,1**
SEK	**(0,3)**	**(0,3)**	**(0,3)**	**–**
		(275,3)	**(275,7)**	**0,4**
Exports – trade				
Euro	**1,0**	**10,0**	**10,0**	**–**
		10,0	**10,0**	**–**
Total net forward exchange contracts		**(265,3)**	**(265,7)**	**0,4**

	Rm
Accounts payable in foreign currencies	**(249,0)**
Of which covered by forward exchange contracts	**223,1**
Accounts receivable in foreign currencies	**35,9**
Of which covered by forward exchange contracts	**(10,0)**

	Group			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2009				
Imports – trade				
USD	(11,3)	(86,2)	(89,2)	(3,0)
Euro	(14,2)	(158,2)	(161,6)	(3,4)
GBP	(0,5)	(6,2)	(6,4)	(0,2)
Yen	(178,2)	(15,1)	(15,7)	(0,6)
CHF	(0,6)	(4,5)	(4,7)	(0,2)
Imports – capital				
Euro	(0,2)	(1,7)	(1,7)	–
		(271,9)	(279,3)	(7,4)
Exports – trade				
USD	5,7	43,2	63,4	20,2
Euro	0,5	5,1	5,3	0,2
		48,3	68,7	20,4
Total net forward exchange contracts		(223,6)	(210,6)	13,0

	Rm
Accounts payable in foreign currencies	(214,6)
Of which covered by forward exchange contracts	204,0
Accounts receivable in foreign currencies	58,4
Of which covered by forward exchange contracts	(48,2)

28. FINANCIAL INSTRUMENTS (continued)

Forward exchange contracts at 30 September 2010 and 2009 are summarised below:

	Company			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2010				
Imports – trade				
USD	**(4,4)**	**(31,3)**	**(32,3)**	**1,0**
Euro	**(13,8)**	**(132,3)**	**(132,7)**	**0,4**
GBP	**(0,1)**	**(1,5)**	**(1,5)**	**–**
Yen	**(241,0)**	**(20,4)**	**(21,0)**	**0,6**
		(185,5)	**(187,5)**	**2,0**

	Rm
Accounts payable in foreign currencies	**(125,8)**
Of which covered by forward exchange contracts	**104,0**

	Company			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2009				
Imports – trade				
USD	(4,6)	(35,4)	(37,8)	(2,4)
Euro	(13,3)	(148,1)	(151,1)	(3,0)
GBP	(0,3)	(3,7)	(3,9)	(0,2)
Yen	(170,8)	(14,5)	(15,1)	(0,6)
CHF	(0,1)	(0,3)	(0,3)	–
		(202,0)	(208,2)	(6,2)

	Rm
Accounts payable in foreign currencies	(199,6)
Of which covered by forward exchange contracts	189,0

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the group's sensitivity to a 10% weakening (2009: 10% weakening) in the rand against the relevant foreign currencies. A 10% (2009: 10%) decrease represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and FECs and adjusts their translation at the year-end for a 10% change in foreign currency rates.

	Group		Company	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm
Profit/(loss) before tax impact				
USD	**24,4**	13,7	**13,9**	3,5
Euro	**12,2**	6,1	**10,9**	0,5
GBP	**0,6**	0,5	**0,1**	0,3
Yen	**(2,3)**	(1,6)	**(2,3)**	(1,6)
CHF	**2,3**	0,3	**(0,1)**	(0,1)
AUD	**6,3**	0,2	**2,9**	–
Profit before taxation	**43,5**	19,2	**25,4**	2,6
Taxation	**(12,2)**	(5,4)	**(7,1)**	(0,7)
Profit after taxation impact	**31,3**	13,8	**18,3**	1,9

28. FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group, excluding Quince, is exposed to interest rate risk as it operates on a net cash basis. Quince is financed out of this net cash and external borrowings at variable rates.

Quince receivables may either be fixed or variable rate instruments. When deemed necessary, Quince may enter into various interest rate instruments to mitigate the risk posed by financing fixed rate receivables with variable rate borrowings.

Details of the interest rate hedging instruments are:

	Group			
Contracts expiring in:	<1 year Rm	1 – 5 years Rm	> 5 years Rm	Total Rm
2010				
Contract value	–	1 430,8	32,6	1 463,4
	–	(43,8)	(1,5)	(45,3)
Derivative asset – excluding Quince	–	4,4	–	4,4
Derivative liability – Quince	–	(48,2)	(1,5)	(49,7)
Average fixed interest rate	–	8,3%	8,1%	
2009				
Contract value	–	850,0	39,6	889,6
	–	1,0	0,6	1,6
Derivative asset – excluding Quince	–	–	0,6	0,6
Derivative asset – Quince	–	19,1	–	19,1
Derivative liability – Quince	–	(18,1)	–	(18,1)
Average fixed interest rate	–	12,7%	10,5%	

The interest rate hedges settle on a quarterly basis. The floating rate on the interest rate hedge is the three-month JIBAR. The group will settle the difference between the fixed and floating interest rate on a net basis. The company has not entered into any interest rate hedging instruments.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

	Group				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
2010					
Assets					
Cash and cash equivalents – including Quince	5,2	1 876,3	–	1,8	1 878,1
Financial assets included in accounts receivable – excluding Quince	10,0	114,4	0,1	1 501,6	1 616,1
Quince accounts receivable	15,1	478,6	989,4	–	1 468,0
Other investments and loans	5,3	–	–	538,7	538,7
NSN option		–	–	299,2	299,2
		2 469,3	989,5	2 341,3	5 800,1
Liabilities					
Financial liabilities included in trade and other payables	8,0	(190,4)	–	(1 356,0)	(1 546,4)
Bank overdrafts and short-term portion of long-term borrowings – excluding Quince	6,5	(0,8)	–	–	(0,8)
Long-term borrowings – excluding Quince	–	–	–	(11,0)	(11,0)
Quince borrowings – long term	7,0	(699,9)	–	–	(699,9)
Quince borrowings – short term	6,5	(691,5)	–	–	(691,5)
		(1 582,6)	–	(1 367,0)	(2 949,6)
Net financial assets		886,7	989,5	974,3	2 850,5

28. FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK (continued)

Interest rate sensitivity analysis (continued)

	Group				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
2009					
Assets					
Cash and cash equivalents	6,7	1 700,7	–	–	1 700,7
Financial assets included in accounts receivable – excluding Quince	14,5	99,2	61,1	1 383,3	1 543,6
Quince accounts receivable	14,5	237,5	1 465,8	–	1 703,3
Other investments and loans	8,0	21,1	–	533,6	554,7
NSN option	–	–	–	299,2	299,2
		2 058,5	1 526,9	2 216,1	5 801,5
Liabilities					
Financial liabilities included in trade and other payables	10,0	(7,9)	–	(1 328,9)	(1 336,8)
Bank overdrafts and short-term portion of long-term borrowings – excluding Quince	8,1	(0,1)	(1,7)	(1,3)	(3,1)
Long-term borrowings – excluding Quince	8,4	(2,5)	–	(8,5)	(11,0)
Quince borrowings – long term	8,4	(699,9)	–	–	(699,9)
Quince borrowings – short term	8,1	(1 012,3)	–	–	(1 012,3)
		(1 722,7)	(1,7)	(1 338,7)	(3 063,1)
Net financial assets		335,8	1 525,2	877,4	2 738,4

The analyses are prepared assuming the amount of net assets outstanding at the balance sheet date was outstanding for the whole year. A 2% increase is used for both the current and prior year and represents management's assessment of the reasonable possible change in interest rates.

A 2% decrease would have the opposite effect on net profit after tax.

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

- If the group's interest rates had been 2% higher and all other variables remained constant, the group's profit after tax for the year ended 30 September 2010 would increase by R12,8 million (2009: decrease by R4,6 million). This is mainly attributable to the group's exposure to interest rates on its variable rate deposits.

28. FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK (continued)

Interest rate sensitivity analysis (continued)

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

	Company				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
2010					
Assets					
Cash and cash equivalents	5,2	283,0	–	–	283,0
Financial assets included in accounts receivable	7,9	9,1	–	318,7	327,8
Other investments and loans	–	–	–	3 022,1	3 022,1
Amounts owing by subsidiaries	5,8	108,3	–	218,1	326,4
NSN option	–	–	–	299,2	299,2
		400,4	–	3 858,1	4 258,5
Liabilities					
Financial liabilities included in trade and other payables	8,0	(184,1)	–	(263,8)	(447,9)
Bank overdrafts and short-term portion of long-term borrowings	10,5	–	(2,4)	–	(2,4)
Amounts owing to subsidiaries	7,3	(43,8)	(18,8)	(218,8)	(281,4)
Long-term borrowings	10,5	–	(41,8)	–	(41,8)
		(227,9)	(63,0)	(482,6)	(773,5)
Net financial assets/(liabilities)		172,5	(63,0)	3 375,5	3 485,0
2009					
Assets					
Cash and cash equivalents	6,7	90,1	–	–	90,1
Financial assets included in accounts receivable	–	–	–	272,1	272,1
Other investments and loans	8,0	21,1	–	2 950,9	2 972,0
Amounts owing by subsidiaries	–	–	–	328,4	328,4
NSN option	–	–	–	299,2	299,2
		111,2	–	3 850,6	3 961,8
Liabilities					
Financial liabilities included in trade and other payables	–	–	–	(362,1)	(362,1)
Bank overdrafts and short-term portion of long-term borrowings	11,0	–	(1,7)	–	(1,7)
Amounts owing to subsidiaries	–	–	–	(190,1)	(190,1)
Long-term borrowings	10,5	–	(44,2)	–	(44,2)
		–	(45,9)	(552,2)	(598,1)
Net financial assets/(liabilities)		111,2	(45,9)	3 298,4	3 363,7

If the company's interest rates had been 2% higher and all other variables remained constant, the company's profit after tax for the year ended 30 September 2010 would increase by R2,5 million (2009: increase by R1,6 million). This is mainly attributable to the company's exposure to interest rates on its variable rate deposits.

28. FINANCIAL INSTRUMENTS (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS (GROUP AND COMPANY)

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

The carrying amounts of rand denominated receivables approximate fair value because of the short-term nature of these instruments. The carrying amounts of foreign currency 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 Quince 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 their carrying values.

OTHER INVESTMENTS AND LOANS

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 cannot be determined as they have no repayment terms. These loans and minor unlisted share investments are assumed to have a carrying value that approximates fair value.

TRADE AND OTHER PAYABLES

The carrying amounts of accounts payable denominated in rand approximate fair value because of the short-term nature of these liabilities. 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 Quince short-term borrowings approximate fair value because of their short-term nature.

FORWARD EXCHANGE CONTRACTS

Fair value represents the foreign currency 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.

OPTIONS (GROUP AND COMPANY)

NSN

Refer to note 14.

POWERHOUSE/ATC TRANSACTIONS

The agreement with Powerhouse contains certain conditions which result in options for Reunert:

Upon the occurrence of certain events (for example, if Powerhouse ceases to be a BEE entity), Powerhouse will be deemed to have offered its equity for sale to Reutech Engineering Services (RES) (a wholly-owned subsidiary of Reunert). The purchase consideration payable by RES is dependent on whether the loan between Powerhouse and Reunert has been fully repaid or not. RES, therefore, has the option to acquire the shares Powerhouse holds in ATC under these circumstances.

A fair value for this option cannot be reliably determined, since the equity instrument does not have a quoted market price in an active market and other methods of reasonably estimating the fair value are at this stage inappropriate or unworkable.

29. ACQUISITIONS/TRANSFERS OF BUSINESSES

2010

Acquisition of Siemens Enterprise Communications

With effect from 1 November 2009 Reunert acquired the remaining 60% of the shares in Siemens Enterprise Communications (Pty) Limited (SEC).

SEC supplies and maintains Siemens PABX's to the South African market. This acquisition is expected to enhance Reunert's position in this market by covering sectors not supplied by its existing offering through the Panasonic brand.

The 60% stake cost R12,2 million, paid for in cash, and Reunert provided R168,1 million in loan finance to fund SEC's working capital on a short-term basis.

The goodwill of R31,2 million arising from the acquisition consists largely of the synergies and economies of scale expected from enhancing the group's PABX business. The company's name has subsequently changed to Nashua Communications (Pty) Limited.

Transfer of Fuchs division of Reutech

With effect from 1 October 2009, the net assets of the business of Fuchs division of Reutech Limited were acquired by Reunert Limited at its net book value of R83,0 million.

Acquisition of shares in Moshate Technology Holdings

With effect from 1 October 2009 Reunert Limited sold 20% of its investment in Reutech Limited to Moshate Technology Holdings (Pty) Limited in return for 100% of Moshate's preference share capital, issued at R100,0 million (refer to note 9.3).

Transfer of Pansolutions (Pty) Limited

With effect from 1 December 2009, the net assets of the business of Pansolutions (Pty) Limited were acquired by Reunert Limited at its net book value of R67,5 million.

Net assets acquired	A SEC Rm	B Fuchs Rm	C Pansolutions Rm	D SEC Rm	E Moshate Rm	(A) Group Rm	(B to E) Company Rm
Property, plant and equipment and intangible assets	23,7	12,2	2,4	–	–	23,7	14,6
Long-term accounts receivable (including short-term portion of R53,8 million)[1]	100,6	–	–	–	–	100,6	–
Deferred taxation	7,2	1,0	–	–	–	7,2	1,0
Goodwill	31,2	–	53,7	–	–	31,2	53,7
IFRS 3 profit on acquisition	(8,2)	–	–	–	–	(8,2)	–
Inventory	36,1	37,7	9,5	–	–	36,1	47,2
Accounts receivables[1]	56,4	67,5	29,0	–	–	56,4	96,5
Other receivables	7,1	24,5	0,3	–	–	7,1	24,8
Taxation	6,2	–	–	–	–	6,2	–
Payables and provisions	(80,0)	(59,9)	(27,4)	–	–	(80,0)	(87,3)
Short-term borrowings	(168,1)	–	–	–	–	(168,1)	–
Shares purchased	–	–	–	12,2	100,0	–	112,2
Cost of investment	12,2	83,0	67,5	12,2	100,0	12,2	262,7

[1] *Refer to next page for additional disclosure.*

29. ACQUISITIONS/TRANSFERS OF BUSINESSES (continued)

2010

	A SEC Rm	B Fuchs Rm	C Pansolutions Rm	D SEC Rm	E Moshate Rm	(A) Group Rm	(B to E) Company Rm
Profit since acquisition	32,3	(2,8)	5,3	–	–	32,3	2,5
Revenue for the 12 months ended 30 September 2010 as though the acquisition date had been 1 October 2009	454,5	149,9	155,1	–	–	454,5	305,0
Profit/(loss) for the 12 months ended 30 September 2010 as though the acquisition date had been 1 October 2009	20,2	(2,8)	8,5	–	–	20,2	5,7
Acquisition date fair value of the equity interest held immediately prior to 1 November 2009	8,2	–	–	–	–	8,2	–
Gain recognised as a result of remeasuring to fair value the equity interest held before 1 November 2009	8,2	–	–	–	–	8,2	–
[1] Gross contractual amounts of accounts receivable at acquisition date	176,5	67,6	30,4	–	–	176,5	98,0
[1] The best estimate of contractual cash flows of accounts receivable not expected to be received	19,5	0,1	1,4	–	–	19,5	1,5

29. ACQUISITIONS/TRANSFERS OF BUSINESSES (continued)

2009

Acquisition of Blue Lake Investments

With effect from 1 October 2008 Nashua Mobile purchased 75% of the business of Blue Lake Investments which is involved in least cost routing.

The company was valued at R28,0 million. Nashua Mobile has provided R21,0 million in loan finance and the non-controlling shareholder has provided R7,0 million.

Acquisition of Nashua franchise

With effect from 1 July 2009 Nashua Holdings has acquired a 60% share in the Nashua Central franchise. Quince provided R43,4 million in loan finance.

Nashua Holdings contributed R3,0 million and the minority shareholders R2,0 million of equity.

Net assets acquired	A Blue Lake Rm	B Nashua Central Rm	(A and B) Group Rm
Property, plant and equipment	–	1,4	1,4
Intangible assets	8,7	3,2	11,9
Goodwill	19,3	25,2	44,5
Inventory	–	9,7	9,7
Accounts receivable	–	14,3	14,3
Payables and provisions	–	(5,4)	(5,4)
Shareholder's loan	(7,0)	–	(7,0)
Cost of investment	21,0	48,4	69,4
Profit since acquisition	4,9	2,9	7,8
Revenue for the full year ended 30 September 2009 as though the acquisition date had been 1 October 2008	25,5	133,1	158,6
Profit for the full year ended 30 September 2009 as though the acquisition date had been 1 October 2008	4,9	14,7	19,6

No acquisitions were made by the company in 2009.

30. TRANSFER OF BUSINESSES

2010

Transfer of cellphone repair centre

With effect from 1 January 2010, the net assets and business of the cellphone repair centre were transferred from the Fuchs division of Reunert Limited to the Reutech Solutions division of Reutech Limited at its net book value of R5,2 million.

Transfer of airconditioning business

With effect from 1 November 2009, the net assets and business of the Panasonic airconditioning business were transferred from the Pansolutions division of Reunert Limited to the Reutech Solutions division of Reutech Limited at its net book value of R12,8 million.

Net assets transferred	A Cellphone repair centre Rm	B Air-conditioning business Rm	(A and B) Company Rm
Property, plant and equipment and intangible assets	(1,7)	–	(1,7)
Inventory	(1,5)	(13,2)	(14,7)
Accounts receivable	(2,7)	(4,2)	(6,9)
Payables and provisions	0,7	4,6	5,3
Transfer value	(5,2)	(12,8)	(18,0)

No disposals were made by the group in 2010 or 2009.

No disposals or transfers were made by the company in 2009.

Unconsolidated subsidiary – Annexure A

CAFCA

The financial statements of Cafca, a company incorporated in Zimbabwe, have not been consolidated in the group financial statements as the directors believe there is a lack of control as defined in IAS 27 *Consolidated and Separate Financial Statements* and the amounts involved are not material to the group.

	%
Effective holding (held via ATC)	71,5
Attributable Reunert group holding	64,3

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

	30 June 2010 US$'000	30 June 2009[1] US$'000
INCOME STATEMENT		
Revenue	12 029,2	1 906,0
Operating profit	1 099,2	145,3
Net finance income	(81,5)	0,3
Profit before taxation	1 017,7	145,6
Taxation charge	(394,0)	(47,4)
Profit after taxation	623,8	98,3
OTHER COMPREHENSIVE INCOME		
Gain on revaluation of property, plant and equipment	1 239,3	–
Total comprehensive income for the year	1 863,0	98,3
Profit attributable to Reunert shareholders (Rm)	–	–

[1] *The comparative numbers are for the six months ended 30 June 2009 as the Zimbabwean government adopted the US dollar as its official currency in 2009 and prior to that the exchange rate made meaningful comparison impossible.*

	30 June 2010 US$'000	30 June 2009[1] US$'000
BALANCE SHEET		
ASSETS		
Non-current assets	4 512,9	3 204,8
Current assets		
Inventory	2 481,4	1 528,3
Accounts receivable	2 616,5	431,1
Cash	117,1	82,7
	5 215,0	2 042,1
TOTAL ASSETS	9 727,9	5 246,9
EQUITY AND LIABILITIES		
Share capital and reserves	5 921,9	4 939,7
Non-current liabilities	1 097,6	–
Current liabilities	2 708,4	307,2
	3 806,0	307,2
TOTAL EQUITY AND LIABILITIES	9 727,9	5 246,9

At 30 June 2010 the retained earnings amounted to US$0,7 million.

Principal subsidiaries – Annexure B

at 30 September

	Issued capital R (unless otherwise stated)	Effective percentage holding 2010 %	2009 %	Interest of holding company Shares 2010 Rm	Shares 2009 Rm	Indebtedness 2010 Rm	Indebtedness 2009 Rm
CBI-ELECTRIC							
CBI-electric: energy cables							
Afcab Holdings (Pty) Limited‡	4 000	**100**	100	**67,7**	67,7	**34,4**	34,3
African Cables Limited	9 886 098	**100**	100	**–**	–	**–**	–
ATC (Pty) Limited	845 010	**89,9**	89,9	**48,0**	48,0	**–**	(53,6)
Reutech Engineering Services (Pty) Limited	64 000	**100**	100	**1,7**	1,7	**174,5**	174,5
CBI-electric: low and medium voltage							
Circuit Breaker Industries GmbH (incorporated in Germany)	Euro 25 565	**100**	100	**–**	–	**–**	0,3
Circuit Breaker Industries Inc. (incorporated in USA)	$50 000	**100**	100	**–**	–	**–**	17,7
Circuit Breaker Industries Lesotho (Pty) Limited (incorporated in Lesotho)	Moloti 1 000	**100**	100	**–**	–	**(56,1)**	(31,2)
Circuit Breaker Industries Qwa Qwa (Pty) Limited	200	**100**	100	**–**	–	**(7,6)**	(7,5)
Circuit Breaker Industries Limited	46	**100**	100	**–**	–	**(23,9)**	(12,7)
Heinemann Electric (incorporated in Australia)	AUD 2	**100**	100	**–**	–	**–**	24,4
Heinemann Holdings Limited	35 000	**100**	100	**16,4**	16,4	**(4,5)**	(4,5)
CBI-electric: telecom cables							
CBI-electric Aberdare ATC Telecom Cables (Pty) Limited	378	**45**	45	**–**	–	**–**	–
NASHUA							
Nashua Electronics							
Futronic (Pty) Limited	100	**100**	100	**–**	–	**–**	0,7
NPC (Airconditioning) Limited	200 000	**100**	100	**2,2**	2,2	**–**	(0,4)
NPC (Electronics) Limited	33 000	**100**	100	**0,2**	0,2	**–**	(4,8)
Pansolutions (Pty) Limited	900	**100**	100	**0,2**	0,2	**(4,9)**	5,6
Pansolutions Holdings Limited	100	**100**	100	**45,0**	45,0	**(52,9)**	(48,6)
Nashua Mobile							
Nashua Mobile (Pty) Limited	9 741 983	**100**	100	**267,8**	267,8	**–**	(1,4)
Blue Lake Telecoms (Pty) Limited	10 000	**75**	75	**–**	–	**–**	–
Nashua Office Automation							
Acuo Technologies (Pty) Limited	4 000	**100**	100	**–**	–	**42,9**	32,5
Algoa Office Automation (Pty) Limited	200	**51**	51	**–**	–	**–**	1,4
Circular Drive Property (Pty) Limited	200	**51**	51	**–**	–	**–**	–
Classic Number Trading 80 (Pty) Limited	100	**51**	51	**–**	–	**–**	–
Kopano Copier Company (Pty) Limited	1 100	**74**	74	**–**	–	**15,9**	13,9
Nashua Connect (Pty) Limited[1]	1 000	**100**	100	**–**	–	**39,0**	27,1
Nashua Holdings (Pty) Limited	2	**100**	100	**–**	–	**18,6**	28,1
Nashua Limited	947 794	**100**	100	**6,3**	6,3	**(18,8)**	(13,4)
Royce Imaging Industries (Pty) Limited	100	**100**	100	**–**	–	**(2,9)**	(2,8)
Santogyn (Pty) Limited	100	**60**	60	**–**	–	**–**	–
Zevoli 151 (Pty) Limited	100	**51**	51	**–**	–	**–**	2,3
Nashua Communications (Pty) Limited	100	**100**	40	**12,2**	–	**–**	–
Quince							
Quince Capital Holdings Limited	794 919	**100**	100	**812,7**	812,7	**–**	–
Quince Capital (Pty) Limited	694	**100**	100	**–**	–	**0,3**	(14,1)

	Issued capital R (unless otherwise stated)	Effective percentage holding 2010 %	2009 %	Interest of holding company Shares 2010 Rm	Shares 2009 Rm	Indebtedness 2010 Rm	Indebtedness 2009 Rm
REUTECH							
Reutech Limited	30 000 000	**80**	100	**4,0**	5,0	**–**	–
Fuchs Electronics							
Fuchs Electronics (Pty) Limited	50 000	**100**	100	**–**	–	**(7,2)**	–
Reutech Defence Industries (Pty) Limited	600 000	**100**	100	**0,3**	0,3	**–**	0,4
Reutech Communications							
Reutech Communications (Pty) Limited	2	**100**	100	**–**	–	**–**	–
Reutech Radar Systems							
Reutech Radar Systems (Pty) Limited	200	**100**	100	**42,5**	42,5	**–**	–
Reutech Solutions							
Reutech Solutions (Pty) Limited	2 000	**100**	100	**14,6**	14,6	**–**	–
Saco Systems (Pty) Limited	96 000	**100**	100	**–**	–	**(0,1)**	(0,1)
Saco Systems Limited (incorporated in UK)	£1 000	**100**	100	**–**	–	**–**	–
RC&C Manufacturing							
RC&C (Parow Factory) Properties (Pty) Limited	2	**100**	100	**0,5**	0,5	**–**	–
RC&C Manufacturing Company (Pty) Limited	100	**100**	100	**–**	–	**–**	(2,7)
INVESTMENTS AND SERVICES							
Reunert Finance Company Limited	4 000 000	**100**	100	**4,0**	4,0	**(89,8)**	(15,6)
Reunert Management Services Limited	4 000	**100**	100	**–**	–	**(0,7)**	1,0
Sundry companies				**3,3**	3,3	**(11,2)**	(12,5)
Investment in terms of a broad-based share-based payment transaction encompassing group employees[2]				**44,5**	44,5	**–**	–
SPECIAL PURPOSE ENTITIES							
Bargenel Investments Limited[3]				**1 112,4**	1 112,4	**–**	–
Moshate Technology Holdings (Pty) Limited[4]				**100,0**		**–**	–
				2 606,5	2 495,3	**45,0**	138,3
Owing by (net)				**45,0**	138,3		
Provision for losses				**(122,8)**	(124,2)		
Interest in subsidiaries				**2 528,7**	2 509,4		

[1] *Reunert Limited has subordinated its loan accounts with these subsidiaries for a period of one year from the signature date of the annual financial statements or until the assets of the subsidiaries, fair valued, exceed its liabilities.*

[2] *In terms of IFRIC 11 – Group and Treasury Share Transactions, the share premium of R83,80 per share on the 530 900 shares issued has been allocated to Reunert's investment in subsidiaries.*

[3] *Reunert owns Bargenel's entire issued cumulative "A" preference shares (1 112 405 shares of R0,01 each, issued at a premium of R999,99 per share). Reunert sold its investment in Bargenel's ordinary shares in 2007.*

[4] *Reunert owns Moshate's entire issued cumulative "A" preference shares (100 000 000 shares of R0,01 each, issued at a premium of R0,99 per share).*

Share ownership analysis

at 30 September

	Ordinary shares			
	2010		2009	
	Number of shares (millions)	%	Number of shares (millions)	%
Major holdings through managers in excess of 5%				
Public Investment Commissioners (SA)	**22,5**	**11,4**	23,6	12,0
Stanlib Asset Manager	**15,5**	**7,9**	5,7	2,9
Old Mutual Investment Group SA	**11,8**	**6,0**	25,1	12,7
Abax Investments	**11,6**	**5,9**	8,4	4,2
Investec Asset Management	**10,7**	**5,4**	16,0	8,1

	Ordinary shares		5,5% cumulative preference shares	
	Number of shareholders	% shareholding	Number of shareholders	% shareholding
Shareholder spread				
Public shareholders	13 705	87,3	44	71,2
Non-public shareholders	10	12,7	2	28,8
– Total directors	6	0,5		
– Reunert Share Option Trust	1	1,6		
– Reunert Staff Share Trust	1	0,2		
– Bargenel[1]	1	9,4		
– Nashua Mobile (Pty) Limited[2]	1	1,0		
– Old Sillery (Pty) Limited			1	15,0
– G Boerstra			1	13,8
	13 715	100,0	46	100,0

	Ordinary shares (millions)	%	5,5% cumulative preference shares (thousands)	%
Beneficial holdings in excess of 5% of issued share capital				
Government Employees Pension Fund	31,9	16,1		
Bargenel[1]	18,5	9,4		
Liberty Life Association of Africa	12,7	6,4		
Old Sillery (Pty) Limited			52,5	15,0
G Boerstra			48,4	13,8
The Richardson Trust			31,9	9,1
DF Foster			24,4	7,0
GR St George			21,8	6,2
J Fisher			19,9	5,7
JW Lfa			18,2	5,2

[1] *BEE shares (refer to note 19).*

[2] *Treasury shares (refer to note 19).*

Shareholders' diary

REPORTING

Annual general meeting	Tuesday, 8 February 2011
Financial year-end	Friday, 30 September 2011
Announcement of interim results for 2011	Wednesday, 18 May 2011
Announcement of final results for 2011	Tuesday, 15 November 2011
Annual report for 2011 posted by	Thursday, 15 December 2011

CASH DIVIDENDS

Final for 2010

Ordinary shares

Declared	Tuesday, 16 November 2010
Last date to trade (cum dividend)	Friday, 14 January 2011
First date of trading (ex dividend)	Monday, 17 January 2011
Record date	Friday, 21 January 2011
Payment date	Monday, 24 January 2011

Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 17 January 2011 and Friday, 21 January 2011, both days inclusive.

5,5% cumulative preference shares

Declared	Friday, 31 December 2010
	Thursday, 30 June 2011
Payable	Monday, 31 January 2011
	Friday, 29 July 2011

Please note that the reporting dates are subject to change

Currency conversion table

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

	2010	2009
US dollar	**0,1435**	0,1322
Pound sterling	**0,0910**	0,0826
Swiss franc	**0,1402**	0,1375
Japanese yen	**11,9521**	11,8858
Euro	**0,1049**	0,0905
Australian dollar	**0,1481**	0,1499

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

Notice is hereby given that the ninety-seventh annual general meeting of shareholders of Reunert Limited will be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, on Tuesday, 8 February 2011 at 09:00 for the following purposes:

1. To receive and consider the audited group annual financial statements for the year ended 30 September 2010.

2. To elect:

2.1 Mr NC Wentzel, who was appointed chief executive of the group on 1 August 2010, is required to retire in terms of the company's Articles of Association and being eligible, offers himself for election.

2.2 Ms YZ Cuba, who has been appointed to the board from 1 January 2011, is required to retire in terms of the company's Articles of Association and being eligible, offers herself for election.

3. To re-elect the following directors:

3.1 Mr BP Gallagher who retires in terms of the company's Articles of Association and being eligible, offers himself for re-election.

3.2 Mr SD Jagoe who retires in terms of the company's Articles of Association and being eligible, offers himself for re-election.

3.3 Ms NDB Orleyn who retires in terms of the company's Articles of Association and being eligible, offers herself for re-election.

A brief curriculum vitae in respect of each director referred to above appears on pages 28 to 30 of the annual report.

4. To determine the remuneration of non-executive directors with effect from 1 March 2011 in accordance with the company's Articles of Association as follows:

	Proposed per annum	Number of meetings	Proposed fee per additional meeting
Chairman	R720 000[1]	4	R30 000[2]
Non-executive directors	R132 000	4	R15 000[2]
Audit committee chairman*	R150 000	3	R15 000[3]
Audit committee member*	R86 000	3	R15 000[3]
Remuneration committee chairman	R75 000	2	R15 000[4]
Remuneration committee member	R55 000	2	R15 000[4]
Nomination committee chairman	R63 000	2	R15 000[5]
Nomination committee member	R55 000	2	R15 000[5]
Risk committee chairman*	R63 000	3	R15 000[6]
Risk committee member*	R55 000	3	R15 000[6]

[1] *The chairman's fee is on an all-inclusive basis.*
[2] *Only for an additional board meeting.*
[3] *Only for an additional audit committee meeting.*
[4] *Only for an additional remuneration committee meeting.*
[5] *Only for an additional nomination committee meeting.*
[6] *Only for an additional risk committee meeting.*

* *From 2011 the audit and risk committee will operate separately as the audit committee and as the risk committee. The risk committee will be constituted in February 2011.*

5. To re-appoint Deloitte & Touche as independent registered auditor of the company and to note that the individual designated auditor who will undertake the audit during the financial year ending 30 September 2011 is Ms Manuela Krog.

6. ORDINARY RESOLUTION NO 1 (Reservation of shares for the purposes of the Reunert 1985 Share Option Scheme)

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

"That 1 474 600 (one million four hundred and seventy-four thousand six hundred) 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 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."

7. ORDINARY RESOLUTION NO 2 (Reservation of shares for the purposes of the Reunert 2006 Share Option Scheme)

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

"That 750 000 (seven hundred and fifty thousand) 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 2006 Option Scheme and that the directors be and are hereby specifically authorised to allot and issue those shares in terms of the scheme for the purposes of the Reunert 2006 Option Scheme."

8. ORDINARY RESOLUTION NO 3 (Non-binding advisory vote on the remuneration policy of the company)

"Resolved that in terms of the recommendations of the King Code of Governance for South Africa, 2009 (King III), the remuneration policy of the company as set out on pages 39 to 41 of this report be and is hereby adopted."

9. ORDINARY RESOLUTION NO 4 (Election of audit committee members)

"That the shareholders elect, each by way of a separate vote the following independent non-executive directors as members of the Reunert audit committee:

9.1 SD Jagoe

9.2 KW Mzondeki

9.3 R van Rooyen"

10. SPECIAL RESOLUTION NO 1

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, No 61 of 1973, as amended (the Companies Act) 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 and the Listings Requirements of the JSE Limited (JSE), when applicable, and provided that:

- the general repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counterparty (reported trades are prohibited);
- this general 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;
- any such repurchase be implemented on the open market of the JSE;
- at any point in time, the company only appoints one agent to effect any repurchase(s) on its behalf;

- the company or its subsidiaries are not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- 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, an announcement will be made;
- the general repurchase(s) 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 beginning of the financial year 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 at the relevant times;
- 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 no higher than 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 directors undertake that they will not effect a general repurchase of shares unless, for a period of 12 (twelve) months following the date of such repurchase;
  - the company and the group will, after payment for such repurchase, be able to repay their debts in the ordinary course of business;
  - the company's and the group's assets, fairly valued according to International Financial Reporting Standards and on a basis consistent with the last financial year of the company, will, after payment for such repurchase, exceed the liabilities of the company and the group;
  - the company's and the group's share capital and reserves will, after payment for such repurchase, be adequate for ordinary business purposes; and
  - the available working capital of the company and the group will, after payment for such repurchase, be adequate for ordinary business purposes.
- the sponsor to the company provides a letter on the adequacy of working capital of the company and the group in terms of section 2.12 of the JSE Listings Requirements prior to any repurchases being implemented on the open market of the JSE.

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 ordinary shares in itself, or to permit a subsidiary of the company to purchase ordinary shares in the company."

11. SPECIAL RESOLUTION NO 2

To consider and, if deemed fit, to pass, with or without modification, the following resolution as a special resolution:

"That the company's Articles of Association be amended to include the following clause, 98 (1) under Payment of Dividends:

Dividend cheques amounting to less than R50,00 (fifty) due to any one holder of the company's shares, will not be paid, unless otherwise requested in writing, but will be suppressed and retained in the company's unclaimed dividend account and once the accumulated amount exceeds R50,00, such payments may be claimed by shareholders by submitting a written claim."

The reason for and the effect of this resolution is to minimise the threat of fraud syndicates targeting low-value cheque payments.

12. ORDINARY RESOLUTION NO 5 (Signature of documents)

"That any one director or the secretaries of the company be and they are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in the notice convening this annual general meeting at which this ordinary resolution will be considered."

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 27 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.

Reunert commenced buying back its shares in the open market in August 2010 and ceased buying when the group entered its closed period at the end of September 2010. Reunert will recommence its share buying selectively after the announcement of its results on 17 November 2010.

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	pages 27 to 30;
– Management	pages 15, 17 and 19;
– Major shareholders of Reunert	page 112;
– Directors' interests in securities	page 54 and note 24;
– Share capital of the company	note 19;
– Litigation statement	page 50; and
– Material change	page 50.

VOTING AND PROXIES

A shareholder 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 shareholder of the company. For the convenience of registered shareholders of the company, a form of proxy is enclosed herewith. Proxy forms must be forwarded to reach the share transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, Johannesburg) so as to be received by them not later than 24 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays).

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

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.

Shares held by a share trust or scheme will not have their votes at annual general meetings taken into account for the purposes of the resolutions proposed in terms of the JSE Listings Requirements.

By order of the board

Reunert Management Services Limited
Company secretaries
Sandton

16 November 2010

CHANGE OF ADDRESS AND BANKING DETAILS

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

Proxy form

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

REUNERT
REUNERT LIMITED

Only to be completed by those shareholders who are:
- **holding Reunert ordinary shares in certificated form; or**
- **are recorded on the electronic subregister in "own name" dematerialised form.**

I/We (full names) ________________________________

of (address) ________________________________

being a registered holder/s of ________________ ordinary shares in the company, hereby appoint:

1. ________________________________ or failing him/her

2. ________________________________ or failing him/her

3. ________________________________ or failing him/her

the chairman of the meeting as my/our proxy to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the annual general meeting of the company to be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, Sandton, on 8 February 2011 at 09:00 or at any adjournment thereof.

I/We desire to vote as follows:

	For*	Against*	Abstain*
1. Adopt annual financial statements			
2. Election of directors:			
2.1 Mr NC Wentzel			
2.2 Ms YZ Cuba			
3. Re-election of directors:			
3.1 Mr BP Gallagher			
3.2 Mr SD Jagoe			
3.3 Ms NDB Orleyn			
4. Remuneration of non-executive directors			
5. Re-election of the independent auditor(s)			
6. Ordinary resolution No 1 Reservation of shares for the purposes of the 1985 Reunert Share Option Scheme			
7. Ordinary resolution No 2 Reservation of shares for the purposes of the Reunert 2006 Option Scheme			
8. Ordinary resolution No 3 Approval of the executive remuneration policy			
9. Ordinary resolution No 4 Election of audit committee members			
9.1 SD Jagoe			
9.2 KW Mzondeki			
9.3 R van Rooyen			
10. Special resolution No 1 General authority to repurchase shares			
11. Special resolution No 2 Amendment to Articles of Association			
12. Ordinary resolution No 5 Signature of documents			

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

Signed this ____________ day of ____________ 20____

Signature ____________ Number of shares ____________

Notes to the proxy

1. A shareholder 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 (Pty) Limited, 70 Marshall Street, Johannesburg 2001, Republic of South Africa, not 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.

Corporate administration and information

REUNERT LIMITED
(Incorporated in the Republic of South Africa)

ISIN: ZAE000057428
Short name: REUNERT
JSE code: RLO
Currency: ZAR
Registration number: 1913/004355/06
Founded: 1888
Listed: 1948
Sector: Electronic and electrical equipment

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

GROUP SECRETARY AND ADMINISTRATION
Reunert Management Services Limited
Lincoln Wood Office Park
6 – 10 Woodlands Drive
Woodmead 2191
Sandton
South Africa

GE Field
CA(SA)
Financial director
Reunert Management Services Limited
Email: grahamf@reunert.co.za

JAF Simmonds
ACIS, HDip Tax Law (Wits)
Directly responsible for secretarial matters
Email: johns@reunert.co.za

Telephone: +27 11 517 9000
Telefax: +27 11 517 9035

SHARE TRANSFER SECRETARIES
Computershare Investor Services (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 2191
South Africa

Telephone: +27 11 806 5000
Telefax: +27 11 806 5003

SPONSOR
Rand Merchant Bank (A division of FirstRand Bank Limited)

PRINCIPAL BANKERS
Nedbank Limited
Standard Corporate and Merchant Bank

CORPORATE AND SUSTAINABILITY INFORMATION AND INVESTOR RELATIONS
Carina de Klerk
BA Comm, PGL4
Communication and investor relations manager

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

BASTION GRAPHICS

REUNERT

REUNERT LIMITED

www.reunert.co.za
www.reunert.com

Reunert Limited

Physical address:
Lincoln Wood Office Park
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