The **CBI-electric** group of companies performed commendably this year, returning satisfactory financial results and a much stronger focus on environmental and social impacts. Revenue increased by 9% to R3 634 million due to strong demand for certain electrical products as well as increased exports.

PERFORMANCE INDICATORS		2012	2011	2010
Economic				
Revenue	Rm	3 634	3 336	2 961
Operating profit	Rm	593	592	521
Total assets	Rm	1 515	1 581	1 495
Capital expenditure	Rm	21	30	23
Environmental				
Petrol and diesel consumption	kl	655	720	747
Electricity consumption	MWh	41 874	42 066	42 738
Water consumption	Ml	201	210	219
CO_2e	t	50	48	(*)
Social				
Total number of employees		2 491	2 541	2 908
Work-related fatalities		0	0	0
Staff turnover	%	4	(*)	(*)
Training spend	Rm	6,1	3,3	2,5
Community investments	Rm	5,3	4,9	3,6
Enterprise development spend	Rm	18,3	15,4	11,3

(*) Reliable measure not available for previous periods.

Most market segments remained challenging. Domestic, industrial and mining investment was limited and the roll-out of state infrastructural spend failed to live up to expectations.

Most encouragingly, all companies maintained market share and remained strongly cash generative despite vigorous new competition. In the case of CBI-electric: Low Voltage this new competition manifested itself in the form of illegal and potentially hazardous imitations and it was necessary to defend the CBI-electric brand.

Considerable effort was put into creating new markets and offering customers value-added services. This generated additional income at satisfactory margins and had the added benefit of cementing customer relationships. Of particular significance is the fact that new export opportunities for a variety of products and services were exploited.

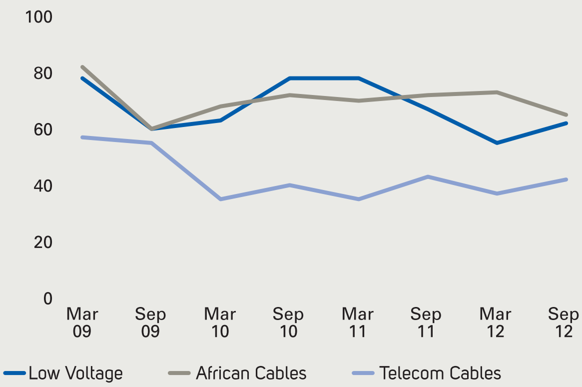
Above inflation electricity and water cost increases required a strong focus on cost containment and pleasing results were achieved in the business's consumption of these key inputs.

Despite ongoing challenging market conditions the financial health of the business was such that CBI-electric was able to increase its community and enterprise development spend, which this year reached a record R18,3 million.

The retention of technical skills is an ongoing challenge to the sustainability of our businesses. This year expenditure on training more than doubled over FY2011 and various initiatives were implemented to secure and up-skill new talent.

All indications are that in the future the South African public sector will invest significantly larger amounts in electricity and telecommunications infrastructure. The CBI-electric companies are well positioned to exploit these new opportunities and to increase the utilisation of installed capacity.

%: CBI-electric factory capacity utilisation



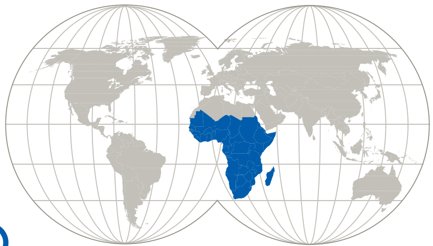
2012 Focus areas	Status update	2013 Focus areas
Increase value-added services	Acquisition of Tank Industries provided an expanded product range and services	• Establish CBI-electric as the local supplier of choice for R18 billion South African spend on renewable energy roll-out • Increase export activity into Africa, Europe and the USA • Participate actively in Eskom and Transnet expansion plans
Explore business opportunities in Africa and Australia	Exports grew but other opportunities proved challenging. ITmatic's performance was disappointing	
Continued improvement of operational efficiencies	Continued focus on operational efficiencies but competitive environment impacted on profit margin	

African Cables

Alan Dickson (42)

Managing director // CBI-electric
(African Cables and Low Voltage)

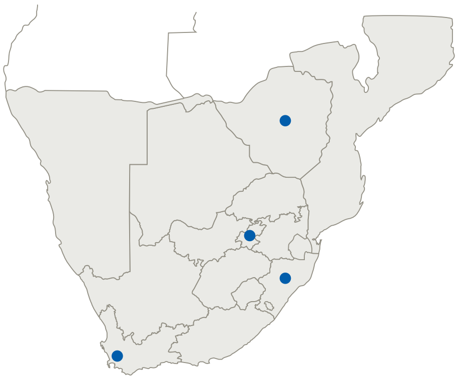
MSc (Eng), MBA / Appointed to the group in 1997



OPERATIONAL AREAS

Operates throughout South Africa with manufacturing facilities in Vereeniging and Cape Town and regional facilities in the Western Cape and KwaZulu-Natal.

The company has access to a manufacturing facility in Harare, Zimbabwe, through its subsidiary Cafca. Products are sold throughout sub-Saharan Africa and the Indian Ocean islands.



African Cables succeeded in maintaining market share in the face of strong local and international competition. The entity acted on a number of new growth opportunities that resulted in improved revenues and profitability.

The challenging market conditions were characterised by a slower-than-expected roll-out of state infrastructure, constrained spend in the mining sector and low levels of residential and commercial property development. These conditions were largely offset by the continued success of the services business and the acquisition of cable accessories business, Tank Industries, which resulted in an overall positive result. African Cables secured a number of long-term tenders, which provides a predictable future base of income.

Margins remained under pressure as strong local and international competition persisted. The company continued its strong focus on operational costs and working capital. Cash generation remained strong despite electricity and labour increases that were above inflation and which were offset by efficiency improvements in both these areas.

Initiatives to have the local cable industry designated a preferred supplier for state-owned entities are progressing and should assist in maintaining local manufacturing capabilities.

African Cables continues to invest in research and development, and this year launched a patented anti-cable theft product that will be marketed under the CBiD brand. A number of high-profile customers are already using the product.

The optimal usage of natural resources continued to be a focus area. The year delivered a 10% improvement on recycled water and the implementation of an energy-efficiency project to deliver 668 MWh of annual electricity savings.

The company retained its Level 2 BBBEE rating and gained value-added status, remaining a market leader in this respect.

Local market volumes in the year ahead are expected to improve slightly as greater state expenditure is anticipated and the Department of Energy's renewable energy construction programme is likely to commence. The company is well positioned to take advantage of this demand in the cable, accessory and project businesses.

MARKET SECTORS

Services various market sectors including telecoms, mining, utilities, commercial, contracting and industrial sectors. Clients include Eskom and major municipalities; gold, platinum and coal mines; Sasol, ArcelorMittal and other major industrial players.

STANDARDS & VERIFICATIONS

- ISO 9001: 2008; ISO 14001
- IRCA 5 Star, OHSAS 18001
- IRCA Cap 8 Star intellectual property rights

MAJOR AWARDS RECEIVED

Construction Industry Development Board (CIDB) – 9EP, which entitles the operation to tender on projects valued in excess of R100 million.

TRADEMARKS

Zerotox CBiD (cable theft prevention system).

BBBEE SCORECARD

2011 BBBEE LEVEL 2

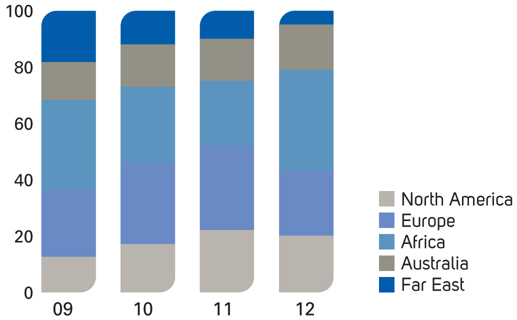
2012 TARGET 2

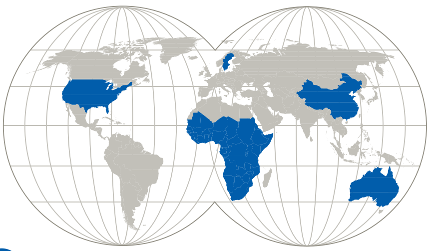
Target achieved

Low Voltage

CBi electric low voltage

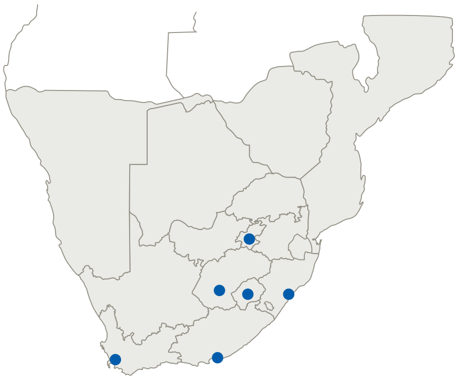
%: Low Voltage export sales by region





OPERATIONAL AREAS

The main manufacturing facility is based in Elandsfontein, Gauteng, with an assembly plant in Lesotho. Service branches are based in Cape Town, Durban, Bloemfontein and Port Elizabeth. Export markets are served by subsidiaries in Australia and the USA.



Subdued market conditions locally and a weaker rand saw export sales improve from 29% to 33% of total revenue.

The slow-down in the South African economy marginally reduced volumes in the domestic market. However, it is pleasing that the operation regained market share in the residential and commercial sectors with bundled product offerings. Increased sales efforts into the continent resulted in record sales to Africa. Improved service levels to the mining sector also yielded positive results.

The unit's Australian subsidiary and ITmatic were the largest contributors to export revenue. The majority of the ITmatic division's business is currently from Sierra Leone, Madagascar and Zambia.

The introduction of energy-efficient Panasonic airconditioning products and the planned introduction of heat-pump technology in the new year will complement our existing solutions' offering to the industrial and commercial markets.

The influx of counterfeit miniature circuit breakers and earth protection units, sold by distributors, wholesalers and retail outlets was disconcerting. Tests revealed that these counterfeit products failed in virtually all safety aspects. The division has worked with the Department of Trade & Industry and Customs & Excise on this matter and we are pleased to report that there are currently five criminal court proceedings in progress against distributors of the counterfeit products.

A unionised labour force emerged in Lesotho this year, which culminated in a two-week strike during February. A multi-year wage agreement was signed with the unions and provides for annual salary increases of CPI +1%. The strike had no significant impact on the delivery of finished products.

Low Voltage improved its BBBEE rating from Level 8 to Level 4 in December 2012.

As part of the division's commitment to address a skills shortage, eleven electrician apprentices were recruited to attend a six-month training course at a technical college from the beginning of 2013. They will then be placed at electrical contractors for in-practice training.

The operation adheres to RoHS, the European directive on the restriction of hazardous substances such as lead and cadmium in

MARKET SECTORS

Residential, commercial, mining, utilities, industrial, equipment manufacturers and retail.

STANDARDS & VERIFICATIONS

- ISO 9001:2008 and EN 29001 certification.
- REACH & RoHS declarations issued on request.
- All products comply with local safety standards. Products hold safety approvals from Australia, European Union, Russia, Ukraine, China, Japan, Canada and the United States.

TRADEMARKS

Owns the intellectual property rights to all products manufactured by the company.

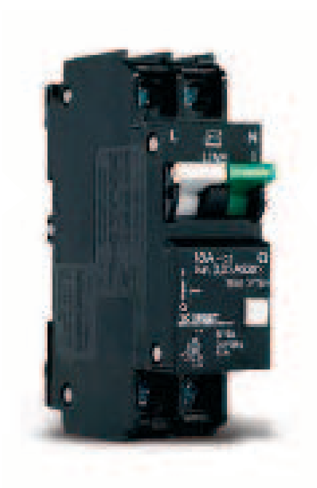
BBBEE SCORECARD

2011 BBBEE LEVEL	2012 TARGET	2012 ACTUAL
8	6	4

Target exceeded

electrical and electronic equipment. Together with RoHS, the company follows the Waste Electrical and Electronic Equipment Directive (which sets targets for the collection, recycling and recovery of manufactured goods.)

Low Voltage market segmentation	2012	2011	2010	2009
Residential and commercial	35	40	45	40
Industrial	5	7	9	10
Mining	8	12	12	12
Industrial controls	7	12	10	11
Retail	5	6	4	1
Utilities	5	2	5	1
ITmatic	2	2	0	0
Export	33	19	15	25

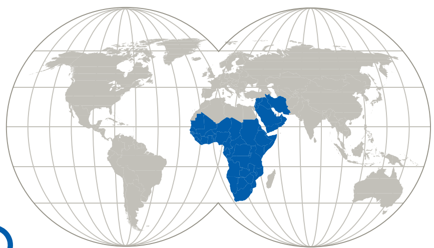


Aberdare ATC Telecom Cables (Telecom Cables)

Selwyn Newnes (55)

Chief Executive Officer // CBI-electric: Aberdare ATC Telecom Cables

BCompt / Appointed to the group in 1984



OPERATIONAL AREAS

Manufacturing facility in Brits, North West. Products are sold in sub-Saharan Africa and the Middle East.

Despite revenue growth in the year under review, production problems on the newly developed high bit rate copper cable line, which came on-stream in May 2012, affected profitability.

By financial year-end most of the problems relating to the manufacture of this new ADSL cable – developed in conjunction with Telkom SA – had been resolved and factory capacity utilisation returned to 42%.

Demand from the petrochemical and mining market segments remained stable for the year and current indications are that this demand will continue into the coming year. Exports however were disappointing. Despite opportunities, the export market is largely dominated by competitors that offer turnkey solutions including project funding. The refurbishment and upgrade of South African power stations and railway infrastructure in the coming year are expected to provide a sustained flow of significant industrial cable orders.

Demand for broadband will remain a business driver and the increased competition between mobile and fixed-line operators for improved next-generation networks is likely to translate into a progressive increase in order volumes for copper, as well as optical fibre cable, over the next three years.

Delivery of optic fibre cable for FibreCo and the National Long Distance project (an MTN, Vodacom, Neotel and SANRAL consortium) started in earnest after initial delays in the roll-out of their networks. Sales of cable duct grew by 113%.

Aggressive marketing by Asian suppliers of turnkey solutions remains a threat. Initiatives to have the local cable industry designated a preferred supplier for state-owned entities are progressing and should assist in maintaining local manufacturing capabilities.

Telecoms product mix %	2012	2011	2010	2009
Optic fibre	19	18	26	20
Accessories and duct	5	4	4	3
Installations and services	2	1	1	0
Copper telecoms	74	77	69	77

MARKET SECTORS

Fixed and mobile service providers, petrochemical, industrial and mining industries. Major customers include Telkom, MTN, Neotel, Transnet, Eskom, mines and municipalities.

STANDARDS & VERIFICATIONS

- ISO 9001: 2008
- Underwriters Laboratories of America listing ("UL listing") which tests and approves products for consumer safety, EC (European cable verification certification for data cable), Foundation Fieldbus
- ISO 14001

INTELLECTUAL PROPERTY RIGHTS

Infraduct
Fibreworx

The Brits plant recycled 18% of water consumed in 2012. Specialists are contracted to verify water recycling and water systems monthly. A closed-loop system ensures that there is no water discharge. Approved, accredited suppliers are contracted to dispose of hazardous and non-hazardous waste materials.

Telecom Cables successfully completed its environmental management audit and received its ISO 14001 accreditation in November 2012.

BBBEE SCORECARD

2011 BBBEE LEVEL	2012 TARGET
6	4

Target achieved

Depressed market conditions and the continuing reduction in mobile interconnect rates combined to create an extremely challenging operating environment this year.

These challenges were, however, proactively tackled by all **Nashua** companies, in most cases with conspicuous success.

NASHUA

PERFORMANCE INDICATORS		2012	2011	2010
Economic				
Revenue	Rm	7 218	6 928	6 867
Operating profit	Rm	839	794	654
Total assets	Rm	4 102	3 848	3 595
Capital expenditure	Rm	53	20	44
Environmental				
Petrol and diesel consumption	kl	1 478[1]	232	464
Electricity consumption	MWh	8 473	8 436	10 667
Water consumption	Ml	51	22	41
CO_2e	t	12	9	(*)
Social				
Total number of employees		2 812	2 767	2 545
Work-related fatalities		0	0	0
Staff turnover	%	5	(*)	(*)
Training spend	Rm	8,6	5,0	5,3
Community investments	Rm	7,6	4,9	4,8
Enterprise development spend	Rm	24,7	20,8	21,7

(*) Reliable measure not available for previous periods.

1 The basis for measurement has changed from 2011 and now includes fuel consumption by staff members for work purposes.

Revenue increased by 4% to R7 218 million whilst operating profit increased by 6% to R839 million.

The mobile segment remained particularly difficult as average usage per customer declined across the industry. Such is the quality of its customer profile, however, that Nashua Mobile did not experience the sharp declines affecting most of its competitors. A notable achievement was a net increase in the number of mobile subscribers despite the transfer of many least-cost routing (LCR) clients. Data usage amongst both pre- and post-paid customers rose sharply.

The migration of LCR customers to the Nashua ECN voice over internet protocol (VoIP) platform was a singular achievement. The addition of some 140 new accounts per month by ECN translated into a sterling 40% increase in the number of monthly voice minutes over the previous year, making Nashua ECN the largest next-generation VoIP vendor in South Africa.

The merger, following the year-end, of the Nashua Communications and Nashua ECN businesses into an entity to be known as Nashua Communications enables the group to offer market-leading local and wide area network and PBX solutions that customers can tailor to their precise requirements.

The Office Automation sector was challenged by low demand and constrained spending as well as a weaker rand. Despite these headwinds, Office Automation succeeded in maintaining its market share, as did the other Nashua businesses.

By the very nature of their operations, the various Nashua companies have limited environmental impacts but a number of processes to further reduce these impacts were implemented this year.

The Nashua group's social and community impact increased significantly this year with allocations to both community investment and enterprise development rising sharply. The group similarly invested extensively in improving its levels of customer service, a key differentiator especially in the mobile segment where competition for consumer spend has reached unprecedented levels.

Of similar importance is the quality of human resources. This year Nashua companies spent 70% more on training than they did the previous year. The acquisition of KSS Technologies significantly boosts the group's skills set, particularly in the areas of networking and converged technologies. This year a number of key leadership appointments were made which, it is anticipated, will position the group well to grow its leadership in the dynamic ICT sector.

2012 focus areas	Status update
Define telecommunications offering for the future	• Merged ECN and Communications businesses • Acquired KSS Technologies to strengthen networking skills • Obtained Cisco gold partner status • Converted LCR customers onto ECN VoIP network • Siemens OpenScape platform deployed in ECN cloud
Explore and leverage customer base	• Cross-selling of product offerings improving • Customer segmentation completed
Get closer to customers	• Increased focus on customer service • Customer surveys restructured • Technology improved to simplify interaction with customers
Stabilise and drive value from our distribution and franchise channel	• Improved relationships with distributors and franchisees

2013 focus areas

- Grow customer base and minutes on voice network
- Market penetration in converged voice and data network space
- Roll-out developed products for hosted PBX, mobile voice and data storage
- Strengthen customer focus through training and improved technology
- Grow Nashua Mobile's retail presence
- Accelerate roll-out of office solutions

Nashua Office Automation

Dave Coutinho (49)

Managing director // Nashua Limited (Office Automation)

MBA / Appointed to the group in 1987

Nashua Office Automation had a successful year in terms of sales, protecting its customer base and securing some new business from competitors.

This sales success was achieved in a market characterised by lacklustre demand and heightened competition with the weakening of the rand exacerbating the already mounting pressure on margins.

Office Automation's managed print solutions' operation is a strategic advantage to the business. However, price pressure was heightened by the emergence of a number of new competitors. The copier and multi-function printer lease segment was particularly challenging with hard-pressed customers remaining reluctant to upgrade their equipment.

As was the case in recent years, in excess of 50% of new tender proposals submitted were successful, although opportunities for new tender business are limited. Nashua retained its large tenders and secured a number of significant new clients.

This year the business improved its BBBEE rating from Level 5 to Level 4, which should stand the business in good stead in its public-sector tenders in particular. Similarly, Nashua Kopano improved its rating from Level 4 to Level 3.

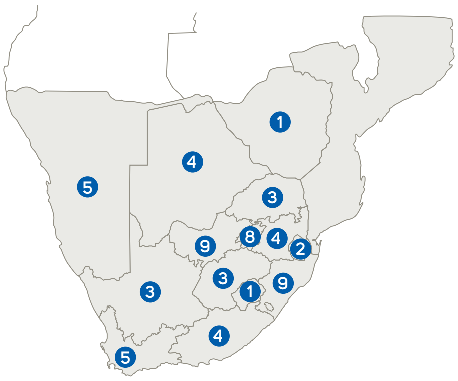
Despite an increase in sales, the solutions business continued to disappoint. Decisive intervention was undertaken and a number of key appointments will be made in the new financial year to address this key area of the business. We expect to report substantial growth in Office Automation's leadership in managed document solutions by the end of 2013.

Another important investment in the sustainability of the business was the creation of a highly specialised major accounts division, with the capacity and capability to tailor sophisticated value-added document management solutions for corporates, with specific emphasis on South Africa's top companies. Large national and multinational companies are looking for a service provider that can provide a clear account management strategy to solve business challenges in the document management space. Nashua's strategic team will focus on these business issues and position Nashua as a trusted advisor in this space.

The newly established production print division is expected to show sustained growth. The company invested in specialised, experienced staff during the course of the year. This investment has already proved its worth with Infosource listing Nashua as the leading production printing company in the first half of 2012,

OPERATIONAL AREAS

Sixty-four franchise and company-owned outlets in South Africa, Namibia, Swaziland, Lesotho, Botswana and Zimbabwe.



MARKET SECTORS

Mainly corporate

STANDARDS & VERIFICATIONS

- ISO 9001: 2008
- ISO 14001 accreditation expected by January 2013

MAJOR AWARDS 2012

- MP4002BLI Highly Recommended Award
- MPC3502AD BLI Highly Recommended Award
- MPC5502AD BLI High Recommended Award
- MPC3002AD BLI Environmental Award
- MPC4502AD BLI Environmental Award
- Production Printing Colour Performance 2011
- HP partner awards gold partner highest growth in HP imaging and printing group 2011
- Top 500 companies: Top company in the Office Automation industry

TRADEMARK

Trademark and naming rights for Nashua in southern Africa region.

BBBEE SCORECARD

2011 BBBEE LEVEL 5

2012 TARGET 4

Target achieved

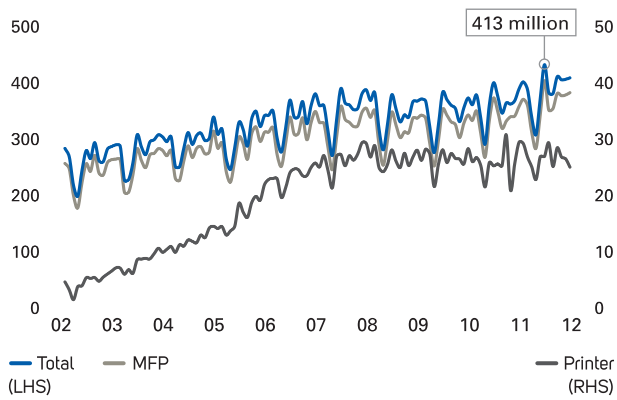
owning 27,5% of the market with the highest number of sales in this category.

The franchise network continued to contribute strongly to revenue and the four franchise operations bought in 2011 performed well. The possibility of making a limited number of further acquisitions remains part of the division's strategy.

Office Automation has implemented systems to separate and recycle different components wherever possible. Further solutions are being explored to find an environmentally friendly method of discarding the last remnants of toner left in cartridges.

The business expects to receive its ISO 14001 accreditation by January 2013.

Million pages: Total document volume (TDV)



Nashua Communications and ECN

Andy Openshaw (48)

Managing director // Nashua Communications

B Pharm, AEP / Appointed to the group in 2011

As part of the group's longer-term telecoms strategy, the businesses of Nashua ECN and Nashua Communications were merged on 1 October 2012 to form a new entity, which will trade as Nashua Communications.

This merger creates a business that provides corporate and small and medium enterprise (SME) customers with a compelling converged voice and data offering. By combining Communications' local area network and PBX voice capability with Nashua ECN's strength and experience in VoIP and data, plus its national wide area network and national data centres, the new business can offer solutions and software that can be on-premise, in the cloud or a hybrid option. Leased or virtual services are expected to represent an important additional revenue stream in the new financial year and beyond.

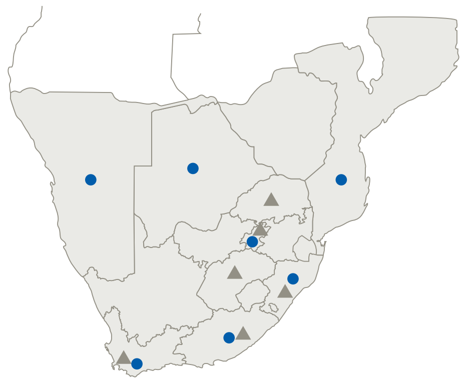
Prior to the merger, to further enhance the data skills set of the operation, the business of KSS Technologies, a valued Cisco partner and a successful and highly skilled player in the networking and converged technologies space, was acquired and integrated into the Nashua Communications business.

The company currently boasts a team of more than 600 highly skilled and motivated staff, supporting and growing a customer base of 25 000.

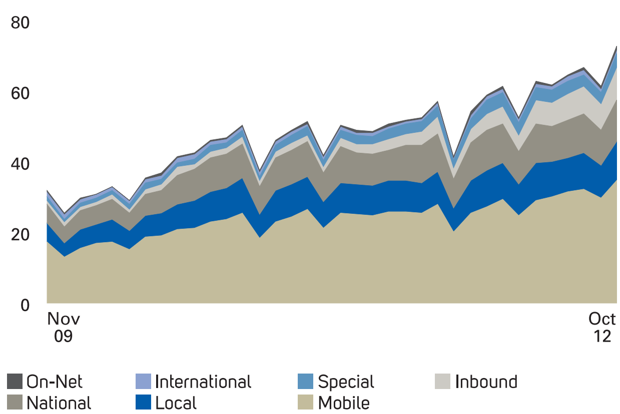
Focus areas for the merged entity in the coming year are to consolidate the new business while leveraging the plentiful opportunities that exist in the ICT space.

OPERATIONAL AREAS

- ● Head office in Gauteng and regional offices in KwaZulu-Natal, Eastern and Western Cape and partners in Namibia, Botswana and Mozambique.
- ▲ Data centres are in Johannesburg, Pretoria, Cape Town, Durban, Port Elizabeth, Polokwane and Bloemfontein.



Million minutes: Nashua ECN monthly minutes – November 2009 to October 2012



NASHUA COMMUNICATIONS

The current year saw Communications moving from being a voice network provider to a converged ICT solutions provider. Despite the focus on this strategy shift and operating in a difficult market, Nashua Communications performed admirably. Revenue grew by 4,3% while profits increased by 37,8%.

The acquisition of KSS in June brought an extensive Cisco skills set into the Nashua fold. The company has since received its gold partner status, positioning it perfectly to offer customers full data, and specifically data centre solutions – a new area of business that has not traditionally been addressed by Communications.

Given the operation's dependence on key technical skills, training is an important focus area for the business. The Nashua Communications Academy for Professional Training in Midrand trains 100 technicians per year on average. As part of enhancing its employment equity, a further 12 employees were enrolled on a certified accounting programme, while ten employees participated in a supervisory development programme. Five employees were enrolled for a management development programme at the Graduate Institute of Management and Technology.

Nashua Communications uses its ISO 14001 accreditation to manage and drive recycling processes. End-of-lifetime products are dismantled into their component parts and disposed of by a verified electronic waste contractor with the required certificates. During the financial year a total of 3,5 tonnes of e-waste was recycled.

NASHUA ECN

Nashua ECN delivered a strong performance, adding an average of 140 new customers per month over the year. This includes the successful migration of many of Nashua Mobile's LCR clients to ECN's VoIP network. The new customer capture rate was well ahead of the business' target of 100 new customers per month.

At year-end Nashua ECN's customers were making almost 3,5 million BusinessCall voice minutes per business day, reflecting an increase of 40% on the average of 2,5 million minutes per business day at the end of the previous year. The growth delivered this year has resulted in Nashua ECN now operating the largest next-generation VoIP network in South Africa.

Despite the legislated drops in interconnect rates, judicious cost control and demand for the company's services enabled Nashua ECN to maintain its margins and to show a substantial increase in profitability.

A significant investment in network stability, scalability and flexibility translated into a 99,99% uptime throughout the year. Focus on customer service and support ensured that churn is kept well below industry norms.

Nashua ECN enters the new financial year with a healthy customer pipeline and, with the addition of the Nashua Communications sales channels as new routes to market, the company expects customer connections to continue to climb month-on-month.

The year was not without its challenges and much time was spent in a legal dispute with ECN's co-founder, John Holdsworth. In August 2012 the South African High Court upheld an application by Reunert to prevent Holdsworth from recruiting Nashua ECN staff and customers and from diluting the goodwill of the business which the group acquired the previous year. The judgment was a significant affirmation of Reunert's rights. In October the court turned down Holdsworth's leave to appeal the August ruling.

MARKET SECTORS

Customer base in excess of 17 000 enterprises, including most of South Africa's leading corporate companies.

Corporate, small and medium businesses and call centres.

STANDARDS & VERIFICATIONS

- ISO 9001: 2008; 14001: 2004
- Products are ICASA and SABS certified

MAJOR AWARDS 2012

- Cisco Gold Partner

BBBEE SCORECARD

Nashua ECN and Nashua Communications achieved the same Level. The new company will be rated again in September 2013.

Nashua Mobile

NASHUA MOBILE

Mark Taylor (49)

Chief Executive Officer // Nashua Mobile

Reappointed to the group on 1 October 2012

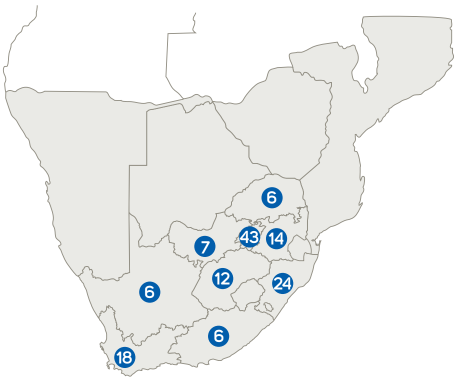
The mobile industry in 2012 was characterised by decreasing revenues per customer, the migration of high-value LCR subscribers to more cost-effective VoIP offerings and a dramatic increase in data connections and usage. These changes have been driven by reductions in interconnect rates and increased competition amongst the mobile operators, resulting in lower voice and data tariffs.

Despite these tough trading conditions, Nashua Mobile increased its postpaid subscriber base during the year by 6% to 897 534 subscribers. This was despite the loss of 23 145 LCR subscribers. A significant portion of the lost LCR subscriber identity module cards was accounted for by a single partner that converted traffic to its own VoIP platform.

Given the high quality of the Nashua Mobile customer base, the company was shielded from some of the sharp declines in average revenue per customer (ARPU) experienced within the industry. As a result, the decrease in ARPU was limited to 19%, to R337 per month.

Data growth for the year was strong with the number of data and non-voice subscribers increasing by 26,3% and data and SMS billing increasing by 7,7%. BlackBerry user growth was particularly pleasing, with the total base growing by 40% over the period. In total, 80% of the phones shipped by Nashua Mobile are smartphones, with the commensurate data attachment rate.

OPERATIONAL AREAS



Nashua Mobile	2012	2011	2010	2009
Closing subscriber base	897 534	846 521	819 035	722 638
Number of subscribers signed up (Connections)	214 442	174 151	187 382	159 560
Number of subscribers lost	120 861	99 247	90 985	100 709
ARPU	R337	R416	R463	R501
Churn %	14,7	14,4	11,8	13,6

As part of the ongoing drive to control expenditure and improve efficiencies, costs were well contained during the year with overall expenses lower than in the previous year. Employee head count remained largely unchanged and efficiencies were realised by consolidating a number of cost centres and functions.

Bad debts declined by 33% despite the growing financial pressures facing South African consumers. Demand for handset financing rose substantially, resulting in Nashua Mobile currently financing some 201 000 devices.

MARKET SECTORS

897 534

CONTRACT SUBSCRIBERS

BBBEE SCORECARD

2011 BBBEE LEVEL 3

2012 TARGET 3

Target achieved

Nashua Mobile is a customer-focused, IT-driven business and a number of investments were made this year in improving the overall customer experience. Expenditure on information technology increased while investments in the Bloemfontein-based call centre translated into a record customer satisfaction score of 87%.

Differentiating Nashua Mobile's product offering from its competitors is a key imperative in attracting new customers. In March, the company launched Xtreme Data, a first-to-market offering allowing smartphone customers to enjoy a fixed-cost data product. This launch was followed by Click2Recharge; an internet-based prepaid recharge system that allows customers to top up their accounts electronically.

The expectation of further reductions in interconnect rates, coupled with a maturation of the postpaid voice market and the explosion of data usage, led to a process of strategic realignment to ensure continued sustainable growth. Significant effort and resources have been deployed to focus on the two major customer segments; enterprise and consumer. To give effect to this new strategic focus, Mark Taylor rejoined Nashua Mobile as chief executive officer on 1 October 2012.

The process of renewing contracts and incentive parameters with Vodacom and MTN was ongoing at year-end and management is confident that these negotiations will have satisfactory outcomes. The company also has existing agreements in place with Cell C, Telkom Mobile and Neotel, further entrenching Nashua Mobile's key value proposition of providing the widest choice supported by the best deals in the market.

Critical to Nashua Mobile's future growth is an expanded retail presence from the current 148 outlets. To this end, the company is planning to increase its retail footprint both through organic growth and in partnership with other retailers.

Nashua Mobile is well positioned to take advantage of the recent reintroduction of LCR tariffs by the mobile network operators which are opening up prospects for Nashua Mobile; particularly in the SME segment. At year-end, the company had begun to sign-up a limited number of new LCR customers with management optimistic that the right levels of attention would allow this business to begin growing again. Further opportunities will be created when the blended interconnect rate drops to 40c in March 2013.

The prepaid market has not been a core focus in the past. Given the opportunities that exist in this space, the required resources have been allocated to this business unit to ensure that Nashua Mobile can grow its share of the segment. This will be done through its own channels and in partnership with other players in the formal and informal sectors. Nashua Mobile does not intend to operate in the wholesale prepaid market.

Nashua Mobile will continue with its strategy of launching complementary services to the network operators' products that will allow customers to enjoy additional value or functionality from their service. These services will be offered exclusively to Nashua Mobile customers and are part of the focus on attracting and retaining quality customers.

The technology investment programme initiated in 2012 will continue with an overhaul of all customer and user interfacing systems. This will allow customers to either service themselves online or through the touch point most convenient to them. The upgrading of technology will enable Nashua Mobile to contain operational costs while improving efficiency.

Key to reducing churn is the ability to maintain excellent customer service levels. Whilst the technology improvements will go some way towards improving these levels, the investment in staff and training is equally important. Nashua Mobile has increased its focus on training all internal and partner-employed staff in the requisite skills and knowledge. To this end, a training academy will be established in early 2013.

Nashua Mobile retained its Level 3 BBBEE status in 2012. Good progress continued to be made with transformation at junior manager level. Additional emphasis will be placed on senior management in the year ahead.

A total of 1 560 trees were planted by the NGO, Trees for Africa, in Gauteng, funded by R10 donations made for every customer choosing to receive electronic statements. Some R2,6 million was donated to the Nashua Children's Charity Foundation.

Despite the fact that continued tough trading conditions are anticipated in 2013, management believes that the initiatives and investments outlined above will position Nashua Mobile for both revenue and customer growth in coming years.

Pansolutions

PanSolutions

Neil Stopforth (50)

Managing director // Pansolutions

Appointed to the group in 1990

Pansolutions, previously known as Nashua Electronics, experienced a challenging year. Organisational restructuring effected in the latter half of 2011, as well as a change from being a franchise channel with an exclusive product (Panasonic) to a dealer channel with a non-exclusive product (Kyocera), created fragmentation in the business. This was addressed during the year and by year-end, 60% of channel partners had signed new dealer agreements.

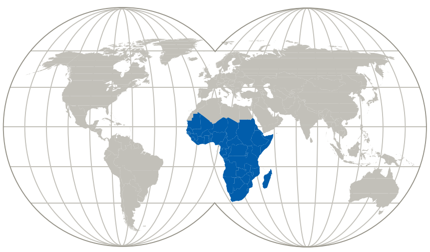
The Kyocera product has been well received by the channel and training efforts were increased to deal with the industry shift towards managed document solutions and print services, as well as other software solutions that complement the hardware offering.

During January 2012, Pansolutions fully exited its consumer electronics business with the closure of its last store, signifying the end of the online Nashua Electronics business, so as to focus fully on the remaining core products.

Demand for the Panasonic large format display panels and projectors remained constant. Panasonic Toughbook products showed satisfactory growth.

OPERATIONAL AREAS

Distributes imported products and solutions and supplies to a network of branches and specialised dealers throughout sub-Saharan Africa under the trade name Pansolutions.



4	60
BRANCHES	DEALERS

MARKET SECTORS

Corporate, medium and small business enterprises as well as industry leaders in the broadcast, systems integrator and motor industries.

BBBEE SCORECARD

2011 BBBEE LEVEL	2012 TARGET
4	4

Target achieved

Quince Capital

QUINCE Capital

Bertus Korb (37)

Managing director // Quince Capital

CA(SA) / Appointed to the group in 2009

Quince Capital provides in-house, asset-based financial solutions to Reunert-associated office automation and ICT suppliers through the Nashua and Pansolutions channels.

Quince's rental book performed well this year, growing by over 11%. The tightening of credit-vetting processes and improved systems implemented over the past few years significantly reduced bad debts.

The Quince asset rental book is currently funded through internal cash that is surplus to current working capital requirements. The investment of this surplus in the Quince Capital book provides a favourable return on the cash balances. It is not Reunert's long-term intention to fund the book internally and, in due course, external funding will be sought.

The discontinued Quince asset rental book broke even this year and no further losses are expected.

Rm	2012	2011	2010	2009
Nashua book	1 431,1	1 281,2	1 269,8	1 413,9
Average monthly discounting	64,5	55,4	47,7	52,8
Quince asset rentals	21,1	76,8	170,7	333,2
QAR net losses incurred	2,6	10,5	39,1	86,3

BBBEE SCORECARD

2011 BBBEE LEVEL 4

2012 TARGET 4

2012 BBBEE LEVEL 3

Target exceeded

OPERATIONAL AREAS

Nashua franchises, Nashua Communications dealers and Pansolutions dealers throughout South Africa.

MARKET SECTORS

Total advances exceed R1,4 billion, spread over approximately 50 000 individual contracts.

STANDARDS & VERIFICATIONS

- ISO 9001: 2008

INTELLECTUAL PROPERTY RIGHTS

FinSight credit vetting system.

TRADEMARKS

Quince Capital®