2013 AUDITED ANNUAL FINANCIAL STATEMENTS

125 YEARS

REUNERT

REUNERT LIMITED

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audited annual financial statements

CURRENCY CONVERSION TABLE

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

	2013	2012
US dollar	0,0996	0,1208
Pound sterling	0,0617	0,0745
Swiss franc	0,0899	0,1131
Japanese yen	9,7286	9,3796
Euro	0,0735	0,0935
Australian dollar	0,1068	0,1160

PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

This report was compiled under the supervision of MC Krog CA(SA) (Chief financial officer).

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 & electrical equipment

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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 and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 September 2013, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, 2008 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.

The directors, primarily through the audit committee, which consists of at least three independent non-executive directors, meet periodically with the external and internal auditors, as well as executive management to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The group's internal auditors independently evaluate the internal controls. The external auditors are responsible for reporting on the financial statements. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the audit committee. The directors are not aware of any material breakdown in the functioning of these controls and systems during the period under review.

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 pages 70 and 71, 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.

On recommendation from the audit committee the annual financial statements appearing on pages 3 to 65 were approved by the Board of Directors on 20 November 2013 and are signed on its behalf by:

Trevor Munday	David Rawlinson	Manuela Krog
Chairman	*Chief executive*	*Chief financial officer*

COMPANY SECRETARY'S CERTIFICATION

FOR THE YEAR ENDED 30 SEPTEMBER 2013

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, I, Karen Louw, duly authorised on behalf of the Company Secretary, Reunert Management Services Proprietary Limited (registration number 1980/007949/07) certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 September 2013, all such returns and notices as are required in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up to date.

Karen Louw

on behalf of Reunert Management Services Proprietary Limited
Group company secretary

20 November 2013

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF REUNERT LIMITED

We have audited the consolidated and separate financial statements of Reunert Limited, set out on pages 7 to 65, which comprise the consolidated and separate balance sheets as at 30 September 2013, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and the consolidated and separate notes comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, 2008, and for such internal controls as the directors determine is necessary to enable the preparation of the consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate annual 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 consolidated and separate annual 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 presentation of the financial statements.

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, these consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Reunert Limited as at 30 September 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, 2008.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT OF SOUTH AFRICA, 2008

As part of our audit of the financial statements for the year ended 30 September 2013, we have read the directors' report, the audit committee report and company secretary's certificate for the purpose of identifying whether there are material inconsistencies between those reports and the audited annual financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: PJ Smit
Partner

20 November 2013

AUDIT COMMITTEE REPORT

The audit committee has pleasure in submitting its report to stakeholders for the financial year ended 30 September 2013.

The audit committee is an independent statutory committee appointed by the shareholders. The board delegates duties and responsibilities to the audit committee according to terms of reference, which are formalised in a charter. The charter is recommended by the audit committee and approved by the board on an annual basis.

During the year under review, the audit committee conducted its affairs in accordance with its charter, and assisted the board in discharging its responsibilities as required by the Companies Act 71 of 2008 and the King Code of Governance Principles for South Africa, 2009 (King III).

COMPOSITION AND MEETINGS

Members: R van Rooyen (Chairman), YZ Cuba[1], SD Jagoe, LM Mojela[2], TS Munday[3], KW Mzondeki[4].

The audit committee comprises of at least four independent non-executive directors and meets at least three times a year. The chief executive, chief financial officer, external auditors, internal auditors and financial executives attend committee meetings by request.

1 YZ Cuba resigned on 17 May 2013.
2 LM Mojela appointed on 1 April 2013.
3 TS Munday appointed on 7 December 2012.
4 KW Mzondeki resigned on 19 November 2012.

Attendance register	Appointed to Committee	13 November 2012	8 May 2013	1 October 2013
R van Rooyen	17 Nov 2009	✓	✓	✓
YZ Cuba	1 Jan 2011	✓	✓	–
SD Jagoe	14 Nov 2000	✓	✓	✓
LM Mojela	1 April 2013	–	✓	✓
TS Munday	7 Dec 2012	–	✓	✓
KW Mzondeki	17 Nov 2009	✓	–	–

STATUTORY DUTIES

In execution of its statutory duties during the past financial year and pursuant to the provisions of the JSE Listings Requirements, the audit committee:

- Confirmed the appointment of both Deloitte & Touche (Deloitte) as the independent external auditors and Mr Patrick Smit as the designated audit partner.
- Confirmed that Deloitte and the designated audit partner are accredited by the JSE.
- Approved the Deloitte engagement letter, the audit plan and the budgeted audit fees payable to Deloitte.
- Obtained a statement from Deloitte confirming that its independence was not impaired.
- Pre-approved the non-audit services provided by Deloitte in terms of an approved policy.
- Satisfied itself of the appropriateness of the expertise and experience of the chief financial officer and the expertise resources and experience of the finance function.
- Recommended to the board, which in turn has recommended to the shareholders for consideration at the next annual general meeting, the appointment of Deloitte as external auditors for the financial year ending 30 September 2014.

ROLES AND RESPONSIBILITIES

The committee has performed its duties and responsibilities during the financial year according to its terms of reference as follows:

INTERIM AND ANNUAL FINANCIAL STATEMENTS:

- Confirmed that the interim and annual financial statements were prepared on the going concern basis.
- Reviewed the interim and annual financial statements and other financial information made public, prior to the approval of the board and satisfied itself that they fairly present the results of operations, cash flows and the financial position of Reunert Limited.
- Considered accounting treatments, significant or unusual transactions and accounting judgements.
- Considered the appropriateness of accounting policies and any changes made thereto.
- Reviewed the Deloitte audit report.
- Reviewed any significant legal and tax matters and considered any concerns identified that could have a material impact on the financial statements.
- Reviewed the solvency and liquidity tests undertaken for specific transactions and dividend declarations.
- Considered and made recommendations to the board on the interim and final dividends paid to shareholders.
- Met separately with management, Deloitte and internal audit.

EFFECTIVENESS OF EXTERNAL AUDIT FUNCTION:

- Reviewed and evaluated the external audit process and concluded it to be satisfactory.
- Considered whether any reporting irregularities were identified and reported by Deloitte in terms of the Auditing Profession Act, 2005, and determined there were none.

AUDIT COMMITTEE REPORT CONTINUED

- Reviewed the Deloitte report and obtained assurances that adequate accounting records are being maintained.
- Reviewed the findings and recommendations of Deloitte and confirmed that no unresolved issues of concern exist between the group and Deloitte.

INTERNAL CONTROL AND INTERNAL AUDIT

- Reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal audit function.
- Considered the reports of the internal auditors on the group's systems of internal control including financial controls, financial risk management and maintenance of effective internal control systems.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto.
- Assessed the adequacy of the performance of the internal audit function and found it satisfactory and concluded that there were no material breakdowns in internal control.

FINANCIAL RISK MANAGEMENT AND INFORMATION TECHNOLOGY:

- Reviewed financial and information technology risks, including fraud risks as they relate to financial reporting and found them to be adequate.
- Received assurance that the systems of internal control over information technology are adequate and effective.
- Received written assessments of the effectiveness of the group's system of internal controls and financial risk management from internal audit.

LEGAL AND REGULATORY COMPLIANCE:

- Reviewed legal matters that could have a material impact on the group.
- Considered reports provided by management, internal audit and Deloitte regarding compliance with legal and regulatory requirements.
- Monitored complaints received through the group's independent, confidential whistle-blowing service.

SUSTAINABILITY INFORMATION:

- Monitored the process of sustainability reporting.
- Received the necessary assurance that material disclosures are reliable and do not conflict with the financial information.

CONCLUSION

The committee is satisfied that it has complied with all its statutory and other responsibilities and having had regard to all material risks and factors that may impact on the integrity of the integrated annual report and the annual financial statements following review, the audit committee recommends the integrated annual report and the annual financial statements of Reunert for the year ending 30 September 2013 for the approval to the board.

Rynhardt van Rooyen
Chairman
Sandton

20 November 2013

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged except for the authorised shares being converted to shares with no par value in terms of the new Memorandum of Incorporation. In terms of the SENS announcement on 5 June 2013, all of Reunert's 350 000 5,5% cumulative preference shares were redeemed at R2,10 per share on 1 July 2013.

Options exercised in terms of the Reunert 1985 and 2006 Share Option Schemes accounted for the shares issued during the current year as tabled below:

	Number of shares	
Issue price per share	2013	2012
R15,99	97 500	2 500
R39,30	703 900	529 000
R41,90	45 000	341 800
R59,55	104 000	48 000
R53,50	26 600	60 700
R71,30	4 400	16 800
R17,70	–	10 000
R57,50	16 600	–
R60,80	100 000	–
Total	1 098 000	1 008 800

REVIEW OF OPERATIONS AND RESULTS

Normalised headline earnings per share declined by 12% from 644 cents to 569 cents. Revenue reduced by 3% to R11 351 million. Operating profit decreased by 13% to R1 330 million.

The delay in the expected rollout of infrastructure projects, challenging labour conditions and reduced capital expansion in the mining industry led to the CBI-electric group of companies experiencing a slower year. This resulted in revenue decreasing by 4% to R3 506 million and operating profit decreasing by 15% to R506 million.

Nashua faced a challenging year. The telecommunication race for customers, declining business confidence and the impact of the weaker rand affected Nashua's performance. Revenue was down 6% to R6 812 million, while operating profit declined by 24% to R636 million.

Reutech recorded a stellar performance, increasing revenue by 27% to R1 020 million. Significant export orders and a weaker rand boosted operating profits by 38% to R207 million.

CASH DIVIDENDS

An interim ordinary cash dividend No 174 of 95 cents (2012: No 172 of 95 cents) per share was declared on 20 May 2013, and a final ordinary cash dividend No 175 of 275 cents (2012: No 173 of 275 cents) per share was declared on 20 November 2013.

A total distribution of 370 cents (2012: 370 cents) per ordinary share was declared relating to the 2013 financial year.

A final 5,5% cumulative preference dividend No 56 was declared on 5 June 2013 and paid on 1 July 2013. The preference shares were delisted from the JSE Limited on 2 July 2013.

SUBSIDIARY COMPANIES

Annexure A to the annual financial statements sets out the principal subsidiaries of the company.

The directors are of the opinion that the publication of information on individual subsidiaries in this report would entail expense out of proportion to the value to shareholders.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

During this financial year, as required by section 8.63(i) of the JSE Listings Requirements, the following special resolutions were passed by subsidiaries of Reunert:

African Cables Limited, Circuit Breaker Industries Limited, Heinemann Holdings Limited, Nashua Limited, NPC (Electronics) Limited, Pansolutions Holdings Limited, Quince Capital Holdings Limited, Reunert Finance Company Limited, Reunert Management Services Limited and Reutech Limited converted from public companies to private companies.

Reunert Limited and Reutech Limited adopted new MOI replacing their existing Memorandum and Articles of Association and converted their existing authorised shares to shares with no par value. All the shares still rank pari passu and no other terms of the shares were affected by the conversion.

Kopano Copier Company (Pty) Ltd changed its name to Kopano Solutions Company (Pty) Ltd.

Full details of these resolutions may be viewed at the company's registered office.

DIRECTORATE AND SECRETARIAT

Directors are subject to retirement by rotation at least once every three years in terms of the MOI and, if available, may be re-elected by the shareholders at an annual general meeting. Appointments are not for a fixed term. SD Jagoe, NDB Orleyn and SG Pretorius retire by rotation at the next AGM. The Nomination Committee, at its meeting on 19 November 2013, recommended that they be re-elected and they have offered themselves for re-election. The board charter is an integral part of the conditions of appointment of all directors. Procedures for appointments are formal and transparent, and are considered by the Board as a whole.

Non-executive directors retire at the next AGM, after reaching the age of 70.

BP Gallagher retired from the Board on 28 March 2013 after 20 years of service. The company thanks him for his enormous contribution to the group and wishes him well for the future.

LM Mojela was appointed to the Board on 1 April 2013.

YZ Cuba resigned from the Board on 17 May 2013 after serving two years as independent non-executive director.

The names of the directors in office at the date of this report are set out on pages 70 and 71.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

At the AGM held on 12 February 2013:

- In terms of the JSE Listings Requirements and King III, shareholders were requested to pass a non-binding advisory vote, approving the remuneration payable to non-executive directors

- Pursuant to the requirements of Section 66(9) of the Companies Act, 2008, shareholders were requested to pass a special resolution to approve increases in the fees payable to non-executive directors with effect from 1 March 2013. Furthermore, at the AGM to be held on 17 February 2014, shareholders will be requested to approve increases in fees payable to non-executive directors with effect from 1 March 2014. The approved fees for 2013 and the proposed fees for 2014 (still to be finalised) are outlined in the table below:

	2013 Fee per annum	2014 Fee per annum	Number of meetings	Fee per additional meeting 2013	Fee per additional meeting 2014
Chairman[1]	R825 000	R1 100 000	4	R35 000	R37 250
Non-executive directors	R162 000	R172 400	4	R18 000	R19 200
Audit Committee chairman	R175 000	R186 200	3	R17 000	R18 100
Audit Committee member	R100 000	R106 400	3	R17 000	R18 100
Remuneration Committee chairman	R112 000	R119 200	2	R17 000	R18 100
Remuneration Committee member	R64 000	R68 100	2	R17 000	R18 100
Nomination Committee chairman[2]	–	–	2	R17 000	R18 100
Nomination Committee member	R64 000	R68 100	2	R17 000	R18 100
Risk Committee chairman	R80 000	R102 150	2	R17 000	R18 100
Risk Committee member	R64 000	R68 100	2	R17 000	R18 100
Social, Ethics and Transformation Committee chairman	R96 000	R119 200	2	R17 000	R18 100
Social, Ethics and Transformation Committee member	R64 000	R68 100	2	R17 000	R18 100
Investment Committee chairman and members	–	–	Ad hoc	R17 000	R18 100

1 The chairman's fee is on an all-inclusive basis, including attendance at all scheduled Board and Committee meetings.

2 The chairman of the Board is also the chairman of the Nomination Committee and therefore no additional fees are payable to the chairman of the Nomination Committee.

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	
	2013	2012	2013	2012	2013	2012	2013	2012
NDB Orleyn[1]	–	–	–	–	1 554 000	1 554 000	1 554 000	1 554 000
DJ Rawlinson	398 191	418 520	–	–	–	–	398 191	418 520
	398 191	418 520	–	–	1 554 000	1 554 000	1 952 191	1 972 520

1 These shares are held indirectly through Bargenel's investment in Reunert, which relates to the empowerment deal concluded in 2007.

These holdings have remained unchanged from 30 September 2013 to 20 November 2013.

At the reporting date, executive directors of the company held unexercised options to subscribe for 497 000 (2012: 678 400) ordinary shares in terms of the Reunert 2006 Share Option Scheme. An amount of 50 000 of these options are due to expire on 18 June 2019, 47 000 on 17 February 2021 and 400 000 on 15 November 2021.

In terms of the Conditional Share Plan introduced during the current financial year, at the reporting date, executive directors of the company held unvested options for 153 435 ordinary shares.

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 19 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 2013 is as follows:

Rm	2013	2012
In the aggregate net income	627,8	779,5
In the aggregate net losses	(11,4)	(13,1)
	616,4	766,4

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 2013

The annual financial statements, comprising Reunert (referred to as "the company"), its subsidiaries, special purpose entities ("SPEs"), and joint ventures (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 annual financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 September 2013 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the South African Companies Act, 2008.

ADOPTION OF REVISED STANDARDS

The following revised Standard has been adopted in the current period. The adoption of the Standard has not had a material impact on the amounts reported in respect of the current or prior years:

REVISED STANDARD AFFECTING PRESENTATION AND DISCLOSURE ONLY

IAS 1 – Presentation of Financial Statements	The amendment requires items of other comprehensive income to be grouped together into two categories in the Statement of Other Comprehensive Income: (a) Items that will not be subsequently reclassified to profit or loss, and (b) Items that may be subsequently reclassified to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendment has been applied retrospectively, and hence the presentation of items in other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation change, the application of the amendment to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

AT THE DATE OF THESE FINANCIAL STATEMENTS, THE FOLLOWING RELEVANT STANDARDS AND INTERPRETATIONS WERE IN ISSUE BUT ARE NOT YET EFFECTIVE:

Standard/ Interpretation	Details of amendment	Effective for annual periods beginning on or after
IFRS 7 – Financial Instruments: Disclosure	Entities are required to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards and the related net credit exposure.	1 January 2013
IFRS 9 – Financial Instruments	This is a new standard that forms part of a three-stage project to replace IAS 39 – Financial Instruments: Recognition and Measurement.	1 January 2015
IFRS 10 – Consolidated Financial Statements	This is a new standard that replaces the consolidation requirements contained in SIC 12 – Consolidation: Special Purpose Entities and IAS 27 – Consolidated and Separate Financial Statements.	1 January 2013
IFRS 11 – Joint Arrangements	New standard that deals with accounting for joint arrangements. The standard focuses on the rights and obligations of the arrangement, rather than its legal form. The standard requires a single method for accounting for interests in jointly controlled entities.	1 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, SPEs and other off balance sheet vehicles.	1 January 2013
IFRS 13 – Fair Value Measurement	New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1 – Presentation of Financial Statements	Annual improvements 2009 – 2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information.	1 January 2013

ACCOUNTING POLICIES CONTINUED

Standard/ Interpretation	Details of amendment	Effective for annual periods beginning on or after
IAS 16 – Property, Plant and Equipment	Annual improvements 2009 – 2011 Cycle: Amendments with respect to the recognition and classification of servicing equipment. The amendments clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.	1 January 2013
IAS 27 – Consolidated and Separate Financial Statements	Amendments as a consequence of the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 28 – Investments in Associates	Amendments as a consequence of the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 32 – Financial Instruments: Presentation	Amendments require entities to disclose gross amounts subject to the right to set-off, amounts set-off in accordance with the accounting standards and the related net credit exposure.	1 January 2014
	Annual improvements 2009 – 2011 Cycle: Amendments clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 – Income Taxes.	1 January 2013
IAS 34 – Interim Financial Reporting	Annual improvements 2009 – 2011 Cycle: Amendments clarify that the total assets and total liabilities for a particular reporting segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.	1 January 2013
IAS 36 – Impairment of Assets	The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
IFRIC 21 – Levies	The interpretation provides guidance on how entities should account for liabilities to pay levies imposed by governments, other than income taxes.	1 January 2014

IFRS 9 REQUIRES ALL RECOGNISED FINANCIAL ASSETS THAT ARE WITHIN THE SCOPE OF IAS 39 – FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT TO BE SUBSEQUENTLY MEASURED AT AMORTISED COST OR FAIR VALUE.

The most significant impact of IFRS 9, with regard to the classification and measurement of financial liabilities, relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. In terms of this standard the amount of change in the fair value of the financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition would create or enlarge an accounting mismatch in profit or loss. Changes in fair value are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as through profit and loss was presented in profit or loss.

The company expects that IFRS 9 will be adopted for the annual period commencing 1 October 2015. Given the nature of the changes contained in IFRS 9, it is not practicable to provide a reasonable estimate of the effect of adoption until a detailed review has been completed.

A package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, 11, 12, IAS 27 and 28. The major changes are as follows:

- IFRS 10 replaces parts of IAS 27 – Consolidated and Separate Financial Statements that deals with consolidated financial statements.
- SIC 12 – Consolidation: Special Purpose Entities has been withdrawn upon the issue of IFRS 10. IFRS 10 has one basis for consolidation – control. In terms of IFRS 10 the definition of control consists of three elements:
  - (a) power over an investee;
  - (b) exposure or rights to variable returns from its involvement with the investee; and
  - (c) the ability to use its power over the investee to affect the amount of the investor's return.
- IFRS 11 replaces IAS 31 – Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement over which two or more parties have joint control should be classified. Under IFRS 11 joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Under IAS 31 there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

Under IFRS 11 joint ventures are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method or proportionate accounting.

- IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities and in general the disclosure requirements in IFRS 12 are more extensive than those in the current standard.

The company expects that these standards will be adopted for the annual period beginning 1 October 2013. The application of IFRS 10 is not expected to have a material impact on the group based on its existing group structure.

The application of IFRS 11 could result in changes in accounting for the group's jointly controlled entities as these are currently accounted for using the proportionate consolidation method and may need to be accounted for using the equity method under IFRS 11. Refer to note 26 for more information relating to the group's jointly controlled entities.

IFRS 13 provides a single source of guidance for fair value measurement and disclosures regarding these fair values. The scope of IFRS 13 is broad as it applies to financial and non-financial instruments for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements. As a whole the disclosure requirements under IFRS 13 are more extensive than those required in the current standards.

The company anticipates that IFRS 13 will be adopted for the annual period beginning 1 October 2013. The application of the new standard may affect the amounts reported in the financial statements and result in more extensive disclosure in the financial statements.

The impact of the adoption of the other standards and interpretations has not yet been determined. However, we do not anticipate that these standards will have a major impact on the group results and financial position.

BASIS OF PREPARATION

The group annual 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 annual financial statements have been prepared on the going concern and historical cost basis, except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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.

BASIS OF CONSOLIDATION

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

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.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Changes in the group's ownership interests in subsidiaries that result in the group losing control over the subsidiaries are recognised in profit or loss and are calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interests and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary as well as any non-controlling interests.

When assets of the subsidiary are carried at fair value and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised are accounted for as if the group has directly disposed of the relevant asset.

The fair value of any investment retained in the former subsidiary at the date when control is lost, is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 – Financial Instruments: Recognition and Measurement or, when applicable, the cost of initial recognition of an investment in an associate or a jointly controlled entity.

A business combination of entities under common control is excluded from IFRS 3 – Business Combinations as it involves the combination of businesses that are ultimately controlled by the same company before and after the transaction. Such business combinations will be accounted for at the net asset value of the business transferred and therefore no goodwill arises on these business combinations.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured at fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS. 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.

SPECIAL PURPOSE ENTITIES

A 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.

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 are 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.

BUSINESS COMBINATIONS AND 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets and liabilities are recognised and measured in accordance with IAS 12 – Income Taxes;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets or disposal groups that are classified as held for sale in accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

When the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. The obligation to pay contingent consideration is classified as a liability, or as equity, based on the definitions of an equity instrument and a financial liability in accordance with IAS 32 – Financial Instruments: Presentation. A right to the return of previously transferred consideration if specified conditions are met is recognised as an asset. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (a period not exceeding one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments, depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and its settlement is accounted for as within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with the applicable accounting standard with the corresponding gain or loss being recognised in profit or loss.

If a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the adjustment is included in the cost of the acquisition, if the adjustment is probable and can be measured reliably. At the time of initial accounting for the business combination, the adjustment is not recognised if it is either not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration is recognised as an adjustment to the cost of the combination.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets and liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, which if known, would have affected the amounts recognised at that time.

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 of 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 arising on acquisition of a business is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, 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 CGU 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. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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.

INVESTMENTS IN SUBSIDIARIES

In the company financial statements, investments in subsidiaries are initially recognised at cost and classified as held-to-maturity financial assets. These investments are subsequently carried at cost less any impairment losses recognised.

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.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the group will retain a non-controlling interest in the former subsidiary after the sale.

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.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

All owner-occupied property is recognised at cost. Further, the cost model is also used to account for investment property.

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. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of normal production overheads. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Land is not depreciated and is stated at cost less accumulated impairment losses.

All other items of plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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 and investment property 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.

Property, plant and equipment and investment property is derecognised on disposal or when no future economic benefit is expected from the continued use of the asset. Profits or losses on disposal or derecognition of property, plant and equipment and investment property are the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

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 are 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. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

INTANGIBLE ASSETS

INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets are initially recognised at cost and are subsequently measured 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.

INTERNALLY-GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as the cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

DERECOGNITION OF INTANGIBLE ASSETS

Intangible assets are derecognised on disposal or when no future economic benefits are expected from the continued use. Gains or losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount, are recognised in profit or loss on derecognition.

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

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 in order to determine the extent of the impairment loss (if any). 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to 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. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of 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. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

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 or the present value of the minimum lease payments at inception of the lease and the corresponding liability is raised.

Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged to profit or loss over the term of the relevant lease, and the capital payment, which reduces the liability to the lessor. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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 the income statement on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

AUDIT FEES

An audit fee accrual is raised in the current reporting period for the audit to be performed in respect of this period as the company is legally obligated to undergo an audit.

FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, trade payables, borrowings and derivative instruments. Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

FINANCIAL ASSETS

The group classifies its financial assets into the following categories:

- At fair value through profit or loss (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.

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 time frame 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 profit or loss. 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

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as: (a) loans and receivables, (b) held to maturity investments or (c) financial assets at FVTPL.

Unlisted shares held by the group are classified as available-for-sale financial assets. Unlisted shares held by the group that do not have a quoted price in an active market and whose fair value cannot be reliably measured at market value are initially measured at cost and subsequently remeasured at cost less any identified impairment losses.

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.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for similar financial assets. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the group allocates the previous carrying amount of the financial asset and any cumulative fair value gains or losses recognised in other comprehensive income between the part it continued to recognise under the continuing involvement, and the part that it no longer recognises on the basis of the relative fair values of those parts on the date of transfer. The difference between the allocated carrying amount of the part that is no longer recognised and the sum of the consideration received for the part and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

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. 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 risks 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 risks 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 and the definitions of a financial liability and an equity instrument.

ACCOUNTING POLICIES CONTINUED

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.

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.

TREASURY SHARES

Treasury shares are equity instruments of the company that are held by a subsidiary of the company.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

LOANS CATEGORISED AS EQUITY

At-acquisition loans introduced by non-controlling interests in terms of contractual arrangements, which are intended to be a commitment towards the business and which the non-controlling shareholder stands to lose if the business fails, are classified as equity and included in non-controlling interests. These loans are stated at their nominal value.

FINANCIAL LIABILITIES

Financial liabilities are either classified as:

- financial liabilities at FVTPL; or
- other financial liabilities.

Financial liabilities include interest bearing bank loans and overdrafts and trade and other payables.

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.

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.

DERECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when the liability is extinguished, that is, the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

REVENUE

Revenue comprises net invoiced sales to customers, revenue from the rendering of services, 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.

Contract product revenue by the cellular service provider is disclosed at the amounts charged to subscribers.

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

CONSTRUCTION CONTRACTS

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.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet as advances received. Amounts billed for work performed but not yet paid by the customer are included under trade and other receivables.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the period in which the group recognises the expenses relating to costs incurred and for which the government grants are received. Specifically, government grants whose primary condition is that the group should purchase or construct non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

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 employee's 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.

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, with a corresponding increase in equity. 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.

EMPOWERMENT TRANSACTIONS

Empowerment 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 empowerment 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 empowerment partner.

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 and losses arising from the settlement of such transactions are recognised in the income statement on a net basis unless the gains and 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 each year.

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:

ACCOUNTING POLICIES CONTINUED

- Assets and liabilities at rates of exchange ruling at the group's financial year-end;
- 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; and
- 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.

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 other comprehensive income, in which case it is recognised in other 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 for 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 to other comprehensive income, or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

EARNINGS PER SHARE

Earnings per share are calculated by dividing earnings attributable to equity holders of Reunert by the weighted average number of shares. Appropriate adjustments are made in calculating diluted, headline and diluted headline earnings.

NORMALISED HEADLINE EARNINGS

Normalised headline earnings are determined by eliminating the net economic interest in profit or loss attributable to minority interests with outstanding equity related loan accounts (including their share of any headline earnings adjustments) from headline earnings attributable to equity holders of Reunert.

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 the group. The Board makes the group's strategic decisions.

CRITICAL JUDGEMENTS AND ESTIMATES

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.

In preparing the financial statements in conformity with IFRS, management 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.

On an annual basis, the replacement cost of plant and equipment is assessed for insurance purposes.

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 11.

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, lease, rental 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.

Acquisitions – going concern or asset

Judgement is required to determine whether an acquisition is regarded as a business combination, in terms of IFRS 3 – Business Combinations, or the acquisition of an asset.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Rm	Notes	Group 2013	Group 2012	Company 2013	Company 2012
Revenue	1	11 350,6	11 662,2	2 656,8	2 647,5
Cost of sales		(7 943,4)	(8 130,9)	(1 624,9)	(1 619,3)
Gross profit		3 407,2	3 531,3	1 031,9	1 028,2
Other income		40,9	31,0	18,1	14,8
Operating expenses		(2 118,6)	(2 037,7)	(606,4)	(612,6)
Operating profit before interest and dividends	2	1 329,5	1 524,6	443,6	430,4
Interest and dividends income	3	26,8	52,5	214,1	293,6
Interest expense	4	(11,1)	(10,7)	(2,9)	(2,8)
Profit before taxation		1 345,2	1 566,4	654,8	721,2
Taxation	5	(372,4)	(483,8)	(131,5)	(176,6)
Profit for the year from continued operations		972,8	1 082,6	523,3	544,6
Profit for the year of asset held for sale		–	–	–	12,4
Profit for the year		972,8	1 082,6	523,3	557,0
Profit for the year attributable to:					
– Non-controlling interests		13,8	15,9		
– Equity holders of Reunert		959,0	1 066,7	523,3	557,0
Basic earnings per share (cents)	6	587,8	658,2		
Diluted earnings per share (cents)	6	582,3	654,2		
Cash dividend declared and paid per share (cents)					
– Interim	7	95,0	95,0	95,0	95,0
Cash dividend declared per share (cents)					
– Final	7	275,0	275,0	275,0	275,0
Total cash dividends declared per share (cents)		370,0	370,0	370,0	370,0

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Rm	Group 2013	Group 2012	Company 2013	Company 2012
Profit for the year	972,8	1 082,6	523,3	557,0
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
– Gains arising from translating the financial results of foreign subsidiaries	4,9	*		
– Income tax relating to items that may be reclassified subsequently	–	–		
Total comprehensive income for the year	977,7	1 082,6	523,3	557,0
Total comprehensive income attributable to:				
– Non-controlling interests	13,8	15,9		
– Equity holders of Reunert	963,9	1 066,7	523,3	557,0

* *Nil due to rounding*

BALANCE SHEETS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

		Group		Company	
Rm	Notes	2013	2012	2013	2012
ASSETS					
Non-current assets					
Property, plant and equipment	9	646,4	615,3	110,9	120,7
Investment properties	9	30,7	9,1	97,4	97,7
Intangible assets	10	81,9	82,4	7,0	8,1
Goodwill	11	803,0	707,0	22,9	22,9
Interest in subsidiaries	12			2 485,4	2 485,8
Other investments and loans	13	76,3	64,3	48,1	38,9
Amounts owing by subsidiaries	12			1 900,0	1 845,4
Rental and finance lease receivables	14	1 378,2	1 066,5	–	–
Deferred taxation assets	16	55,3	33,3	–	–
		3 071,8	2 577,9	4 671,7	4 619,5
Current assets					
Inventory and contracts in progress	17	1 163,3	969,3	411,0	307,5
Rental and finance lease receivables	14	792,5	695,7	–	–
Accounts receivable	15	1 697,3	1 629,6	359,0	383,3
Taxation		12,2	14,4	–	–
Derivative assets	29	6,7	4,2	4,6	2,6
Cash and cash equivalents	18	699,2	696,9	172,4	141,1
Assets classified as held for sale		–	–	–	264,5
		4 371,2	4 010,1	947,0	1 099,0
Total assets		7 443,0	6 588,0	5 618,7	5 718,5
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19	288,1	242,8	288,1	242,8
Share-based payment reserves	19	–	766,9	–	639,1
Empowerment shares	19	(276,1)	(276,1)		
Treasury shares	19	(1 253,6)	(1 253,6)		
Equity transactions with empowerment partner and non-controlling shareholders		–	(34,9)		
Non-distributable reserves		–	3,9	–	0,3
Foreign currency translation reserve		2,1	(2,8)		
Retained earnings		6 117,4	4 996,2	4 382,4	3 962,2
Equity attributable to equity holders of Reunert		4 877,9	4 442,4	4 670,5	4 844,4
Non-controlling interests		59,4	56,1		
Total equity		4 937,3	4 498,5	4 670,5	4 844,4
Non-current liabilities					
Deferred taxation liabilities	16	139,7	127,4	24,2	19,9
Long-term borrowings	20	24,9	25,4	29,3	34,5
		164,6	152,8	53,5	54,4
Current liabilities					
Provisions	21	69,0	78,7	2,7	12,7
Trade and other payables		1 870,8	1 750,7	560,3	458,4
Taxation		30,1	28,1	8,7	2,1
Derivative liabilities	29	1,2	2,6	–	0,2
Amounts owing to subsidiaries	12			317,8	262,1
Bank overdrafts and current portion of long-term borrowings		370,0	76,6	5,2	4,1
Liabilities directly associated with assets classified as held for sale		–	–	–	80,1
		2 341,1	1 936,7	894,7	819,7
Total equity and liabilities		7 443,0	6 588,0	5 618,7	5 718,5

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

		Group		Company	
Rm	Notes	2013	Restated* 2012	2013	2012
Cash flows from operating activities					
Cash generated from operations before working capital changes	A	1 474,9	1 686,9	456,9	502,6
(Increase)/decrease in net working capital	B	(144,5)	(191,6)	11,6	(48,5)
Cash generated from operations		1 330,4	1 495,3	468,5	454,1
Interest received		26,3	52,0	34,6	38,6
Interest paid		(11,1)	(10,7)	(2,9)	(2,8)
Dividends received		0,5	0,5	179,5	255,0
Taxation paid	C	(372,8)	(447,2)	(127,2)	(170,0)
Net cash inflow from operating activities available to pay dividends		973,3	1 089,9	552,5	574,9
Dividends paid (including to outside shareholders in subsidiaries)	D	(612,8)	(577,4)	(742,5)	(694,6)
Net cash inflow/(outflow) from operating activities		360,5	512,5	(190,0)	(119,7)
Cash flows from investing activities					
Investments to maintain operating capacity		(326,3)	(242,4)	(16,5)	4,2
Movement in total rental and finance lease receivables		(287,5)	(207,3)	–	–
Repayment of non-current loans		4,5	10,4	1,6	4,9
Non-current loans granted		(17,7)	(28,5)	(10,8)	–
Purchase of shares		–	–	–	(0,2)
Replacement of property, plant and equipment and intangible assets		(37,9)	(26,6)	(9,1)	(4,0)
Investments and other capital items		12,3	9,6	1,8	3,5
Investments to increase operating capacity		(370,0)	(256,1)	(7,6)	(54,5)
Expansion of property, plant and equipment and intangible assets		(138,5)	(79,9)	(7,1)	(39,8)
Payment of outstanding purchase consideration for prior year acquisitions		–	(91,5)	–	–
Repayment of short-term portion of long-term borrowings		–	(7,0)	–	–
Equity transaction with non-controlling shareholder		(1,0)	(0,7)		
Increase in investment in unlisted investments		–	(0,2)	–	–
Net cash flows on disposal of subsidiaries and businesses	E	8,1	–	(0,5)	–
Net cash flows on acquisition of subsidiaries and businesses	F	(238,6)	(76,8)	–	(14,7)
Net cash outflow from investing activities		(696,3)	(498,5)	(24,1)	(50,3)

Rm	Notes	Group 2013	Group Restated* 2012	Company 2013	Company 2012
Cash flows from financing activities					
Funds provided by equity holders of Reunert		46,0	42,5	46,0	42,6
Redemption of preference shares		(0,7)	–	(0,7)	–
Long-term borrowings repaid		(0,4)	(0,4)	(4,1)	(3,2)
Net change in amounts due to and by subsidiaries				19,5	136,4
Disposal of business through subsidiary loan				175,9	–
Net cash inflow from financing activities		44,9	42,1	236,6	175,8
Net (decrease)/increase in cash and cash equivalents		(290,9)	56,1	22,5	5,8
Net cash and cash equivalents at the beginning of the year		620,7	564,6	149,9	144,1
Net cash and cash equivalents at the end of the year		329,8	620,7	172,4	149,9
Made up of:					
– Cash and cash equivalents	18	699,2	696,9	172,4	141,1
– Asset held for sale		–	–	–	8,8
– Bank overdrafts	18	(369,4)	(76,2)	–	–
Net cash and cash equivalents	18	329,8	620,7	172,4	149,9
Net cash flows from operating activities before dividends paid		973,3	1 089,9		
Operating cash flow before dividends paid per share (cents)		596,8	672,8		

NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Group		Company	
Rm	2013	Restated* 2012	2013	2012
A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES				
Profit before taxation	1 345,2	1 566,5	654,8	738,4
Continuing operations	1 345,2	1 566,5	654,8	721,2
Asset held for sale	–	–	–	17,2
Adjusted for:				
– Interest received	(26,3)	(52,0)	(34,6)	(38,6)
– Interest paid	11,1	10,7	2,9	2,8
– Dividends received	(0,5)	(0,5)	(179,5)	(255,0)
– Depreciation of property, plant and equipment	98,3	98,9	23,4	38,3
– Amortisation of intangible assets	33,4	37,2	1,3	19,2
– Impairment of property, plant and equipment	0,3	1,9	–	–
– Share option expense	20,2	16,0	–	(0,6)
– Net profit on disposal of property, plant and equipment and intangible assets	(8,1)	(1,3)	(0,9)	(1,5)
– Movement in provisions through the income statement	(3,9)	10,4	(8,0)	(0,1)
– Other non-cash movements	5,2	(0,9)	(2,5)	(0,3)
Cash generated from operations before working capital changes	1 474,9	1 686,9	456,9	502,6
B. WORKING CAPITAL CHANGES				
Inventory and contracts in progress	(192,3)	(19,5)	(108,2)	(17,1)
Accounts receivable and derivative assets	(65,6)	(53,4)	17,5	(65,8)
Trade and other payables and derivative liabilities	113,4	(118,7)	102,3	34,4
Working capital changes	(144,5)	(191,6)	11,6	(48,5)
C. RECONCILIATION OF TAXATION PAID TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Net amounts unpaid at beginning of year	(13,8)	(8,2)	(4,7)	(0,9)
– Current taxation per the income statement	(376,9)	(452,8)	(131,2)	(173,8)
– Net amounts unpaid at end of year	17,9	13,8	8,7	4,7
Cash amounts paid	(372,8)	(447,2)	(127,2)	(170,0)
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	(603,1)	(563,5)	(742,5)	(694,6)
– Dividends paid to non-controlling interests	(9,7)	(13,9)	–	–
Cash amounts paid	(612,8)	(577,4)	(742,5)	(694,6)

Rm	Group 2013	Group Restated* 2012	Company 2013	Company 2012
E. ANALYSIS OF DISPOSAL OF SUBSIDIARIES AND BUSINESSES:				
– Deferred taxation	0,1	–		
– Inventory	4,7	–	4,7	–
– Accounts receivable	4,7	–	73,9	–
– Trade and other payables and provisions	(4,1)	–	(65,0)	–
– Property, plant and equipment	2,0	–	48,5	–
– Intangible assets	–	–	17,8	–
– Investment in subsidiaries			0,9	–
– Net amount due to group companies			(22,4)	–
– Cash on hand at time of disposal	–	–	8,7	–
– Existing goodwill	–	–	115,4	–
– Surplus on disposal	0,7	–	1,6	–
Net assets disposed	8,1	–	184,1	–
Cash on hand at time of disposal	–	–	(8,7)	–
Funded through subsidiary loan	–	–	(175,9)	–
Net cash flows on disposal of subsidiaries and businesses	8,1	–	(0,5)	–
F. ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES:				
– Deferred taxation	(4,2)	4,3	–	–
– Property, plant and equipment	0,6	12,8	–	–
– Intangible assets	16,3	9,2	–	–
– Finance lease receivables	124,6	–		
– Inventory	3,1	60,7	–	15,0
– Current accounts receivable	5,8	22,7	–	(7,6)
– Net cash on hand at time of acquisition	9,9	–	–	–
– Trade and other payables and provisions	(4,6)	(76,9)	–	(0,3)
Fair value of assets and liabilities acquired	151,5	32,8	–	7,1
Purchase consideration	(248,5)	(76,8)	–	(14,7)
Goodwill arising on acquisition	(97,0)	(44,0)	–	(7,6)
Settled by:				
– Cash paid	(238,6)	(76,8)	–	(14,7)
Purchase consideration	(248,5)	(76,8)	–	(14,7)
Less: net cash on hand at time of acquisition	9,9	–	–	–
Net cash flows on acquisition of subsidiaries and businesses	(238,6)	(76,8)	–	(14,7)

* *It is the group's view that rental and finance leases provided to customers are investing activities due to the long-term nature of these advances. Accordingly, the prior year cash flow statement was restated to reflect the movement in these amounts from operating to investing activities.*

The impact of the restatement is reflected below:

	Previously reported	Restated	Difference
Increase in net working capital	(398,9)	(191,6)	207,3
Cash generated from operations	1 288,0	1 495,3	207,3
Net cash inflows from operating activities available to pay dividends	882,6	1 089,9	207,3
Net cash inflows from operating activities	305,2	512,5	207,3
Investments to maintain operating capacity	(35,1)	(242,4)	(207,3)
Movement in total rental and finance lease receivables	–	(207,3)	(207,3)
Net cash outflows from investing activities	(291,2)	(498,5)	(207,3)
Accounts receivable and derivative assets (note B)	(260,7)	(53,4)	207,3
Working capital changes (note B)	(398,9)	(191,6)	207,3

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Group

Rm	Notes	Share capital	Share-based payment reserves	Empowerment shares[1]	Treasury shares
Balance at 30 September 2011		200,3	751,0	(276,1)	(1 253,6)
Profit for the year					
Other comprehensive income for the year					
Total comprehensive income for the year					
Share-based payment expense	2; 19		15,9		
Dividends declared and paid	7				
Issue of shares: share capital and premium	19	42,5			
Non-controlling shareholder's interest purchased					
Balance at 30 September 2012		242,8	766,9	(276,1)	(1 253,6)
Profit for the year					
Other comprehensive income for the year					
Total comprehensive income for the year					
Share-based payment expense	2; 19		20,2		
Deferred tax on share based payment expense	16		9,4		
Dividends declared and paid	7				
Issue of shares	19	46,0			
Redemption of preference shares	19	(0,7)			
Non-controlling shareholder's interest purchased					
Transfer to retained earnings			(796,5)		
Balance at 30 September 2013		288,1	–	(276,1)	(1 253,6)

* *Nil due to rounding*

1 *These are shares held by Bargenel, a company sold by Reunert to an accredited empowerment partner in 2007. In terms of IFRS, until the amount owing by the empowerment 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 empowerment partner.*

Company

Rm	Notes	Share capital	Share-based payment reserves	Non-distributable reserve	Retained earnings	Total
Balance at 30 September 2011		200,3	639,7	0,3	4 099,8	4 940,1
Profit for the year					557,0	557,0
Other comprehensive income for the year					–	–
Total comprehensive income for the year					557,0	557,0
Share-based payment credit	2; 19		(0,6)			(0,6)
Dividends declared and paid	7				(694,6)	(694,6)
Issue of shares: share capital and premium	19	42,5				42,5
Balance at 30 September 2012		242,8	639,1	0,3	3 962,2	4 844,4
Profit for the year					523,3	523,3
Other comprehensive income for the year					–	–
Total comprehensive income for the year					523,3	523,3
Dividends declared and paid	7				(742,5)	(742,5)
Issue of shares	19	46,0				46,0
Redemption of preference shares	19	(0,7)			*	(0,7)
Transfer to retained earnings			(639,1)	(0,3)	639,4	–
Balance at 30 September 2013		288,1	–	–	4 382,4	4 670,5

* *Nil due to rounding*

Group						
Equity transactions with empowerment partner and non-controlling shareholders	Non-distributable reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of Reunert Ltd	Non-controlling interests	Total
(35,3)	3,9	(2,8)	4 493,0	3 880,4	55,2	3 935,6
			1 066,7	1 066,7	15,9	1 082,6
		*		–		–
		*	1 066,7	1 066,7	15,9	1 082,6
				15,9		15,9
			(563,5)	(563,5)	(13,9)	(577,4)
				42,5		42,5
0,4				0,4	(1,1)	(0,7)
(34,9)	3,9	(2,8)	4 996,2	4 442,4	56,1	4 498,5
			959,0	959,0	13,8	972,8
		4,9		4,9		4,9
		4,9	959,0	963,9	13,8	977,7
				20,2		20,2
				9,4		9,4
			(603,1)	(603,1)	(9,7)	(612,8)
				46,0		46,0
			*	(0,7)		(0,7)
(0,2)				(0,2)	(0,8)	(1,0)
35,1	(3,9)		765,3	–	–	–
–	–	2,1	6 117,4	4 877,9	59,4	4 937,3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Rm	Group 2013	Group 2012	Company 2013	Company 2012
1. REVENUE				
Gross invoiced sales	10 925,4	11 307,1	2 624,7	2 619,1
Interest received	250,4	207,6		–
Rendering of services	158,6	140,0		–
Rental received	16,0	6,3	32,1	28,4
Other revenue	0,2	1,2		–
	11 350,6	11 662,2	2 656,8	2 647,5
Revenue includes export revenue as follows:				
– Africa	362,8	396,1	198,1	185,9
– Asia	190,2	198,5	40,7	158,5
– Australia	70,9	84,2	12,6	31,0
– Europe	385,1	203,6	220,9	78,3
– North America	84,5	64,6	46,7	40,8
– South America	27,5	26,0		
Total export revenue	1 121,0	973,0	519,0	494,5
2. OPERATING PROFIT BEFORE INTEREST AND DIVIDENDS				
Operating profit before interest and dividends is stated after				
Administration, management and other fees	10,3	24,8	5,1	4,4
Auditors' remuneration:				
– Audit fees	16,2	16,1	6,1	5,6
– Other fees	3,2	1,2	0,1	0,3
– Expenses	0,1	0,3	–	–
	19,5	17,6	6,2	5,9
Impairment of property, plant and equipment	0,3	1,9	–	–
Depreciation:				
– Buildings	11,3	10,0	7,2	7,6
– Plant and equipment	81,5	82,5	14,7	28,6
– Vehicles	5,5	6,4	1,5	2,1
	98,3	98,9	23,4	38,3
Less: Asset held for sale	–	–	–	10,7
Total depreciation excluding asset held for sale	98,3	98,9	23,4	27,6
Amortisation:				
– Intangible assets	33,4	37,2	1,3	19,2
– Less: Asset held for sale	–	–	–	17,1
Total amortisation of intangible assets excluding asset held for sale	33,4	37,2	1,3	2,1
Bad debt expense	88,9	49,2	1,1	–
Bad debt recovery	(19,4)	(18,5)	(0,1)	(3,2)
Rental income from investment properties (included in revenue)	5,1	3,8	28,2	17,3
Direct operating expenses arising from investment properties that generated rental income	3,1	2,8	9,8	10,5
Net realised gains on currency exchange differences	(7,6)	(6,1)	(3,7)	(3,3)
Net unrealised gains on currency exchange differences	(24,8)	(9,1)	(11,4)	(0,3)
Net realised (gains)/losses on fair value adjustments to derivative instruments	(0,4)	6,2	3,0	6,9
Net unrealised gains on fair value adjustments to derivative instruments	(5,7)	(5,2)	(3,8)	(5,4)
	(38,5)	(14,2)	(15,9)	(2,1)

Rm	Group 2013	Group 2012	Company 2013	Company 2012
2. OPERATING PROFIT BEFORE INTEREST AND DIVIDENDS CONTINUED				
Income from subsidiaries:				
– Fees			0,1	0,1
– Rental (included in revenue)			27,1	26,6
			27,2	26,7
Operating lease charges:				
– Land and buildings	48,9	38,3	7,3	8,0
– Vehicles and other	0,7	0,6	0,8	0,8
	49,6	38,9	8,1	8,8
Research and development expenditure:				
– Financed by revenue from customers	55,4	33,7	1,7	1,6
– Internally funded	16,8	30,5	5,4	5,1
	72,2	64,2	7,1	6,7
Net profit on disposal of plant, equipment and intangible assets	(8,1)	(1,3)	(0,9)	(1,5)
Consulting fees	24,8	14,2	7,0	3,3
Legal fees	28,5	39,5	14,3	25,9
Staff costs:				
– Salaries and wages	1 621,9	1 471,3	–	–
– Pension and provident fund contributions	121,4	111,3	–	–
– Other staff costs	86,7	98,3	–	–
	1 830,0	1 680,9	–	–
Share-based payment expense/(credit) in respect of the group's share option scheme	20,2	15,9	–	(0,6)
The remuneration paid to key management personnel during the year by Reunert or any of its subsidiaries during the year was as follows:				
– Short-term benefits	13,9	13,1	23,4	18,8
– Post-employment benefits	0,9	0,9	1,6	1,6
– Termination benefits	0,9	8,9	0,9	8,9
– Share-based payments	5,4	3,7	7,0	4,8
	21,1	26,6	32,9	34,1
Key management personnel of the group is considered to be the Reunert Board. Key management personnel of the company is considered to be the Reunert Board and prescribed officers as detailed in note 24. The remuneration of executive directors and key management personnel is approved by the Remuneration Committee, which is based on market trends and the performance of individuals.				
Write-down of inventory (refer to note 17)	7,0	9,9	4,2	9,3

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

Rm	Group 2013	Group 2012	Company 2013	Company 2012
3. INTEREST AND DIVIDEND INCOME				
Dividend income:				
– Unlisted subsidiaries			179,0	254,5
– Other	0,5	0,5	0,5	0,5
	0,5	0,5	179,5	255,0
Interest income:				
– Subsidiaries			32,7	35,8
– Other	26,3	52,0	1,9	2,8
	26,3	52,0	34,6	38,6
Total interest and dividend income	26,8	52,5	214,1	293,6
Interest earned on financial assets analysed by category of asset:				
– Bank deposits	22,8	28,4	4,7	1,2
– Loans and receivables	3,3	20,6	29,9	36,6
	26,1	49,0	34,6	37,8
Interest earned on non-financial assets	0,2	3,0	–	0,8
	26,3	52,0	34,6	38,6
4. INTEREST EXPENSE				
Subsidiaries			2,7	1,9
Long-term borrowings	2,5	2,1	–	–
Short-term loans and bank overdrafts	8,6	8,6	0,2	0,9
	11,1	10,7	2,9	2,8
Interest expense in Quince (included in cost of sales)	5,4	5,2		

Rm	Notes	Group 2013	Group 2012	Company 2013	Company 2012
5. TAXATION					
South African current taxation:					
– Current year		365,9	402,4	131,8	131,3
– Prior year		4,9	–	(0,6)	(0,8)
Deferred taxation:					
– Current year	16	(0,7)	30,3	(1,1)	7,3
– Prior year	16	(3,3)	0,7	1,4	2,4
Secondary tax on companies:					
– Current year			42,3		36,4
		366,8	475,7	131,5	176,6
Foreign taxation:					
– Current year		6,1	8,1	–	–
– Deferred taxation	16	(0,5)	–	–	–
Taxation charge as per the income statement		372,4	483,8	131,5	176,6
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		(1,2)	(0,6)	(7,9)	(10,0)
– Disallowable expenses		0,7	0,6	0,4	0,4
– Secondary tax on companies		–	2,7	–	5,1
– Capital gains tax		0,1	–	0,1	–
– Adjustments from prior year		0,1	–	0,1	0,2
– Temporary differences not recognised		0,1	0,4	(0,6)	0,8
– Foreign tax rate differential		(0,2)	(0,1)	–	–
– Net tax loss incurred/(utilised)		0,1	(0,1)	–	–
Effective rate of taxation		27,7	30,9	20,1	24,5

The group has total estimated tax losses available to be offset against future taxable income of R26,6 million (2012: R21,2 million).

Deferred tax assets have not been raised unless there is convincing evidence that there will be sufficient taxable profits in future years to recover the assets.

The group has capital gains tax losses of R18,1 million (2012: R18,1 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 2013	Group 2012
6. 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)	163,1	162,0
Adjusted by the dilutive effect of:		
– Unexercised share options granted (millions of shares)	1,6	1,0
Weighted average number of shares used to determine diluted, diluted headline and diluted normalised headline earnings per share (millions of shares)	164,7	163,0

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

Rm	Group 2013	Group 2012	Company 2013	Company 2012
7. CASH DIVIDENDS				
Ordinary dividends paid:				
– Final 2012 – 275 cents per share (2011: 253 cents per share)	551,5	504,8	551,5	504,8
– Interim 2013 – 95 cents per share (2012: 95 cents per share)	191,0	189,8	191,0	189,8
– Attributable to Reunert shares held by a special purpose entity	(68,5)	(64,4)		
– Attributable to Reunert shares held by a subsidiary	(70,9)	(66,7)		
	603,1	563,5	742,5	694,6
– Final ordinary cash dividend declared: 275 cents per share (2012: 275 cents per share)	553,9	550,8	553,9	550,8
– Attributable to Reunert shares held by a special purpose entity	(50,9)	(50,9)		
– Attributable to Reunert shares held by a subsidiary	(52,7)	(52,7)		
	450,3	447,2	553,9	550,8

	Notes	Group 2013	Group 2012
8. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS			
Headline earnings per share (cents)	8.1	583,2	658,3
Diluted headline earnings per share (cents)	8.1	577,7	654,3
Normalised headline earnings per share (cents)	8.2	569,1	644,4
Diluted normalised headline earnings per share (cents)	8.2	563,7	640,5
8.1 HEADLINE EARNINGS			
Profit attributable to equity holders of Reunert – IAS 33 – Earnings per Share		959,0	1 066,7
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:		(7,5)	0,1
– Impairment charge recognised for property, plant and equipment and intangible assets (after tax credit of R0,1 million (2012: R0,5 million))		0,3	1,4
– Profit on change of shareholding in unlisted investment (2012 and 2013: after tax charge of Rnil)		(0,2)	(0,3)
– Profit on disposal of subsidiary (after tax charge of R0,5 million)		(0,2)	–
– Net profit on disposal of property, plant and equipment and intangible assets (after tax charge of R0,8 million (2012: R0,3 million))		(7,4)	(1,0)
Headline earnings attributable to equity holders of Reunert		951,5	1 066,8
8.2 NORMALISED HEADLINE EARNINGS			
Headline earnings attributable to equity holders of Reunert (basic and diluted)	8.1	951,5	1 066,8
It is the group's accounting policy to determine normalised headline earnings by eliminating the effect of the following items in attributable headline earnings:			
– Net economic interest in profit attributable to all minority interests with outstanding equity related loan accounts	8.3	(23,0)	(22,2)
– Share of headline earnings adjustments		(0,1)	(0,3)
Normalised headline earnings attributable to equity holders of Reunert		928,4	1 044,3

	Notes	Group 2013	2012
8. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS CONTINUED			
8.3 MINORITY INTERESTS WITH OUTSTANDING EQUITY RELATED LOAN ACCOUNTS			
Interest in profit that is economically attributable to minority shareholders			
Certain empowerment 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 minority shareholders 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 affected minority shareholders	8.2	23,0	22,2
– Balance sheet interest that is economically attributable to affected minority shareholders		147,3	107,7

Rm	Group Cost	Group Accumulated depreciation and impairments	Group Net book value	Company Cost	Company Accumulated depreciation and impairments	Company Net book value
9. PROPERTY, PLANT AND EQUIPMENT						
2013						
Investment property:	34,4	3,7	30,7	106,3	8,9	97,4
– Freehold land	5,1	–	5,1	22,4	–	22,4
– Freehold buildings	3,8	0,5	3,3	83,9	8,9	75,0
– Leasehold buildings	25,5	3,2	22,3			
Property, plant and equipment:	1 529,6	883,2	646,4	413,5	302,6	110,9
– Freehold land	42,1	–	42,1	7,5	–	7,5
– Freehold buildings	153,6	28,2	125,4	32,3	13,7	18,6
– Leasehold buildings	72,2	46,9	25,3	49,7	31,5	18,2
Plant and equipment	1 104,3	773,7	330,6	301,9	246,9	55,0
Vehicles	54,0	34,4	19,6	17,1	10,5	6,6
Capital work-in-progress	103,4	–	103,4	5,0	–	5,0
	1 564,0	886,9	677,1	519,8	311,5	208,3
2012						
Investment property:	9,7	0,6	9,1	104,2	6,5	97,7
– Freehold land	5,7	–	5,7	22,4	–	22,4
– Freehold buildings	4,0	0,6	3,4	81,8	6,5	75,3
Property, plant and equipment:	1 427,9	812,6	615,3	412,4	291,7	120,7
– Freehold land	42,1	–	42,1	7,5	–	7,5
– Freehold buildings	150,6	24,9	125,7	32,1	12,8	19,3
– Leasehold buildings	91,5	42,3	49,2	49,8	27,5	22,3
Plant and equipment	1 075,4	713,9	361,5	302,8	240,8	62,0
Vehicles	49,8	31,5	18,3	15,1	10,6	4,5
Capital work-in-progress	18,5	–	18,5	5,1	–	5,1
	1 437,6	813,2	624,4	516,6	298,2	218,4

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

Rm	Investment property freehold land	Investment property buildings	Owner occupied freehold land	Owner occupied buildings	Plant and equipment	Vehicles	Capital work-in-progress	2013 Total	2012 Total
9. PROPERTY, PLANT AND EQUIPMENT CONTINUED									
Movement in property, plant and equipment – Group									
Net book value at the beginning of the year	5,7	3,4	42,1	174,9	361,5	18,3	18,5	624,4	612,2
Additions:									
– Acquisition of businesses	–	–	–	–	–	0,6	–	0,6	12,9
– Other additions	–	–	–	9,4	55,7	7,4	85,6	158,1	81,2
– Finance leases	–	–	–	–	–	–	–	–	25,4
Disposals:									
– Disposals of businesses	–	–	–	–	(1,0)	(0,5)	(0,5)	(2,0)	–
– Other disposals	(0,6)	(0,1)	–	–	(2,4)	(0,7)	–	(3,8)	(3,1)
Transfers:									
– Transfers between categories	–	24,4	–	(24,4)	1,9	–	(0,2)	1,7	–
– Transfers to inventory	–	–	–	–	(3,4)	–	–	(3,4)	(3,4)
	5,1	27,7	42,1	159,9	412,3	25,1	103,4	775,6	725,2
Depreciation	–	(2,1)	–	(9,2)	(81,5)	(5,5)	–	(98,3)	(98,9)
Impairment loss for the year	–	–	–	–	(0,3)	–	–	(0,3)	(1,9)
Exchange rate difference	–	–	–	–	0,1	–	–	0,1	–
	5,1	25,6	42,1	150,7	330,6	19,6	103,4	677,1	624,4
Movement in property, plant and equipment – Company									
Net book value at the beginning of the year	22,4	75,3	7,5	41,6	62,0	4,5	5,1	218,4	267,8
Additions:									
– Acquisition of businesses	–	–	–	–	–	–	–	–	–
– Other additions	–	2,1	–	–	9,1	4,4	0,4	16,0	37,0
Disposals:									
– Disposals of businesses	–	–	–	–	(1,0)	(0,5)	(0,5)	(2,0)	–
– Other disposals	–	–	–	–	(0,4)	(0,3)	–	(0,7)	(1,6)
Classified as held for sale	–	–	–	–	–	–	–	–	(46,5)
	22,4	77,4	7,5	41,6	69,7	8,1	5,0	231,7	256,7
Depreciation	–	(2,4)	–	(4,8)	(14,7)	(1,5)	–	(23,4)	(38,3)
	22,4	75,0	7,5	36,8	55,0	6,6	5,0	208,3	218,4

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 R85,5 million (2012: R69,1 million).
   The fair value of the group's investment properties at 30 September 2013 are based on the valuations carried out during 2012 by Gensec Property Services Limited t/a JHI, independent valuers not related to the group. JHI, a member of the SA Institute of Valuers, have appropriate qualifications and have recent experience in valuations of properties in the relevant locations and categories of the properties being valued.
   The valuations, which conform to International Valuation Standards, were arrived at by using various methodologies, including the most commonly used cash flow approach.
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 insurable value of the group's property, plant and equipment as at 30 September 2013 amounted to R5,9 billion (2012: R4,4 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 plant and equipment, having regard to the ongoing programmes of introduction of new product lines. The review led to the recognition of an impairment of R0,3 million, which has been recognised in profit and loss. The recoverable amount of the relevant assets has been determined based on the value in use.

Rm	Group 2013	Group 2012	Company 2013	Company 2012
9. PROPERTY, PLANT AND EQUIPMENT CONTINUED				
Notes continued				
6. Operating leases receivable				
Total future minimum lease payments receivable for all non-cancellable leases on property, plant and equipment				
< 1 year	24,6	16,6	1,6	–
1 – 5 years	19,2	1,4	2,0	–
	43,8	18,0	3,6	–
Gross carrying amount of land and buildings leased under operating leases	35,2	8,9	102,5	100,4
Accumulated depreciation	(9,8)	(0,3)	(8,9)	(6,5)
	25,4	8,6	93,6	93,9
Gross carrying amount of plant and equipment leased under operating leases	24,0	29,3	–	–
Accumulated depreciation	(16,7)	(18,2)	–	–
	7,3	11,1	–	–

SIGNIFICANT LEASING ARRANGEMENTS

Land and buildings: group and company

No purchase options exist. Renewal options are included in the leases for periods between 1 and 3 years and with escalations between CPIX and 10%. No subleasing or additional building is allowed without Reunert's prior consent.

Plant and equipment

These leases are largely for mining surveillance radars, which the customer may terminate at a month's notice. A purchase option, at a full margin exists. The equipment may only be used within the customer's group.

Rm	Group Cost	Group Accumulated amortisation and impairments	Group Net book value	Company Cost	Company Accumulated amortisation and impairments	Company Net book value
10. INTANGIBLE ASSETS						
2013						
Computer software	101,3	82,3	19,0	11,8	11,4	0,4
Customer list, restraint of trade and order book	139,4	84,1	55,3	11,0	9,8	1,2
Models, designs and prototypes	8,0	0,7	7,3	–	–	–
Capital work-in-progress	0,3	–	0,3	5,4	–	5,4
	249,0	167,1	81,9	28,2	21,2	7,0
2012						
Computer software	94,6	72,1	22,5	11,7	11,2	0,5
Customer list, restraint of trade and order book	115,1	62,7	52,4	11,0	8,8	2,2
Models, designs and prototypes	7,6	0,4	7,2	–	–	–
Capital work-in-progress	0,3	–	0,3	5,4	–	5,4
	217,6	135,2	82,4	28,1	20,0	8,1

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

10. INTANGIBLE ASSETS CONTINUED

Rm	Computer software	Customer list, restraint of trade and order book	Models, designs and prototypes	Capital work-in-progress	2013 Total	2012 Total
Movement in intangible assets – Group						
Net book value at beginning of the year	22,5	52,4	7,2	0,3	82,4	89,8
Additions:						
– Acquisition of businesses	–	16,3	–	–	16,3	9,2
– Other Additions	8,2	10,1	–	–	18,3	25,3
Disposals:						
– Disposals of businesses	–	–	–	–	–	(4,7)
Transfers:						
– Transfers to PPE	–	(2,1)	0,4	–	(1,7)	–
	30,7	76,7	7,6	0,3	115,3	119,6
Amortisation charge for the year	(11,7)	(21,4)	(0,3)	–	(33,4)	(37,2)
	19,0	55,3	7,3	0,3	81,9	82,4
Movement in intangible assets – Company						
Net book value at beginning of the year	0,5	2,2	–	5,4	8,1	38,2
Additions:						
– Other Additions	0,2	–	–	–	0,2	6,8
Classified as held for sale	–	–	–	–	–	(17,7)
	0,7	2,2	–	5,4	8,3	27,3
Amortisation charge for the year	(0,3)	(1,0)	–	–	(1,3)	(19,2)
Excluding amortisation on assets classified as held for sale	(0,3)	(1,0)	–	–	(1,3)	(2,1)
Amortisation on assets classified as held for sale	–	–	–	–	–	(17,1)
	0,4	1,2	–	5,4	7,0	8,1

Note:
Useful lives used for the following categories:

– Models, designs and prototypes	5 years
– Computer software	3 – 10 years
– Customer list	2 – 4 years
– Restraint of trade	2 years
– Order book	1 year

Rm	Group 2013	Group 2012	Company 2013	Company 2012
11. GOODWILL				
Carrying value at the beginning of the year	707,0	654,9	22,9	130,7
Acquisition of businesses and subsidiaries*	97,0	44,0	–	–
Adjustment to goodwill on finalisation of acquisitions made in the prior year	(1,0)	8,1	–	7,6
Transfer of goodwill to asset held for sale	–	–	–	(115,4)
Carrying value at the end of the year	803,0	707,0	22,9	22,9
Goodwill	807,2	711,2	22,9	22,9
Accumulated impairments	(4,2)	(4,2)	–	–
	803,0	707,0	22,9	22,9
Carrying value attributable to:				
– Joint ventures	10,7	10,7	–	–
– Subsidiaries	792,3	696,3	–	–
– Businesses			22,9	22,9
	803,0	707,0	22,9	22,9

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 covering a five-year period 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.

Management believes that any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts of the CGUs.

Group	Quince	Nashua Mobile	CBI-electric: African Cables	Nashua Communications	Nashua Franchises
2013					
Carrying amount of goodwill allocated to the CGU (Rm)	124,4	158,1	59,3	185,1	202,4
Pre-tax discount rates (%)	13,4	13,2	13,5	13,0	13,5
Sustainable growth rates (%)	4,0	4,0	5,0	5,0	4,0

The balance of goodwill of R73,7 million (2012: R74,7 million) has been allocated to other CGUs, none of which are considered individually significant in relation to total goodwill. The recoverable amounts of these CGUs have been determined based on pre-tax discount rates ranging between 13,0% and 21,0% and sustainable growth rates ranging between 4,0% and 5,0%.

Company	CBI Solutions	Pansolutions
2013		
Carrying amount of goodwill allocated to the CGU (Rm)	13,9	9,0
Pre-tax discount rates (%)	21,0	13,0
Sustainable growth rates (%)	5,0	4,0

* *At 30 September 2013, the financial purchase price of the acquisition made in 2013 was not yet finalised and therefore the amounts reported are provisional and subject to change.*

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

	Company	
Rm	2013	2012
12. INTEREST IN SUBSIDIARIES		
(Refer to annexure A)		
Shares at cost	2 605,6	2 606,5
Provision for impairment	(120,2)	(120,7)
Interest in subsidiaries	2 485,4	2 485,8
Amounts owing by subsidiaries[1]	1 900,0	1 845,4
Amounts owing to subsidiaries[1]	(317,8)	(262,1)

1 These loans have no fixed terms of repayment, do not bear interest except for the amounts owing by/(to) RFCL, which bear interest at rates approximating the overnight deposit/call rates and no security has been provided for them.

	Group		Company	
	2013	2012	2013	2012
13. OTHER INVESTMENTS AND LOANS				
Reunert Share Purchase Trust loans – at cost[1]	5,6	6,4	5,6	6,4
Non-interest bearing loans – at cost[2]	44,1	31,1	40,8	30,8
Interest bearing loan – at cost[3]	24,9	25,1	–	–
Other unlisted investments – at cost	1,7	1,7	1,7	1,7
Total investments and loans	76,3	64,3	48,1	38,9
Directors' valuation of other unlisted investments	1,7	1,7	1,7	1,7

1 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. No repayment of capital is required before the end of seven years unless the borrower sells the underlying shares or leaves the employ of the group. The loan may be repaid earlier at the option of the borrower. The interest rate applicable to the loan over its life is determined in March and September each year for loans granted during 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. The shares remain the property of the Share Purchase Trust until the loan has been fully repaid.

2 These loans do not bear interest and there are no fixed repayment terms. Shares are held as security for R40,0 million of these loans. The value of the shares is considered to exceed the outstanding balance of the loans.

3 The loan is secured by a mortgage bond registered in favour of RFCL and is repayable over a 12 year period with the final payment in March 2024 and bears interest at a fixed interest rate of 9,8% per annum.

	Company	
	2013	2012
Reunert Share Purchase Trust loans		
Value of loans granted during the year to scheme participants	0,8	1,6
Loans to the scheme include loans to Reunert executive directors:		
– Balance at the beginning of the year	–	4,4
– Advances and interest during the year	–	0,1
– Repaid during the year	–	(4,5)
Balance at the end of the year	–	–

Rm		Group 2013	Group 2012
14.	**RENTAL AND FINANCE LEASE RECEIVABLES**		
	Non-current		
	Rental accounts receivable (refer note 14.1)	1 261,0	960,7
	Finance lease receivables (refer note 14.2)	117,2	102,2
	Other	–	3,6
		1 378,2	1 066,5
	Current		
	Rental accounts receivable (refer note 14.1)	568,5	506,1
	Finance lease receivables (refer note 14.2)	224,0	189,6
		792,5	695,7
14.1	**RENTAL ACCOUNTS RECEIVABLE**		
	Discounted deals:		
	Collectable within one year	578,4	512,5
	Provision for doubtful debts	(9,9)	(6,4)
		568,5	506,1
	Collectable after one year	1 261,0	960,7
		1 829,5	1 466,8
	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.		
14.2	**FINANCE LEASE RECEIVABLES**		
	Current finance lease receivables	224,0	189,6
	Gross investment in leases	254,2	205,6
	Unearned finance income	(28,4)	(16,0)
	Provision for doubtful debts	(1,8)	–
	Non-current finance lease receivables	117,2	102,2
	Gross investment in leases	136,1	113,0
	Unearned finance income	(18,2)	(10,8)
	Provision for doubtful debts	(0,7)	–
	Total finance lease receivables	341,2	291,8

The group enters into financing arrangements for various cellular and office equipment which becomes the property of the lessee at the end of the agreement.

The average lease term is two years and the equipment may be upgraded thereafter and a new financing contract entered into.

No finance leases are receivable in more than five years from the balance sheet date.

There are no contingent rent payments or additional restrictions imposed.

All leases are denominated in rands.

Rm	Group 2013	Group 2012	Company 2013	Company 2012
15. ACCOUNTS RECEIVABLE				
Trade receivables	1 724,1	1 611,8	324,6	348,5
Retention receivables	1,4	2,0	0,1	0,4
Claims, prepayments and other receivables	53,2	83,7	41,7	43,6
Provision for doubtful debts	(81,4)	(67,9)	(7,4)	(9,2)
	1 697,3	1 629,6	359,0	383,3

Trade receivables to the value of R49,2 million (2012: R153,9 million) have been ceded as security for certain trade payables.

Group	Insured debtors	Individuals/ contractors and small business	Mines/large business government – national and regional	Total
15.1 MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS CLASSIFIED INTO MAJOR RISK TYPES				
2013				
Balance at the beginning of the year	(2,4)	(41,8)	(30,1)	(74,3)
(Increase)/decrease in allowance	(1,0)	(84,4)	4,1	(81,3)
Amounts recovered during the year	–	0,3	2,7	3,0
Amounts written off during the year (against provision)	0,3	72,5	1,1	73,9
Other	0,2	(5,8)	2,9	(2,7)
Balance at end of year	(2,9)	(59,2)	(19,3)	(81,4)
An amount of R12,4 million (2012: R6,4 million) relating to the provision of rental finance lease receivables doubtful debts (refer note 14.2) is not included in the total provision of R81,4 million				
2012				
Balance at the beginning of the year	(3,3)	(70,2)	(33,3)	(106,8)
Decrease/(increase) in allowance	0,2	(55,4)	(6,3)	(61,5)
Amounts recovered during the year	0,1	–	11,0	11,1
Amounts written off during the year (against provision)	0,4	82,3	2,0	84,7
Other	0,2	1,5	(3,5)	(1,8)
Balance at end of year	(2,4)	(41,8)	(30,1)	(74,3)

Company	Insured debtors	Individuals/ contractors and small business	Mines/large business government – national and regional	Total
2013				
Balance at the beginning of the year	–	(3,0)	(6,2)	(9,2)
Increase in allowance	–	(0,9)	(0,4)	(1,3)
Amounts recovered during the year	–	0,2	2,3	2,5
Amounts written off during the year (against provision)	–	0,7	–	0,7
Other	–	–	(0,1)	(0,1)
Balance at end of year	–	(3,0)	(4,4)	(7,4)
2012				
Balance at the beginning of the year	–	(8,0)	(8,0)	(16,0)
Decrease/(increase) in allowance	–	1,2	(0,1)	1,1
Amounts written off during the year (against provision)	–	3,8	1,9	5,7
Balance at end of year	–	(3,0)	(6,2)	(9,2)

15. ACCOUNTS RECEIVABLE CONTINUED

15.2 AGEING OF PAST DUE BUT NOT IMPAIRED ACCOUNTS RECEIVABLE CLASSIFIED INTO MAJOR RISK TYPES

	Group			
Rm	Insured debtors	Individuals/ contractors and small business	Mines/large business government – national and regional	Total
2013				
1 – 30 days	75,4	33,6	81,7	190,7
31– 60 days	12,6	16,1	23,0	51,7
61 – 90 days	7,8	5,0	4,8	17,6
90+ days	–	6,0	20,6	26,6
Total	95,8	60,7	130,1	286,6
2012				
1 – 30 days	13,2	40,8	140,1	194,1
31– 60 days	10,3	8,2	34,6	53,1
61 – 90 days	4,2	9,2	4,7	18,1
90+ days	1,7	35,0	23,2	59,9
Total	29,4	93,2	202,6	325,2

	Company			
2013				
1 – 30 days	4,0	9,1	15,5	28,6
31 – 60 days	4,2	0,9	3,6	8,7
61 – 90 days	1,5	0,2	0,5	2,2
90+ days	2,7	0,3	1,0	4,0
Total	12,4	10,5	20,6	43,5
2012				
1 – 30 days	4,1	7,7	41,1	52,9
31 – 60 days	4,0	1,5	5,3	10,8
61 – 90 days	2,3	0,4	0,9	3,6
90+ days	1,0	–	0,1	1,1
Total	11,4	9,6	47,4	68,4

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

	Group			
Rm	Insured debtors	Individuals/ contractors and small business	Mines/large business government – national and regional	Total
15. ACCOUNTS RECEIVABLE CONTINUED				
15.3 AGEING OF PAST DUE AND IMPAIRED ACCOUNTS RECEIVABLE CLASSIFIED INTO MAJOR RISK TYPES				
2013				
1 – 30 days	1,8	4,6	9,1	15,5
31– 60 days	0,6	1,6	0,1	2,3
61 – 90 days	–	8,8	0,8	9,6
90+ days	0,5	44,2	9,3	54,0
Total	2,9	59,2	19,3	81,4
2012				
1 – 30 days	1,2	4,0	10,0	15,2
31– 60 days	1,2	0,8	0,2	2,2
61 – 90 days	–	3,9	1,7	5,6
90+ days	–	33,1	18,2	51,3
Total	2,4	41,8	30,1	74,3
	Company			
2013				
1 – 30 days	–	0,2	3,7	3,9
31– 60 days	–	0,1	0,1	0,2
61 – 90 days	–	0,2	0,5	0,7
90+ days	–	2,1	0,5	2,6
Total	–	2,6	4,8	7,4
2012				
1 – 30 days	–	0,2	1,3	1,5
31– 60 days	–	0,5	–	0,5
61 – 90 days	–	0,1	–	0,1
90+ days	–	2,2	4,9	7,1
Total	–	3,0	6,2	9,2
15.4 ANALYSIS OF ACCOUNTS RECEIVABLE THAT ARE INDIVIDUALLY DETERMINED TO BE IMPAIRED CLASSIFIED INTO MAJOR RISK TYPES				
Group 2013	2,9	13,8	12,9	29,6
Group 2012	2,1	2,8	24,2	29,1
Company 2013	–	2,4	4,0	6,4
Company 2012	–	–	7,9	7,9

15. ACCOUNTS RECEIVABLE CONTINUED

15.4 ANALYSIS OF ACCOUNTS RECEIVABLE THAT ARE INDIVIDUALLY DETERMINED TO BE IMPAIRED CLASSIFIED INTO MAJOR RISK TYPES CONTINUED

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 8% and 12% 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.

As a result of the credit vetting process which takes place before a sale is made, we believe the credit quality of accounts receivable neither past due nor impaired is good. In the main, debtors in the group are not required to provide collateral.

	Group		Company	
Rm	2013	2012	2013	2012
16. DEFERRED TAXATION ASSETS/LIABILITIES MOVEMENT OF DEFERRED TAXATION				
Balance at the beginning of the year	(94,1)	(67,4)	(19,9)	(16,4)
Current year charge (refer to note 5)	1,2	(30,3)	1,1	(5,3)
Excluding asset held for sale	1,2	(30,3)	1,1	(7,3)
Asset held for sale	–	–	–	2,0
Deferred tax directly in equity	9,4	–	–	–
Adjustments for prior years (refer to note 5)	3,3	(0,7)	(1,4)	(2,2)
Excluding asset held for sale	3,3	(0,7)	(1,4)	(2,4)
Asset held for sale	–	–	–	0,2
Subsidiaries and divisions acquired or disposed and asset held for sale	(4,2)	4,3	(4,0)	4,0
	(84,4)	(94,1)	(24,2)	(19,9)
Deferred taxation liabilities	(139,7)	(127,4)	(24,2)	(19,9)
Deferred taxation assets	55,3	33,3	–	–
	(84,4)	(94,1)	(24,2)	(19,9)
The deferred tax asset arises mainly due to timing differences. Given both recent and forecast trading, the directors are of the opinion that the level of profits in the foreseeable future is likely to be sufficient to recover these assets.				
Deferred tax assets in respect of tax losses are recognised only if there is convincing evidence that there will be sufficient taxable profits in future years to recover the assets.				
Analysis of deferred taxation				
Capital allowances	(87,1)	(82,1)	(12,4)	(12,6)
Provisions and accruals	(28,0)	(16,5)	(12,6)	(11,1)
Advance income offset by allowed future expenditure	18,3	2,4	0,3	3,2
Effect of tax losses	1,1	1,5	–	–
Share-based payment reserve	11,9	–	–	–
Other (net)	(0,6)	0,6	0,5	0,6
	(84,4)	(94,1)	(24,2)	(19,9)

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

Rm	Group 2013	Group 2012	Company 2013	Company 2012
17. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	295,0	222,7	69,3	62,7
Finished goods	335,6	372,1	78,3	103,2
Merchandise	346,6	236,8	243,5	151,3
Consumable stores	10,5	8,8	0,3	0,2
Contracts and other work-in-progress	284,9	246,8	69,1	47,4
	1 272,6	1 087,2	460,5	364,8
Provision against inventory	(109,3)	(117,9)	(49,5)	(57,3)
	1 163,3	969,3	411,0	307,5
The value of inventory has been determined on the following bases:				
First-in first-out	473,3	374,0	358,0	267,0
Weighted average cost	222,0	217,8	19,8	34,0
Net realisable value	105,9	87,3	33,2	1,7
Standard cost	362,1	290,2	–	4,8
	1 163,3	969,3	411,0	307,5
Write-down of inventory recognised in the income statement (refer to note 2)	7,0	9,9	4,2	9,3
18. CASH AND CASH EQUIVALENTS				
Bank balances and cash*	699,2	696,9	172,4	141,1
Bank overdrafts	(369,4)	(76,2)	–	–
	329,8	620,7	172,4	141,1
** At 30 September 2013 R1 676,0 million (2012: R1 217,4 million) of the available cash resources in the group was used to finance the Quince rental receivable book.*				
19. SHARE CAPITAL				
Authorised share capital				
235 000 000 ordinary shares of no par value*	–	23,5	–	23,5
350 000 5.5% cumulative preference shares of R2 each**	–	0,7	–	0,7
	–	24,2	–	24,2

Issued share capital	Number of shares 2013	Number of shares 2012
Ordinary shares of no par value*		
At the beginning of the year	200 310 185	199 301 385
Shares issued during the year in terms of:		
The Reunert 1985 Share Option Scheme	142 500	354 300
The Reunert 2006 Option Scheme	955 500	654 500
At the end of the year	201 408 185	200 310 185

Rm	Notes	Group 2013	Group 2012	Company 2013	Company 2012
19. SHARE CAPITAL CONTINUED					
Ordinary shares*					
At the beginning of the year		242,1	199,8	242,1	199,8
Arising on the issue of ordinary shares		46,0	42,3	46,0	42,3
At the end of the year		288,1	242,1	288,1	242,1
Preference shares**					
350 000 5,5% cumulative preference shares		–	0,7	–	0,7
Total issued share capital		288,1	242,8	288,1	242,8
Share-based payment reserves					
As a result of IFRS 2 – Share Based Payment					
At the beginning of the year		766,9	751,0	639,1	639,7
Share option reserve arising on the expensing of executive share options	2	20,2	15,9	–	(0,6)
Deferred tax on share-based payment expense	16	9,4	–	–	–
Transferred to retained earnings		(796,5)	–	(639,1)	–
At the end of the year		–	766,9	–	639,1
Empowerment shares					
Reunert shares bought back and held by Bargenel 18 500 000 (2012: 18 500 000)		(276,1)	(276,1)		
Treasury shares					
Reunert shares bought back and held by a subsidiary 19 176 489 (2012: 19 176 489)		(1 253,6)	(1 253,6)		

	Number of shares 2013	Number of shares 2012
Unissued ordinary shares		
Total shares reserved to meet the requirements of the Reunert 1985 Share Option Scheme and the Reunert 1988 Share Purchase Scheme	650 000	650 000
Total shares reserved to meet the requirements of the Reunert 2006 Option Scheme	1 650 000	1 650 000
	2 300 000	2 300 000
Shares issued during the year	(1 098 000)	(1 008 800)
Number of shares available for the schemes at year-end	1 202 000	1 291 200

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

* *At the AGM on 12 February 2013 a special resolution by the shareholders was passed to convert the authorised shares of the company, whether issued or not, to shares with no par value. As a result of this there is no longer share premium as this, together with the issued shares, is disclosed as the share capital. In the prior year ordinary share capital amounted to R20,0 million and share premium amounted to R222,1 million.*

** *On 1 July 2013 the 350 000 5,5% cumulative preference shares were redeemed at R2,10 per share and they were delisted on 2 July 2013.*

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 ten 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

19. SHARE CAPITAL CONTINUED

Executive Share Option Schemes continued

	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/ forfeited during the year (thousands)	Number of options unexercised at the end of the year (thousands)	Amount received for options exercised Rm
2013						
Exercise price						
R15,99[1]	98	–	(98)	–	–	1,5
R41,90[1]	217	–	(45)	–	172	1,9
R71,30[2]	27	–	(4)	–	23	0,3
R53,50[2]	99	–	(26)	–	73	1,4
R39,30[2]	2 280	–	(704)	(11)	1 565	27,6
R57,50[2]	50	–	(17)	–	33	1,0
R59,55[2]	1 344	–	(104)	(11)	1 229	6,2
R56,00[2]	70	–	–	(70)	–	–
R60,50[2]	70	–	–	(70)	–	–
R60,80[2]	500	–	(100)	–	400	6,1
	4 755	–	(1 098)	(162)	3 495	46,0
2012						
Exercise price						
R17,70[1]	10	–	(10)	–	–	0,2
R15,99[1]	100	–	(2)	–	98	–
R41,90[1]	539	–	(322)	–	217	14,0
R71,30[2]	44	–	(17)	–	27	1,2
R53,50[2]	160	–	(61)	–	99	3,2
R39,30[2]	2 934	–	(529)	(125)	2 280	20,8
R57,50[2]	100	–	–	(50)	50	–
R59,06[2]	200	–	–	(200)	–	–
R59,55[2]	1 649	–	(48)	(257)	1 344	2,9
R56,00[2]	190	–	–	(120)	70	–
R59,70[2]	70	–	–	(70)	–	–
R60,50[2]	70	–	–	–	70	–
R60,80[2]		500	–	–	500	–
	6 066	500	(989)	(822)	4 755	42,3

The weighted average share price, at the dates of exercise, for share options exercised during the year was R72,78 (2012: R70,08).

1 Issued in terms of the Reunert 1985 Share Option Scheme.
2 Issued in terms of the Reunert 2006 Option Scheme.

Conditional Share Option Scheme

Options to take up Reunert ordinary shares at a strike price of R nil are granted to executives in terms of the Conditional Share Plan 2012 (CSP). The terms of the Executive scheme have conditions relating to real growth in normalised headline earnings per share (NHEPS) and total shareholder return. The vesting period shall be 50% after three years and 50% after four years. In addition, options for specialist (Key) employees will vest after four years with no performance conditions attached.

	Number of options unvested at the beginning of the year (thousands)	Options granted during the year (thousands)	Options vested during the year (thousands)	Options relinquished/ forfeited during the year (thousands)	Number of options unvested at the end of the year (thousands)	Amount received for options exercised Rm
Issue date						
2012						
Key	–	68	–	–	68	–
Executive	–	816	–	–	816	–
	–	884	–	–	884	–

19. SHARE CAPITAL CONTINUED

Executive Share Options Schemes continued

Estimated fair value of options granted after 7 November 2002. Options fully exercised before the beginning of 2012 have been excluded from the table.

	Fair value per option R	Total option value Rm	Share options expensed in previous periods Rm	Expense related to forfeits (cumulative) Rm	Share option expense for the year Rm	Share options to be expensed in future periods Rm
Share options						
R15,99	4,70	8,9	8,9	–	–	–
R41,90	11,10	28,2	28,2	–	–	–
R71,30	17,40	19,3	19,0	0,1	0,2	–
R53,50	14,60	17,6	17,3	–	0,3	–
R39,30	8,90	18,8	15,4	0,8	1,9	0,7
R57,50	14,79	3,0	2,5	–	0,3	0,2
R59,55	13,18	22,7	10,8	0,3	5,7	5,9
R56,00	12,39	2,3	0,6	1,7	–	–
R60,50	13,43	0,9	0,3	0,6	–	–
R60,80	15,83	7,9	2,9	–	2,8	2,2
Conditional share plan						
R75,57 – Key	61,37	4,2	–	–	1,1	3,1
R75,57 – Executive	26,00***	40,7***	–	–	7,4	***

*** *Assumes 40% of the 3-year and 37% of the 4-year options respectively will vest from the NHEPS performance. As this is a non-market condition these percentages will be reassessed each year up to the date of vesting and the total option value adjusted and expensed accordingly.*

- *R0,5 million of share-based payments were expensed in the current year in respect of options issued to employees in the group's telecommunications joint venture by the venture partner. Details of these options are not provided.*
- *The fair values of the options other than those issued in terms of the CSP were calculated using a Binomial option pricing model.*
- *The fair value of the CSP for Key employees was calculated by assuming the share price movement follows a log normal distribution over the vesting period. The value at vesting date was discounted back to the valuation date.*
- *The fair value of the CSP for Executive employees was calculated using a Monte Carlo simulation technique.*

The inputs into the model were as follows:

	Share price at issue R	Exercise price R	Expected volatility %	Expected option life Years	Expected dividend yield %	Risk free interest rate %
Share options						
R15,99	15,99	15,99	25,14	8	5,93	11,75
R41,90	41,90	41,90	25,25	10	5,67	7,74
R71,30	71,30	71,30	22,69	10	4,37	9,70
R53,50	53,50	53,50	25,34	10	4,51	9,20
R39,30	39,30	39,30	32,09	10	7,45	BEASSA Zero Coupon Swap Curve between 6,87% to 8,62% for 1 and 10 years respectively
R57,50	57,50	57,50	32,81	10	4,51	BEASSA Zero Coupon Swap Curve between 6,70% to 8,77% for 1 and 10 years respectively
R59,55	59,55	59,55	32,60	10	4,80	BEASSA Zero Coupon Swap Curve between 5,95% to 8,76% for 1 and 10 years respectively
R56,00	56,00	56,00	32,60	10	5,10	BEASSA Zero Coupon Swap Curve between 6,06% to 8,97% for 1 and 10 years respectively
R60,50	60,50	60,50	32,50	10	4,80	BEASSA Zero Coupon Swap Curve between 5,91% to 8,55% for 1 and 10 years respectively
R60,80	60,80	60,80	31,90	10	7,24	The risk free rate of 7,9039% is based on the grant yield curve (15 November 2011) which is commensurate with the maturity date (15 November 2021)
Conditional share plan						
R75,57 – Key	75,57	nil	23,31	4	4,74	The risk free rate for the Key and Executive options varies from 4,92% (year 1) to 5,54% (year 5) and is based on the risk-free swap curve produced by Standard Bank on 19 November 2012
R75,57 – Executive	75,57	nil	23,31	4	4,74	

19. SHARE CAPITAL CONTINUED

R15,99 (GRANT DATE 13 MAY 2003) AND R41,90 (GRANT DATE 29 AUGUST 2005) 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 a 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 (GRANT DATE 13 DECEMBER 2007) AND R53,50 (GRANT DATE 18 FEBRUARY 2008) 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 a historic forfeiture rate of a similar amount.

R39,30 (GRANT DATE 18 JUNE 2009) 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 a 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.

3 872 000 options were issued at a strike price of R39,30 per share. 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 R71,30's and R53,50's non-exercisable. This constitutes a modification to the original options in terms of IFRS 2.

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 (GRANT DATE 14 MAY 2010) 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 a 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 8,77% for 10 years as detailed above.

R59,55 (GRANT DATE 17 FEBRUARY 2011), R56,00 (GRANT DATE 4 MARCH 2011) AND R60,50 (GRANT DATE 9 MAY 2011) 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 10% forfeiture rate has been used due to the performance of the Reunert share of late and a historic forfeiture rate of a similar amount.

The risk-free interest rate used the BEASSA zero coupon swap curve which ranges from 5,91% (NACC) for one year to 8,97% for 10 years as detailed above.

19. SHARE CAPITAL CONTINUED

R60,80 (GRANT DATE 15 NOVEMBER 2011) OPTIONS

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

The model allowed for early exercises based on rational investor behaviour. No forfeitures were used in the model.

The risk-free rate, based on the grant date yield curve (15 November 2011) which is commensurate with the maturity date (15 November 2021), is 7,9039%.

R75,57 (GRANT DATE 19 NOVEMBER 2012) CONDITIONAL SHARE PLAN

The volatility of the return on company share was estimated as the annualised standard deviation of daily log returns of the share price over the four years prior to the valuation date.

No forfeitures were used in the model.

The zero coupon risk-free curve used to determine the risk-free rates was the ZAR zero coupon swap curve, produced by Standard Bank, as at 19 November 2012. These rates were 4,92% (year 1), 5,01% (year 2), 5,27% (year 3) and 5,54% (year 4).

	Group		Company	
Rm	2013	2012	2013	2012
20. LONG-TERM BORROWINGS				
Secured – at amortised cost				
Finance leases	25,5	25,8	34,5	38,6
Less: Short-term portion	(0,6)	(0,4)	(5,2)	(4,1)
Long-term borrowings	24,9	25,4	29,3	34,5
Amounts payable under finance leases				
Total minimum lease payments	43,1	45,9	44,0	52,0
< 1 year	3,0	2,9	8,6	8,0
1 – 5 years	17,7	16,6	35,4	38,5
> 5 years	22,4	26,4	–	5,5
Less: Future finance charges	(17,6)	(20,1)	(9,5)	(13,4)
< 1 year	(2,4)	(2,5)	(3,4)	(3,9)
1 – 5 years	(10,8)	(11,3)	(6,1)	(9,3)
> 5 years	(4,4)	(6,3)	–	(0,2)
Present value of minimum lease payments	25,5	25,8	34,5	38,6
< 1 year	0,6	0,4	5,2	4,1
1 – 5 years	6,9	5,3	29,3	29,2
> 5 years	18,0	20,1	–	5,3

RMS entered into a lease agreement with C-Max Investments 151 (Pty) Ltd whereby a building in Midrand is leased over a period of 12 years at an interest rate of 9,8% per annum.

Reunert entered into a lease agreement with Quince, taken over by RFCL on 1 September 2007, whereby the 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 3 to 5 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.

Description of nature of obligation Rm	Carrying amounts at the beginning of the year	Additional provisions created in the year	Amounts utilised during the year	Unutilise amounts reversed during the year	Disposal of business	Carrying amounts at the end of the year
21. PROVISIONS						
Group						
Warranty[1]	59,4	13,0	(5,5)	(10,6)	(0,3)	56,0
Contract completion	0,5	2,0	–	(0,1)	–	2,4
Other[2]	18,8	1,8	–	(10,0)	–	10,6
	78,7	16,8	(5,5)	(20,7)	(0,3)	69,0
Company						
Warranty[1]	2,7	3,8	(1,7)	(1,8)	(0,3)	2,7
Other[2]	10,0	–	–	(10,0)	–	–
	12,7	3,8	(1,7)	(11,8)	(0,3)	2,7

1 *The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the company's/ group's obligations for warranties under local sale of goods legislations. The estimates have been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.*

2 *Other provisions include the following in the insurance captive:*
–incentive claw-back provisions
–incurred but not reported claims provision

Rm	Group 2013	Group 2012	Company 2013	Company 2012
22. CONTINGENT LIABILITIES				
Guarantees for advance payments on behalf of subsidiary companies	–	–	179,4	73,6
23. COMMITMENTS				
Expenditure on property, plant and equipment				
– Contracted	51,7	16,5	3,8	12,0
– Authorised not yet contracted	75,5	61,8	13,1	13,7
Total expenditure on property, plant and equipment	127,2	78,3	16,9	25,7
The above expenditure, to occur in 2014 and 2015 will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, vehicles and other assets				
< 1 year	50,7	44,9	6,4	7,5
1 – 5 years	74,3	54,0	8,9	10,7
> 5 years	3,4	0,3	–	–
Total operating lease commitments	128,4	99,2	15,3	18,2
Comprising:				
– Land and buildings	125,4	96,9	15,2	18,0
– Motor vehicles and other assets	1,6	1,8	0,1	0,2
– Other	1,4	0,5		
Total operating lease commitments	128,4	99,2	15,3	18,2

The group leases offices and other equipment under operating leases that are cancellable at various short-term notice periods at the end of the lease, by either party.

The lease agreements contain terms of renewal and escalation clauses but exclude purchase options.

The group has no contingent rentals in respect of operating leases.

24. OTHER MATTERS

The Competition Commission informed us on 20 June 2013 that a formal complaint had been initiated against the cables industry and that ATC (Pty) Ltd was one of the named parties. We believe that the allegations contained in the complaint are legacy matters that relate to tenders and contracts awarded in periods before December 2009. ATC (Pty) Ltd is co-operating fully with the Competition Commission on this matter.

25. DIRECTORS' REMUNERATION AND INTERESTS

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

Executive directors

R'000	Salary	Bonus and perfor-mance related payments	Travel allow-ances	Retire-ment contri-butions	Medical contri-butions	Other	Sub total	Gains on options exercised	Total
2013									
DJ Rawlinson	4 669	656	60	466	55	–	5 906	–	5 906
BP Gallagher[1]	1 299	–	–	130	21	867	2 317	2 320	4 637
MC Krog	2 734	388	98	268	–	–	3 488	–	3 488
	8 702	1 044	158	864	76	867	11 711	2 320	14 031
2012									
DJ Rawlinson	4 310	1 700	60	430	50	–	6 550	–	6 550
BP Gallagher	2 423	810	–	241	36	–	3 510	541	4 051
MC Krog	2 506	1 000	98	246	–	–	3 850	–	3 850
GJ Oosthuizen	138	–	9	16	2	8 946	9 111	1 621	10 732
	9 377	3 510	167	933	88	8 946	23 021	2 162	25 183

1 BP Gallagher resigned from the board on 28 March 2013 on his retirement.

	Company	
R'000	2013	2012
Non-executive directors		
Total paid for the year (all directors' and committee fees)		
TS Munday	1 006	784
YZ Cuba (resigned 17 May 2013)	173	296
SD Jagoe	583	455
LM Mojela (appointed 1 April 2013)	149	–
TJ Motsohi	277	200
KW Mzondeki (resigned 19 November 2012)	50	323
NDB Orleyn	450	337
SG Pretorius	395	329
JC van der Horst	383	289
R van Rooyen	472	436
	3 938	3 449

Prescribed officers

R'000	Salary	Bonus and perfor-mance related payments	Travel Allow-ances	Retire-ment contri-butions	Medical contri-butions	Other	Sub total	Gains on options exercised	Total
2013									
Officer A	2 119	1 591	132	204	44	1	4 091	1 372	5 463
Officer B	1 386	1 290	30	143	70	6	2 925	383	3 308
Officer C	1 423	–	120	222	85	–	1 850	137	1 987
Officer D	1 036	–	111	178	50	–	1 375	220	1 595
Officer E	–	–	–	–	–	–	–	–	–
	5 964	2 881	393	747	249	7	10 241	2 112	12 353
2012									
Officer A	–	–	–	–	–	–	–	–	–
Officer B	1 277	–	60	135	63	–	1 535	1 024	2 559
Officer C	1 261	–	120	207	76	–	1 664	–	1 664
Officer D	968	–	111	166	39	–	1 284	1 258	2 542
Officer E	1 670	–	24	164	42	–	1 900	1 875	3 775
	5 176	–	315	672	220	–	6 383	4 157	10 540

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

25. DIRECTORS' REMUNERATION AND INTERESTS CONTINUED

Share options

	Balance of unexercised share options as at 1 October 2012	Number of options granted during the year	Number of options exercised during the year	Balance of unexercised share options as at 30 September 2013	Option price R	Market price on exercising R	Date of allocation	Date of exercising	Date from which exercisable
Executive directors									
DJ Rawlinson	50 000	–	–	50 000	39,30		18/6/2009		18/6/2012
	47 000	–	–	47 000	59,55		17/2/2011		17/2/2014
	200 000	–	–	200 000	60,80		15/11/2011		15/11/2014
BP Gallagher	33 400	–	(33 400)	–	39,30	69,30	18/6/2009	21/5/2013	18/6/2012
	48 000	–	(48 000)	–	59,55	69,30	17/2/2011	21/5/2013	31/3/2013
	100 000	–	(100 000)	–	60,80	69,30	15/11/2011	21/5/2013	31/3/2013
MC Krog	200 000	–	–	200 000	60,80		15/11/2011		15/11/2014
	678 400	–	(181 400)	497 000					

Conditional share plan

	Balance of unvested share options as at 1 October 2012	Number of options granted during the year	Number of options vested during the year	Balance of unvested share options as at 30 September 2013	Option price R	Market price on vesting R	Date of allocation	Date of Vesting	Date from which vesting begins
Executive directors									
DJ Rawlinson	–	104 209	–	104 209	75,57		19/11/2012		19/11/2015
MC Krog	–	49 226	–	49 226	75,57		19/11/2012		19/11/2015
	–	153 435	–	153 435					

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.

26. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits to its employees, 77% (2012: 79%) 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 6% (2012: 11%) of the group's employees were members of such schemes, most notably the Engineering Industries' Pension Fund and Metal Industries' Provident Fund. The total employer contributions for the year to these funds amounted to R6,9 million (2012: R7,5 million).

43% (2012: 37%) 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 2010 and found to be in a sound financial position. The total employer contribution to this fund amounted to R75,6 million (2012: R66,9 million).

The remaining 28% (2012: 31%) of the group's total employees, who are not members of the abovementioned schemes, participate in other benefit plans, which consist of 14 defined contribution plans. All of these funds are subject to the Pension Funds Act, 1956. The total employer contributions to these funds amounted to R39,0 million (2012: R36,9 million).

Rm	Joint ventures 2013 Total	2013 Reunert share	2012 Total	2012 Reunert share
27. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURES				
Income statement				
Revenue	690,2	345,1	655,2	327,6
Other expenses	82,3	41,2	75,1	37,5
Profit for the year	20,9	10,4	30,3	15,2
Balance sheet				
Non-current assets	195,5	97,8	203,2	101,6
Current assets (excluding cash)	280,4	140,2	268,2	134,1
Cash and cash equivalents	79,7	39,9	39,5	19,8
Current liabilities	(125,3)	(62,7)	(99,8)	(49,9)
Non-current liabilities	(23,3)	(11,7)	(26,5)	(13,3)
Equity	(407,0)	(203,5)	(384,6)	(192,3)

Lease commitments

Of the total operating lease commitments disclosed in note 23, R0,8 million (2012: R0,9 million) relates to Telecom Cables.

%	Interest 2013	2012
Joint ventures		
Lexshell 661 Investments (Pty) Ltd	50,0	50,0
Telecom Cables	50,0	50,0

28. RELATED PARTY TRANSACTIONS

Annexure A contains the details of all the shareholdings. All related party transactions and balances are on the same terms and conditions as those with non-related parties.

Counterparty Rm	Relationship	Group Sales	Purchases	Lease payments made	Treasury shares
2013					
Telecom Cables	A joint venture	0,7	2,7	0,1	–
Bargenel	Owns 18,5m Reunert shares	–	–	–	276,1
2012					
Telecom Cables	A joint venture	0,1	1,7	–	–
Bargenel	Owns 18,5m Reunert shares	–	–	–	276,1

Counterparty	Sales	Purchases	Lease payments made	Lease payments received	Net administration fees paid	Trade receivables	Trade payables
2013							
Subsidiaries of Reunert	511,1	45,5	2,9	27,0	465,0	49,0	13,0
2012							
Subsidiaries of Reunert	564,2	34,8	2,7	24,5	495,8	48,4	–

NOTES TO THE ANNUAL FINANCIAL STATEMENT CONTINUED

	Group		Company	
Rm	2013	2012	2013	2012
29. FINANCIAL INSTRUMENTS				
Categories of financial instruments				
Financial assets				
FVTPL – held-for-trading (included in derivative assets)	6,7	4,2	4,6	2,6
Held-to-maturity investments (included in other investments and loans)	1,7	1,7	1,7	1,7
Loans and receivables (included in cash and cash equivalents, accounts receivable, rental and finance lease receivables and other investments and loans)	4 508,4	4 078,4	2 439,3	2 375,5
Derivative assets	6,7	4,2	4,6	2,6
FECs	6,7	4,0	4,6	2,6
Other	–	0,2	–	–
Financial liabilities				
FVTPL – held-for-trading (included in derivative liabilities)	(1,2)	(2,6)	–	(0,2)
Amortised cost (included in long-term borrowings, bank overdrafts and short-term portion of long-term borrowings and accounts payable)	(1 865,9)	(1 506,2)	(897,7)	(717,4)
Derivative liabilities	(1,2)	(2,6)	–	(0,2)
FECs	(0,3)	(0,6)	–	(0,2)
Interest rate swaps	(0,8)	(2,0)	–	–
Other	(0,1)	–	–	–

Rm	Group Financial instrument	Group Non-financial instrument	Group Total	Company Financial instrument	Company Non-financial instrument	Company Total
29. FINANCIAL INSTRUMENTS CONTINUED						
Reconciliation to the balance sheet						
2013						
Financial assets						
FVTPL – held-for-trading (included in derivative assets)	6,7	–	6,7	4,6	–	4,6
Held-to-maturity investments (included in other investments and loans)	1,7	–	1,7	1,7	–	1,7
Loans and receivables (included in cash and cash equivalents, accounts receivable, rental and finance lease receivables and other investments and loans)	4 508,4	133,4	4 641,8	2 439,3	38,5	2 477,8
Financial liabilities						
FVTPL – held-for-trading (included in derivative liabilities)	(1,2)	–	(1,2)	–	–	–
Amortised cost (included in long-term borrowings, bank overdrafts and short-term portion of long-term borrowings and accounts payable)	(1 865,9)	(468,8)	(2 334,7)	(897,7)	(17,6)	(915,3)
2012						
Financial assets						
FVTPL – held-for-trading (included in derivative assets)	4,2	–	4,2	2,6	–	2,6
Held-to-maturity investments (included in other investments and loans)	1,7	–	1,7	1,7	–	1,7
Loans and receivables (included in cash and cash equivalents, accounts receivable, rental and finance lease receivables and other investments and loans)	4 078,4	72,9	4 151,3	2 375,5	33,3	2 408,8
Financial liabilities						
FVTPL – held-for-trading (included in derivative liabilities)	(2,6)	–	(2,6)	(0,2)	–	(0,2)
Amortised cost (included in long-term borrowings, bank overdrafts and short-term portion of long-term borrowings and accounts payable)	(1 506,2)	(425,2)	(1 931,4)	(717,4)	(56,3)	(773,7)

Rm	Group 2013 Level 2	Group 2012 Level 2	Company 2013 Level 2	Company 2012 Level 2
29. FINANCIAL INSTRUMENTS CONTINUED				
Levels of financial instruments				
Assets measured at fair value				
FVTPL:				
– FECs	6,7	4,0	4,6	2,6
– Other	–	0,2	–	–
	6,7	4,2	4,6	2,6
Liabilities measured at fair value				
FVTPL:				
– FECs	(0,3)	(0,6)	–	(0,2)
– Interest rate swaps	(0,8)	(2,0)	–	–
– Other	(0,1)	–	–	–
	(1,2)	(2,6)	–	(0,2)

At year-end in 2013 and 2012 there were no instruments measured at level 1 or 3.

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.

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.

Rm	Group <1 year	1 – 5 years	> 5 years	Total
2013				
Financial liabilities included in trade and other payables	(1 471,0)	–	–	(1 471,0)
Bank overdrafts and short-term portion of long-term borrowings	(370,0)	–	–	(370,0)
Long-term borrowings	–	(6,9)	(18,0)	(24,9)
Derivative instruments:				
– FECs (gross settled)	(0,3)	–	–	(0,3)
– Interest rate swaps	(0,8)	–	–	(0,8)
– Other	(0,1)	–	–	(0,1)
	(1 842,2)	(6,9)	(18,0)	(1 867,1)
2012				
Financial liabilities included in trade and other payables	(1 404,2)	–	–	(1 404,2)
Bank overdrafts and short-term portion of long-term borrowings	(76,6)	–	–	(76,6)
Long-term borrowings	–	(5,3)	(20,1)	(25,4)
Derivative instruments:				
– FECs (gross settled)	(0,6)	–	–	(0,6)
– Interest rate swaps	(2,0)	–	–	(2,0)
	(1 483,4)	(5,3)	(20,1)	(1 508,8)

Rm	Company < 1 year	1 – 5 years	> 5 years	Total
29. FINANCIAL INSTRUMENTS CONTINUED				
2013				
Financial liabilities included in trade and other payables	(545,4)	–	–	(545,4)
Bank overdrafts and short-term portion of long-term borrowings	(5,2)	–	–	(5,2)
Long-term borrowings	–	(29,3)	–	(29,3)
Amounts owing to subsidiaries	(317,8)	–	–	(317,8)
Derivative instruments:				
– FECs (gross settled)	–	–	–	–
	(868,4)	(29,3)	–	(897,7)
2012				
Financial liabilities included in trade and other payables	(414,9)	–	–	(414,9)
Bank overdrafts and short-term portion of long-term borrowings	(4,1)	–	–	(4,1)
Long-term borrowings	–	(29,1)	(5,4)	(34,5)
Amounts owing to subsidiaries	(153,0)	(63,2)	(47,7)	(263,9)
Derivative instruments:				
– FECs (gross settled)	(0,2)	–	–	(0,2)
	(572,2)	(92,3)	(53,1)	(717,6)

The current portion of financial assets is sufficient to pay the financial liabilities expected to fall due within the next 12 months.

BORROWING CAPACITY

In terms of the company's MOI the directors may now borrow funds as they deem fit, subject to the company satisfying the solvency and liquidity test, as contemplated in section 4 of the South African Companies Act, 2008.

Rm	Group 2013	Group 2012	Company 2013	Company 2012
Total long-term borrowings	24,9	25,4	29,3	34,5
Bank overdrafts and short-term portion of long-term borrowings	370,0	76,6	5,2	4,1
	394,9	102,0	34,5	38,6

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 2013	Group 2012	Company 2013	Company 2012
Total cash and cash equivalents, investments, accounts receivable and derivative instruments (net market value of these contracts), by geographic region exposed to:				
South Africa	94,0	95,1	91,5	88,2
Rest of Africa	0,9	0,9	1,3	1,5
Europe	1,5	1,4	3,3	2,3
Australasia	2,4	1,0	0,8	0,7
USA	0,4	0,4	1,9	2,6
Other	0,8	1,2	1,2	4,7
	100,0	100,0	100,0	100,0

29. FINANCIAL INSTRUMENTS CONTINUED

CREDIT RISK CONTINUED

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

	Group		Company	
Rm	2013	2012	2013	2012
Trade and other receivables	3 897,3	3 393,2	326,9	301,3
Insured debtors	250,0	194,8	78,3	66,7
Contractors	82,6	23,0	4,4	0,3
Individuals/small businesses	1 416,5	1 217,2	21,4	48,3
Mines/large businesses/government and parastatals	1 994,3	1 729,8	222,8	185,8
Municipalities	153,9	228,4	–	0,2
Derivative contracts	6,7	4,2	4,6	2,6
Insured debtors	4,8	2,0	4,6	1,8
Mines/large businesses/government and parastatals	1,9	2,2	–	0,8
	3 904,0	3 397,4	331,5	303,9

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 2013 and 2012 are summarised below:

	Group			
	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2013				
Imports – trade				
USD	(10,0)	(101,6)	(101,6)	–
Euro	(17,7)	(243,5)	(238,3)	5,2
GBP	(0,5)	(8,7)	(7,9)	0,8
CHF	(0,4)	(4,5)	(4,3)	0,2
		(358,3)	(352,1)	6,2
Exports – trade				
USD	1,4	14,2	14,7	0,5
Euro	1,3	17,7	17,4	(0,3)
		31,9	32,1	0,2
Total net forward exchange contracts		(326,4)	(320,0)	6,4
Accounts payable in foreign currencies				(516,9)
Of which covered by forward exchange contracts				327,5
Loans payable in foreign currencies				63,3
Of which covered by forward exchange contracts				–
Accounts receivable in foreign currencies				197,7
Of which covered by forward exchange contracts				(2,2)
Loans receivable in foreign currencies				9,7
Of which covered by forward exchange contracts				–

29. FINANCIAL INSTRUMENTS CONTINUED

	Group			
	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2012				
Imports – trade				
USD	(5,3)	(44,4)	(44,5)	(0,1)
Euro	(20,2)	(216,4)	(214,3)	2,1
GBP	(0,6)	(7,5)	(7,5)	–
Yen	(90,2)	(9,7)	(9,7)	–
CHF	(0,4)	(3,3)	(3,3)	–
		(281,3)	(279,3)	2,0
Exports – trade				
USD	3,3	33,5	35,4	1,9
Euro	4,8	50,9	50,4	(0,5)
		84,4	85,8	1,4
Total net forward exchange contracts		(196,9)	(193,5)	3,4
Accounts payable in foreign currencies				(310,8)
Of which covered by forward exchange contracts				263,2
Loans payable in foreign currencies				(6,8)
Of which covered by forward exchange contracts				–
Accounts receivable in foreign currencies				92,3
Of which covered by forward exchange contracts				(2,6)

Forward exchange contracts at 30 September 2013 and 2012 are summarised below:

	Company			
	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2013				
Imports – trade				
USD	(2,2)	(21,9)	(21,7)	0,2
Euro	(16,4)	(224,8)	(220,4)	4,4
		(246,7)	(242,1)	4,6
Exports – trade				
USD	–	–	–	–
Total net forward exchange contracts		(246,7)	(242,1)	4,6
Accounts payable in foreign currencies				(365,9)
Of which covered by forward exchange contracts				232,6
Accounts receivable in foreign currencies				82,5
Of which covered by forward exchange contracts				–
Loans receivable in foreign currencies				9,7
Of which covered by forward exchange contracts				–
2012				
Imports – trade				
USD	(3,3)	(27,3)	(27,5)	(0,2)
Euro	(17,0)	(183,0)	(181,2)	1,8
Yen	(78,9)	(8,5)	(8,4)	0,1
		(218,8)	(217,1)	1,7
Exports – trade				
USD	2,0	16,6	17,3	0,7
Total net forward exchange contracts		(202,2)	(199,8)	2,4
Accounts payable in foreign currencies				(233,1)
Of which covered by forward exchange contracts				193,1
Accounts receivable in foreign currencies				52,5
Of which covered by forward exchange contracts				–

29. FINANCIAL INSTRUMENTS CONTINUED

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the group's sensitivity to a 20% weakening (2012: 20% weakening) in the rand against the relevant foreign currencies. A 20% (2012: 20%) 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 20% change in foreign currency rates.

	Group		Company	
Rm	2013	2012	2013	2012
Profit/(loss) before tax impact				
USD	41,9	19,0	12,0	18,1
Euro	(4,6)	17,1	(4,1)	4,0
GBP	–	12,0	(0,4)	(0,5)
Yen	(3,8)	(6,6)	(3,8)	(5,8)
CHF	0,1	0,3	–	–
AUD	10,7	4,9	2,8	3,2
Profit before taxation	44,3	46,7	6,5	19,0
Taxation	(12,4)	(13,1)	(1,8)	(5,3)
Profit after taxation impact	31,9	33,6	4,7	13,7

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 is exposed to interest rate risk as it operates on a net cash basis.

Details of the interest rate hedging instruments are:

	Group Contracts expiring in:			
Rm	<1 year	1 – 5 years	> 5 years	Total
2013				
Contract value	–	–	23,6	23,6
Derivative liability	–	–	(0,8)	(0,8)
Average fixed interest rate	–	–	8,1%	
2012				
Contract value	–	–	28,1	28,1
Derivative liability	–	–	(2,0)	(2,0)
Average fixed interest rate	–	–	8,1%	

The interest rate hedges settle on a monthly basis. The floating rate on the interest rate hedge is the monthly 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.

29. FINANCIAL INSTRUMENTS
CONTINUED

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					
Rm	Weighted average effective interest rate %	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
2013					
Assets					
Cash and cash equivalents	4,2	699,2	–	–	699,2
Financial assets included in accounts receivable and rental and finance lease receivables	9,3	228,2	585,9	1 542,3	2 356,4
Other investments and loans	9,8	8,6	24,9	42,8	76,3
Rental and finance lease receivables	12,9	581,6	796,6	–	1 378,2
		1 517,6	1 407,4	1 585,1	4 510,1
Liabilities					
Financial liabilities included in trade and other payables	2,2	(299,5)	(0,2)	(1 171,3)	(1 471,0)
Bank overdrafts and short-term portion of long-term borrowings	6,1	(370,0)	–	–	(370,0)
Long-term borrowings	9,8	–	(24,9)	–	(24,9)
		(669,5)	(25,1)	(1 171,3)	(1 865,9)
Net financial assets		848,1	1 382,3	413,8	2 644,2
2012					
Assets					
Cash and cash equivalents	4,7	696,9	–	–	696,9
Financial assets included in accounts receivable and rental and finance lease receivables	8,6	266,1	515,0	1 471,3	2 252,4
Other investments and loans	9,8	–	25,1	39,2	64,3
Rental and finance lease receivables	12,3	377,1	689,3	0,1	1 066,5
		1 340,1	1 229,4	1 510,6	4 080,1
Liabilities					
Financial liabilities included in trade and other payables	3,2	(203,9)	–	(1 200,3)	(1 404,2)
Bank overdrafts and short-term portion of long-term borrowings	6,2	(76,6)	–	–	(76,6)
Long-term borrowings	9,8	–	(25,4)	–	(25,4)
		(280,5)	(25,4)	(1 200,3)	(1 506,2)
Net financial assets		1 059,6	1 204,0	310,3	2 573,9

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 year 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.

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 2013 would increase by R12,2 million (2012: increase by R15,3 million). This is mainly attributable to the group's exposure to interest rates on its variable rate deposits.

29. FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE SENSITIVITY ANALYSIS CONTINUED

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

	Company				
Rm	Weighted average effective interest rate %	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
2013					
Assets					
Cash and cash equivalents	4,2	172,4	–	–	172,4
Financial assets included in accounts receivable	–	–	–	320,5	320,5
Other investments and loans	4,8	5,6	–	42,5	48,1
Amounts owing by subsidiaries	4,2	1 335,1	–	564,9	1 900,0
		1 513,1	–	927,9	2 441,0
Liabilities					
Financial liabilities included in trade and other payables	2,2	(299,5)	–	(245,9)	(545,4)
Bank overdrafts and short-term portion of long-term borrowings	10,5	–	(5,2)	–	(5,2)
Amounts owing to subsidiaries	10,0	–	(30,1)	(287,7)	(317,8)
Long-term borrowings	10,5	–	(29,3)	–	(29,3)
		(299,5)	(64,6)	(533,6)	(897,7)
Net financial assets/(liabilities)		1 213,6	(64,6)	394,3	1 543,3
2012					
Assets					
Cash and cash equivalents	4,2	141,1	–	–	141,1
Financial assets included in accounts receivable	2,0	55,2	–	294,8	350,0
Other investments and loans	4,8	6,4	–	32,5	38,9
Amounts owing by subsidiaries	4,3	1 474,2	–	371,2	1 845,4
		1 676,9	–	698,5	2 375,4
Liabilities					
Financial liabilities included in trade and other payables	3,2	(203,9)	–	(211,0)	(414,9)
Bank overdrafts and short-term portion of long-term borrowings	6,2	–	(4,1)	–	(4,1)
Amounts owing to subsidiaries		–	–	(262,1)	(262,1)
Long-term borrowings	10,5	–	(34,5)	–	(34,5)
		(203,9)	(38,6)	(473,1)	(715,6)
Net financial assets/(liabilities)		1 473,0	(38,6)	225,4	1 659,8

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 2013 would increase by R17,5 million (2012: increase by R21,2 million). This is mainly attributable to the company's exposure to interest rates on its variable rate deposits.

29. 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.

Current 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 non-current rental and finance lease receivables 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.

Rental and finance lease receivables, other investments and loans

Included in other investments and loans in both group and company is an investment in an unquoted equity instrument which is carried at a cost of R1,7 million (2012: R1,7 million). The fair value of this financial instrument has not been disclosed because its fair value cannot be measured reliably. It is an investment in shares in a closed insurance pooling scheme. A reliable fair value cannot be determined due to the restricted nature of the scheme. No market exists for the shares. From time to time the proportionate shareholding in this scheme is altered, depending on the relative amounts insured by each participant in the scheme. At that time Reunert is asked to either pay for the additional shares or is paid for the shares sold. During the current year shares were disposed of with a carrying value of Rnil and a gain was made of R0,2 million.

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. These are carried at approximately their fair values. The remainder of the investments are non-interest-bearing. The fair value of these loans and amounts owing by and to subsidiaries (see note 12) cannot be determined as they have no repayment terms. These loans and amounts owing by and to subsidiaries 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 short-term borrowings approximate fair value because of their short-term nature.

Forward exchange contracts

The contracts are stated at market value which 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 of the same maturity date.

Interest rate swaps

These swaps are carried at fair value which represents the net market value of equivalent instruments at balance sheet date.

OPTIONS (GROUP AND COMPANY)

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 an empowerment entity), Powerhouse will be deemed to have offered its equity for sale to Reutech Engineering Services (Pty) Ltd (RES) (a wholly-owned subsidiary of Reunert). The purchase consideration payable by RES is dependant on whether the loan between Powerhouse and Reunert has been repaid in full 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.

SEGMENTAL ANALYSIS

BUSINESS SEGMENTS

The business segments identified are Electrical Engineering, operating as CBI-electric; Information and Communication Technologies (ICT) operating as Nashua; Defence and Allied Electronics 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 associated office automation suppliers. The market here is corporate and retail customers, government and parastatals.

Reutech specialises in tactical VHF/UHF/HF communication systems, designs and manufactures fuzes 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.

The group's operations are situated mostly in South Africa with operations in Australia, the United States of America, Lesotho 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.

The accounting policies of the reportable segments are the same as the group's accounting policies described in these financial statements.

	2013 Rm	%	2012 Rm	%	% change
REVENUE					
CBI-electric	3 505,7	31	3 634,3	31	(4)
Nashua	6 812,1	60	7 218,3	62	(6)
Reutech	1 019,9	9	805,7	7	27
Other	12,9	–	3,9	–	231
Revenue as reported per the income statement	11 350,6	100	11 662,2	100	(3)
Intersegment revenue is immaterial and has not been disclosed. The geographical analysis of export revenue is detailed in Note 1. The analysis of revenue concerning products and services is not provided as the cost to collate the information would be excessive.					
OPERATING PROFIT BEFORE INTEREST AND DIVIDENDS					
CBI-electric	505,5	38	592,9	39	(15)
Nashua	636,1	48	838,6	55	(24)
Reutech	207,3	16	150,5	10	38
Other	(19,4)	(2)	(57,4)	(4)	66
Operating profit as reported in the income statement	1 329,5	100	1 524,6	100	(13)

Rm	2013	2012
TOTAL ASSETS		
CBI-electric	2 003,0	1 515,2
Nashua	4 468,9	4 101,6
Reutech	727,2	598,2
Other*	243,9	373,0
Total assets as reported per the balance sheet	7 443,0	6 588,0
* *Other includes bank balances of R nil (2012: R206,4 million) because it manages the group's treasury function.*		
INVENTORY AND CONTRACTS IN PROGRESS		
CBI-electric	568,7	461,2
Nashua	428,5	296,1
Reutech	166,1	212,0
Other	–	–
Total inventory and contracts in progress as reported per the balance sheet	1 163,3	969,3
ACCOUNTS RECEIVABLE AND RENTAL AND FINANCE LEASE RECEIVABLES		
CBI-electric	663,9	510,3
Nashua	1 518,7	1 602,5
Reutech	281,0	193,2
Other	26,2	19,3
Total accounts receivable and rental and finance lease receivables as reported per the balance sheet	2 489,8	2 325,3
TRADE AND OTHER PAYABLES, DERIVATIVE LIABILITIES AND PROVISIONS		
CBI-electric	530,1	545,3
Nashua	1 048,9	972,7
Reutech	275,2	160,3
Other	86,8	153,7
Trade and other payables, derivative liabilities and provisions as reported per the balance sheet	1 941,0	1 832,0
CAPITAL EXPENDITURE		
CBI-electric	109,2	20,5
Nashua	41,7	52,8
Reutech	23,2	30,9
Other	2,3	2,3
Capital expenditure as reported	176,4	106,5
DEPRECIATION AND IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT AND AMORTISATION OF INTANGIBLE ASSETS		
CBI-electric	42,2	46,2
Nashua	64,9	65,4
Reutech	18,7	21,4
Other	6,2	5,0
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets as reported	132,0	138,0

	2013	2012
NUMBER OF EMPLOYEES		
CBI-electric	2 604	2 491
Nashua	3 032	2 812
Reutech	950	1 305
Other	59	46
Number of employees as reported	6 645	6 654

PRINCIPAL SUBSIDIARIES – ANNEXURE A

	Issued capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company Shares		Indebtedness	
		2013 %	2012 %	2013 Rm	2012 Rm	2013 Rm	2012 Rm
CBI-ELECTRIC							
CBI-electric: energy cables							
Afcab Holdings (Pty) Ltd[1]	4 000	100	100	67,7	67,7	34,4	34,4
African Cables (Pty) Ltd	9 886 098	100	100	–	–	–	–
ATC (Pty) Ltd	845 010	89,9	89,9	48,0	48,0	–	–
Reutech Engineering Services (Pty) Ltd	64 000	100	100	1,7	1,7	174,5	174,5
CBI-electric: low voltage							
Circuit Breaker Industries GmbH (incorporated in Germany)	Euro 25 565	100	100	–	–	–	–
Circuit Breaker Industries Inc. (incorporated in USA)	$50 000	100	100	–	–	–	–
Circuit Breaker Industries Lesotho (Pty) Ltd (incorporated in Lesotho)	Moloti 1 000	100	100	–	–	(115,6)	(95,5)
Circuit Breaker Industries Qwa Qwa (Pty) Ltd	200	100	100	–	–	(7,8)	(7,8)
Circuit Breaker Industries (Pty) Ltd	46	100	100	–	–	(61,0)	(37,7)
Heinemann Electric (incorporated in Australia)	AUD 2	100	100	–	–	–	–
Heinemann Holdings (Pty) Ltd	35 000	100	100	16,4	16,4	(4,5)	(4,5)
CBI-electric: telecom cables							
CBI-electric Aberdare ATC Telecom Cables (Pty) Ltd (Joint venture)	378	45	45	–	–	–	–
NASHUA							
Pansolutions							
Futronic (Pty) Ltd	100	100	100	–	–	–	–
NPC (Airconditioning) Ltd	200 000	100	100	2,2	2,2	–	–
NPC (Electronics) (Pty) Ltd	33 000	100	100	0,2	0,2	–	–
Pansolutions (Pty) Ltd	1 000	100	100	0,2	0,2	(4,2)	(7,3)
Pansolutions Holdings (Pty) Ltd	100	100	100	45,0	45,0	(59,5)	(56,5)
Nashua Mobile							
Nashua Mobile (Pty) Ltd	9 741 983	100	100	267,8	267,8	–	–
Blue Lake Telecoms (Pty) Ltd	10 000	100	100	–	–	–	–
Nashua Office Automation							
Acuo Technologies (Pty) Ltd	4 000	100	100	–	–	70,0	62,1
Algoa Office Automation (Pty) Ltd	200	65	51	–	–	–	–
Circular Drive Property (Pty) Ltd	200	51	51	–	–	–	–
Classic Number Trading 80 (Pty) Ltd	100	51	51	–	–	–	–
Kopano Solutions Company (Pty) Ltd	1 100	74	74	–	–	12,8	15,4
Nashua Holdings (Pty) Ltd	2	100	100	–	–	(3,8)	5,9
Nashua (Pty) Ltd	947 794	100	100	6,3	6,3	(30,1)	(20,4)
Royce Imaging Industries (Pty) Ltd	100	–	100	–	–	–	(3,4)
Santogyn (Pty) Ltd	100	60	60	–	–	–	–
Zevoli 151 (Pty) Ltd	100	51	51	–	–	–	–
Bridoon Trade and Invest 197 (Pty) Ltd	100	100	100	–	–	–	–
PWC Office Automation (Pty) Ltd	100	51	51	–	–	–	–
Just Jasmine Investments 201 (Pty) Ltd	120	51	51	–	–	–	–
Main Street 1052 (Pty) Ltd	100	100	–	–	–	–	–
Main Street 1051 (Pty) Ltd	100	100	100	–	–	–	–
Quince							
Quince Capital Holdings (Pty) Ltd	794 919	100	100	812,7	812,7	–	–
Quince Capital (Pty) Ltd	694	100	100	–	–	0,3	0,3
Nashua Communications							
Nashua Communications (Pty) Ltd[1]	100	100	100	12,2	12,2	175,9	–

	Issued capital R (unless otherwise stated)	Effective percentage holding 2013 %	Effective percentage holding 2012 %	Interest of holding company Shares 2013 Rm	Interest of holding company Shares 2012 Rm	Indebtedness 2013 Rm	Indebtedness 2012 Rm
REUTECH							
Reutech (Pty) Ltd	30 000 000	80	80	4,0	4,0	–	–
Fuchs Electronics							
Fuchs Electronics (Pty) Ltd	50 000	100	100	–	–	(19,8)	(17,5)
Reutech Defence Industries (Pty) Ltd	600 000	100	100	0,3	0,3	–	–
Reutech Communications							
Reutech Communications (Pty) Ltd	2	100	100	–	–	–	–
Reutech Radar Systems							
Reutech Radar Systems (Pty) Ltd	200	100	100	42,5	42,5	–	–
Reutech Solutions							
Reutech Solutions (Pty) Ltd	2 000	100	100	14,6	14,6	–	–
RC&C Manufacturing							
RC&C (Parow Factory) Properties (Pty) Ltd	2	100	100	0,5	0,5	–	–
RC&C Manufacturing Company (Pty) Ltd	100	100	100	–	–	–	–
INVESTMENTS AND SERVICES							
Reunert Finance Company (Pty) Ltd	4 000 000	100	100	4,0	4,0	1 335,1	1 481,1
Reunert Executive Services (Pty) Ltd	1 200 000	100	100	–	–	–	–
Reunert Management Services (Pty) Ltd	4 000	100	100	–	–	–	–
Reunert Connect (Pty) Ltd	1 000	100	100	–	–	97,0	78,6
Sundry companies				3,3	3,3	(11,5)	(11,5)
Investment in terms of a broad-based share-based payment transaction encompassing group employees[2]				43,6	44,5	–	–
SPECIAL PURPOSE ENTITIES							
Bargenel Investments Ltd[3]				1 112,4	1 112,4	–	–
Moshate Technology Holdings (Pty) Ltd[4]				100,0	100,0	–	–
				2 605,6	2 606,5	1 582,2	1 590,2
Provision for impairment				(120,2)	(120,7)		
Interest in subsidiaries				2 485,4	2 485,8		
Amounts owing by subsidiaries to Nashua ECN				–	6,9		
Amounts owing by subsidiaries to Reunert Company, excluding Nashua ECN (refer to Note 12)				1 900,0	1 845,4		
Amounts owing by subsidiaries to Reunert Company in total				1 900,0	1 852,3		
Amounts owing to subsidiaries (refer to Note 12)				(317,8)	(262,1)		
				1 582,2	1 590,2		

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, fairly valued, exceed their 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.
Reunert has not recognised its accrued preference share interest accrual receivable and revenue with Bargenel. Revenue is recognised if it is probable that any future economic benefit associated with the item of revenue will flow to the entity. The interest accrual receivable is not considered recoverable due to the insolvent position of Bargenel at 30 September 2013 and hence the accrued portion of the interest is not expected to flow to the entity.

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).

UNCONSOLIDATED SUBSIDIARY – ANNEXURE B

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. 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 September 2013 US$000	30 September 2012 US$000
INCOME STATEMENT		
Revenue	23 858,2	23 119,9
Operating profit	2 068,3	2 382,1
Net finance income	(157,4)	(89,8)
Profit before taxation	1 910,9	2 292,3
Taxation charge	(472,6)	(647,1)
Profit for the year	1 438,3	1 645,2
Other comprehensive income	–	–
Total comprehensive income	1 438,3	1 645,2
Profit attributable to Reunert shareholders (Rm)	–	–
BALANCE SHEET		
ASSETS		
Non-current assets	3 092,7	3 123,6
	3 092,7	3 123,6
Current assets		
Inventory	5 750,9	6 428,9
Accounts receivable	5 139,9	3 382,4
Cash	64,8	419,6
	10 955,6	10 230,9
TOTAL ASSETS	14 048,3	13 354,5
EQUITY AND LIABILITIES		
Share capital and reserves	10 261,4	8 815,4
Non-current liabilities	680,9	732,9
Current liabilities	3 106,0	3 806,2
	3 786,9	4 539,1
TOTAL EQUITY AND LIABILITIES	14 048,3	13 354,5

At 30 September 2013 the retained earnings amounted to US$10,1 million (30 September 2012: US$8,7 million).

SHARE OWNERSHIP ANALYSIS

	Ordinary shares (millions)	%
Beneficial holdings in excess of 5% of issued share capital		
Public Investment Commissioners (SA)	31,3	15,6
Nashua Mobile[1]	19,2	9,5
Bargenel[2]	18,5	9,2

	2013		2012	
	Number of shares (millions)	%	Number of shares (millions)	%
Major holdings through managers in excess of 5%				
Public Investment Commissioners (SA)	31,3	15,6	26,8	13,4
Allan Gray Investment Council	15,4	7,7	13,2	6,6

	Ordinary shares	
Shareholder spread	Number of shareholders	% Shareholding
Public shareholders	10 412	65,0
Non-public shareholders:	6	35,0
– Strategic Holdings	1	15,6
– Nashua Mobile[1]	1	9,5
– Bargenel[2]	1	9,2
– Director[3]	1	0,2
– Reunert Share Option Trust	2	0,5
	10 418	100,0

	Ordinary shares	
Number of shares	% of total shareholders	% of issued capital
1 – 1 000	69,4	1,1
1 001 – 10 000	24,2	4,1
10 001 –100 000	4,9	8,2
100 001 – 1 000 000	1,2	18,9
1 000 001 and above	0,3	67,7
	100,0	100,0

1 Treasury shares (refer to note 19), held for the benefit of Reunert

2 Empowerment shares (refer to note 19)

3 The shares indirectly held by an associate on behalf of the non-executive director NDB Orleyn have been excluded, as they are reflected in Bargenels' holdings. Refer to Interest of Directors in the Directors' report.

BOARD AND EXECUTIVE MANAGEMENT

CHAIRMAN

TS MUNDAY

CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR
DIRECTOR OF COMPANIES *BCom*

Appointed to the board from 1 June 2008 and as chairman from 1 June 2009
Date of birth: 12 September 1949

Since 1971, Trevor has held a wide range of 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, between 1996 and 2000, was 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 chemicals businesses.

In 2005 and 2006 he held the position of deputy chief executive of Sasol Limited. Trevor retired from his executive roles at the end of 2006 and in 2007 became a non-executive director of a number of companies.

He serves as a board member of Barclays Africa Group Limited, Absa Bank Limited, Illovo Sugar Limited, Life Healthcare Group Holdings Limited and Iron Minerals Beneficiation Services Proprietary Limited.

SD JAGOE

INDEPENDENT NON-EXECUTIVE DIRECTOR
INVESTMENT BANKER *BSc (Eng), MBA*

Appointed to the board in 2000
Date of birth: 9 June 1951

Sean has over 30 years' experience in banking and finance and is an executive with Reinet Limited in London. His investment banking career includes experience gained at JP Morgan, Fidelis Partners, Morgan Stanley and Rand Merchant Bank. Prior to entering investment banking, he worked at the Industrial Development Corporation.

Sean also serves on the board of Ceramic Industries Limited.

S MARTIN

INDEPENDENT NON-EXECUTIVE DIRECTOR
LLB, MBA

Appointed to the board: 1 December 2013
Date of birth: 19 March 1972

An admitted attorney of the High Court of South Africa, Sarita started her career as a candidate attorney at the Office of the Public Defender. She left public office to join the corporate world in 1999.

Sarita has held various senior positions in the fields of compliance, corporate governance and company secretariat at several listed companies including Standard Bank Limited, African Bank Limited, Absa Group Limited and Anglo American Platinum Limited.

Sarita is currently a corporate governance and board secretariat consultant, company secretary coach and an Institute of Directors facilitator for board appraisals. She also serves as a member of the Litigation Committee of the Financial Services Board (FSB).

LM MOJELA

INDEPENDENT NON-EXECUTIVE DIRECTOR
DIRECTOR OF COMPANIES *BCom*

Appointed to the board from 1 April 2013
Date of birth: 23 April 1956

Louisa is a founder and Group CEO of Wiphold. Louisa has held positions at Standard Corporate and Merchant Bank, the Development Bank of Southern Africa and the Lesotho National Development Corporation.

Louisa received a Bachelor of Commerce from the National University of Lesotho and later completed the Executive Leadership Programme at Wharton School of Business at the University of Pennsylvania.

Louisa serves on several boards including Distell, Sun International, USB-ED, Sasol Mining and Life Healthcare Group Holdings Limited.

TJ MOTSOHI

INDEPENDENT NON-EXECUTIVE DIRECTOR
STRATEGY CONSULTANT *BSc*

Appointed to the board 1 June 2008
Date of birth: 9 November 1947

Thabang is a leading strategy consultant with over 15 years' experience helping organisations with corporate strategy development and repositioning challenges in changing market environments. He has consulted to major corporate clients such as DBSA, SA Port Operations, Stats SA, City of Tshwane, FFC, Nozala and Transnet.

Thabang spent 13 years at executive level in the Civil Aviation Directorate in Lesotho. During this time he was elected vice-president of the African Civil Aviation Commission for the East African region. He joined Transnet in 1994 and was promoted to chief 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 the London Business School, the University of Singapore and Harvard Business School.

NDB ORLEYN

NON-EXECUTIVE DIRECTOR
DIRECTOR OF COMPANIES *BJuris, BProc, LLB*

Appointed to the board in 2007
Date of birth: 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 herself. Thandi is an adjunct professor of Law at the University of Cape Town and a member of the University Council of the University of Fort Hare. She serves on the boards of BP Southern Africa Proprietary Limited as chairman, Impala Platinum Holdings Limited, Toyota SA Proprietary Limited, Tokiso Dispute Settlement Proprietary Limited and Foster Wheeler South Africa Proprietary Limited. She also serves on a number of trusts and foundations.

Thandi was an attorney and regional director of the Legal Resources Centre, national director of the Commission for Conciliation, Mediation and Arbitration and national director of a commercial law firm. Thandi is an accredited mediator with the Centre for Effective Dispute Resolution. She is also a mediator and arbitrator for Tokiso Dispute Settlement.

SG PRETORIUS

INDEPENDENT NON-EXECUTIVE DIRECTOR
DIRECTOR OF COMPANIES *MCom (Business Economics)*

Appointed to the board 22 February 2011
Date of birth: 15 February 1948

Brand Pretorius started his career at Toyota South Africa in March 1973. Following a number of management positions in research, planning, sales and marketing, he was appointed managing director of Toyota SA Marketing in 1988. In March 1995 he joined McCarthy Motor Holdings and was promoted to chief executive officer of the holding company, McCarthy Limited, in October 1999. He retired as an executive director of McCarthy and its controlling shareholder, Bidvest, on 1 March 2011.

Brand has received numerous national marketing and leadership awards. He holds honorary professorships at the University of Johannesburg, the University of Pretoria, University of the Free State and an honorary doctorate in marketing from the Durban University of Technology. Brand is a Fellow in Leadership at the Gordon Institute of Business Science as well as at the Centre for Responsible Leadership at the University of Pretoria. He serves on the board of the READ Educational Trust and on the advisory board of the University of Stellenbosch Business School. He is also the vice-chairman of Business Against Crime South Africa.

Brand serves as non-executive director on the boards of the Barclays Africa Group Limited, Tongaat Hulett Limited and Tata Africa Holdings. He is the non-executive chairman of Italtile Limited and is also a member of the global advisory board of the consultancy firm Alexander Proudfoot.

JC VAN DER HORST

INDEPENDENT NON-EXECUTIVE DIRECTOR
DIRECTOR OF COMPANIES *BA, LLD*

Appointed to the board in 1993
Date of birth: 4 February 1944

Johannes worked for Old Mutual from 1971 to 2002. 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 JSE-listed companies. He currently serves on the board of Foord Compass Limited.

R VAN ROOYEN

INDEPENDENT NON-EXECUTIVE DIRECTOR
DIRECTOR OF COMPANIES *CA (SA)*

Appointed to the board 1 November 2009
Date of birth: 23 January 1949

Rynhardt retired in 2008 after 31 years as group general manager of Sasol. He held various financial and commercial positions during his career with Sasol. At retirement he was a member of Sasol's group executive committee and director and member of most of Sasol's major subsidiaries and audit committees.

He is a member of the Sasol Pension Fund Investment Committee.

EXECUTIVE DIRECTORS

DJ RAWLINSON

CHIEF EXECUTIVE *CA (SA)*

Appointed to the board in 1992 as financial director and on 21 September 2011 as chief executive officer
Date of birth: 23 February 1949

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

He has been involved in the electronics and electrical engineering industry for over 21 years, working for CG Smith, GEC South Africa and as deputy managing director of GEC Alstom South Africa. In 1992 David was appointed financial director of Reunert. He was appointed CEO of Reunert on 21 September 2011.

MC KROG

CHIEF FINANCIAL OFFICER *CA (SA)*

Appointed to the board 21 September 2011
Date of birth: 6 June 1969

Prior to joining Reunert, Manuela spent 18 years in the accounting and auditing profession with Deloitte & Touche South Africa, mainly in the audit division, where she served clients across a range of industries.

Manuela is a member of the South African Institute of Chartered Accountants.

AE DICKSON

EXECUTIVE DIRECTOR: CBI-ELECTRIC
MSc (Eng), MBA

Appointed to the board 21 November 2013
Date of birth: 14 December 1970

Alan completed a Masters degree in Electrical Engineering at the University of the Witwatersrand. He spent a short time in the consulting engineering fraternity before joining African Cables as a design engineer in 1997.

Alan held several management positions within the organisation before assuming responsibility for 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. Alan was promoted to managing director of CBI-electrical businesses on 25 October 2012. The African Cables and Low and Medium Voltage operations report to him.

MAR TAYLOR

EXECUTIVE DIRECTOR: NASHUA

Appointed to the board on 21 November 2013
Date of birth: 15 June 1963

Mark is an ICT industry veteran with more than two decades of experience. Prior to re-joining Nashua Mobile on 1 October 2012, Mark was the managing director of Vodacom Payment Services (M-PESA) as well as managing executive for Vodacom's Supply Chain and Logistics divisions.

Mark joined Vodacom from Nashua Mobile, where he was MD from July 2003 to September 2008. During this time he was instrumental in transforming Nashua Mobile from a corporate-focused business into a multi-channel company.

Mark began his career as an IT specialist where he worked extensively in the mainframe arena in the banking industry and in the consolidation of IT systems.

He was the project manager responsible for the merger of Plessey and Nedtel in 1999, and played the same role when Nedtel and Nashua merged to form Nashua Mobile in 2001.

EXECUTIVE MANAGEMENT

AP OPENSHAW

MANAGING DIRECTOR: NASHUA COMMUNICATIONS *BSc Pharm, AEP*

Appointed to the Reunert group 1 June 2011
Date of birth: 16 February 1964

Andy is a born entrepreneur. After obtaining his pharmacy degree at Rhodes (1985), he joined Glaxo Pharmaceuticals. In 1991 he left to assist in setting up national veterinary pharmaceutical distribution group Lakato Vet Ag.

In 1995 Andy made the transition to telecommunications when he sold his veterinary interests and took over TDC, a telecommunications business specialising in access network products. Andy became an early channel partner to ECN which he invested in and joined full-time as chief commercial officer in 2007. ECN was bought by Reunert in June 2011 and he was appointed managing director on 3 November 2011.

Andy was promoted to Nashua Communications managing director on 1 October 2012 following the merger of the ECN and Communications entities.

DP VAN DER BIJL

CHIEF OPERATING OFFICER: REUTECH
MSc (Elec Eng), MSc (Aerospace)

Appointed 17 July 2008
Date of birth: 31 March 1956

Peter started his career at Denel in 1979 working on the design of military systems and progressed via various management positions to spend eight years in export marketing.

Between 2000 and 2005, Peter was marketing director for the French design company GECI, based in Paris, after which he joined Thales Defence South Africa as general manager of the Land and Joint business. Peter was appointed chief operating officer of Reutech in 2008 and he currently leads the digital television migration initiative in Reunert.

Peter is managing director of Reutech Proprietary Limited.

COMPANY SECRETARIAT

K LOUW

GROUP COMPANY SECRETARIAL AND COMPLIANCE MANAGER
BCom (Law), LLM (Tax), LLM (Corporate Law), Admitted Attorney of the High Court

Date of birth: 3 March 1974

Karen has more than 14 years' legal experience. Karen worked in the corporate law advisory practice of KPMG from 2004. She has extensive experience in corporate law, with a particular focus on the Companies Act.

Karen joined Reunert on 1 June 2012 as group company secretarial and compliance manager.

ABBREVIATIONS AND ACRONYMS

Abbreviation	Full name
AFS	Annual Financial Statements
ATC	ATC (Pty) Ltd
Bargenel	Bargenel Investments Limited
Cafca	Cafca Limited
FECs	Forward Exchange Contracts
FVTPL	Fair value through profit and loss
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JSE	JSE Limited
MOI	Memorandum of Incorporation
Nashua Communications	Nashua Communications (Pty) Ltd
Nashua Holdings	Nashua Holdings (Pty) Ltd
Nashua Mobile	Nashua Mobile (Pty) Ltd
Pansolutions	Pansolutions (Pty) Ltd
Powerhouse	Powerhouse Utilities (Pty) Ltd
Quince	Quince Capital (Pty) Ltd
Reunert	Reunert Limited
RFCL	Reunert Finance Company (Pty) Ltd
RMS	Reunert Management Services (Pty) Ltd
Telecom Cables	CBI-electric: Aberdare ATC Telecom Cables (Pty) Ltd

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 & electrical equipment

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GROUP SECRETARY AND ADMINISTRATION

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SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)

PRINCIPAL BANKERS

Nedbank Limited
Standard Corporate and Merchant Bank

SHARE TRANSFER SECRETARIES

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STUDIO 5

125 YEARS OF RESILIENCE

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