

ANNUAL FINANCIAL STATEMENTS
AND OTHER FINANCIAL MATTERS

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Partners are

an essential part of our strategy

FINANCIAL STATEMENTS directors' responsibility

for the year ended 30 September 2006

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors of Reunert Limited are responsible for the integrity of the annual financial statements of the company and group and the objectivity of other information presented in the annual financial statements.

In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded in accordance with the group's policies and procedures.

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

An audit and risk committee, consisting of three independent, non-executive directors, one of whom acts as chairman, and two executive directors, meets at least twice per annum with both the internal and external auditors to ensure that internal financial controls provide reasonable assurance that the group's assets are safeguarded and that the financial records may be relied upon for the preparation of the financial statements.

In terms of Section 11.26 of the Listings Requirements of the JSE Limited, the directors, whose names are given on pages 8 and 9 of the annual report of which this statement of directors' responsibility forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of Reunert Limited and its subsidiaries since the interim reporting period.

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

The annual financial statements appearing on pages 51 to 111 were approved by the board of directors on 6 December 2006 and are signed on its behalf by:



MJ SHAW
Chairman



G PRETORIUS
Chief Executive

Secretaries' certification

for the year ended 30 September 2006

In terms of section 268G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the financial year ended 30 September 2006 all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



For Reunert Management Services Limited
Company Secretaries
6 December 2006

REPORT OF THE INDEPENDENT AUDITORS

for the year ended 30 September 2006



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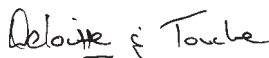
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TO THE MEMBERS OF REUNERT LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 51 to 111 for the year ended 30 September 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2006, and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



DELOITTE & TOUCHE

Per DH Uys

Partner

6 December 2006

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Tax
L Geeringh Consulting MG Crisp Financial Advisory L Bam Strategy CR Beukman Finance TJ Brown Clients & Markets
SJC Sibisi Public Sector and Corporate Social Responsibility NT Mtoba Chairman of the Board J Rhynes Deputy Chairman of the Board

A full list of partners and directors is available on request

DIRECTORS' REPORT

for the year ended 30 September 2006

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged. During the year 160 800 (2005: 1 261 900) ordinary shares were issued at R5,45 per share, 741 100 (2005: 861 600) at R14,10 per share, 467 100 (2005: 420 700) at R15,80 per share, 66 600 (2005: Nil) at R17,30 per share, 446 060 (2005: 30 000) at R15,99 per share and 33 300 (2005: 33 300) at R17,70 per share. Options exercised in terms of the Reunert 1985 Share Option Scheme accounted for this increase.

REVIEW OF OPERATIONS AND RESULTS

The performance of the divisions and the group's results are reviewed on pages 4 to 7 and the segmental analysis is set out on pages 39 to 41.

DIVIDENDS

An interim ordinary dividend No 160 of 63 (2005: No 158 of 52) cents per share was declared on 15 May 2006, a special dividend of 200 (2005: Nil) cents per share was declared on 31 August 2006 and a final ordinary dividend No 161 of 210 (2005: No 159 of 170) cents per share was declared on 20 November 2006.

A total distribution of 473 cents (2005: 222 cents) per ordinary share was declared relating to the 2006 financial year.

An interim 5,5% cumulative preference dividend No 42 was declared on 6 July 2006 and a final dividend No 43 will be declared on 29 December 2006.

SUBSIDIARY COMPANIES

Your directors are of the opinion that the publication of information on all the company's subsidiaries in this report would entail expense out of proportion to the value to shareholders.

Annexure A to this report, however, sets out the principal subsidiaries of the company.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

During this financial year the following special resolutions were passed by subsidiaries of Reunert Ltd: Kopano Copier Company (Pty) Limited increased its share capital and Barmarc Properties (Pty) Limited and Reumech OMC (Pty) Limited changed their names to CBI-Electric – Telecommunication Cables (Pty) Limited and CBI-Electric – Transformers (Pty) Limited respectively and altered their memoranda of association.

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

DIRECTORATE AND COMPANY SECRETARY

Messrs SD Jagoe, KJ Makwetla, GJ Oosthuizen and MJ Shaw retire by rotation at the forthcoming annual general meeting and all offer themselves for re-election.

The names of the directors in office at 30 September 2006 and to the date of this report, are set out on pages 8 and 9.

The name and address of the company secretaries is set out on page 114.

DIRECTORS' REPORT

for the year ended 30 September 2006 *continued*

INTERESTS OF DIRECTORS

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

	Direct Beneficial			Indirect Beneficial	
	2006	2005		2006	2005
BP Connellan	30 523	30 523	BP Connellan	9 000	9 000
KS Fuller	—	—	KS Fuller	—	—
BP Gallagher	346 709	273 209	BP Gallagher	—	—
SD Jagoe	—	—	SD Jagoe	18 000	18 000
KJ Makwetla	—	—	KJ Makwetla	—	—
KC Morolo	—	—	KC Morolo	—	—
GJ Oosthuizen	198 664	196 720	GJ Oosthuizen	—	—
G Pretorius	378 720	228 720	G Pretorius	—	—
DJ Rawlinson	395 820	335 720	DJ Rawlinson	—	18 123
MJ Shaw	—	—	MJ Shaw	—	—
JC van der Horst	—	—	JC van der Horst	—	—
	1 350 436	1 064 892		27 000	45 123

These holdings have remained unchanged up to 6 December 2006.

There were no non-beneficial interests in either period.

Executive directors of the company held unexercised options to subscribe for 613 500 (2005: 1 027 200) ordinary shares in terms of the Reunert 1985 Share Option Scheme. These options are due to expire as follows:

- 333 500 on 13 May 2013
- 280 000 on 29 August 2015

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 29 of the annual financial statements.

SUBSEQUENT EVENTS

Agreement has been reached, subject to shareholders' approval, to introduce a strategic BEE shareholding at holding company level. The entire share capital of Bargenel Investments Limited, a wholly owned subsidiary of Reunert Limited, which will own approximately 9,5% of Reunert Limited's share capital, will be sold to a company to be known as Rebatona Investment Holdings (Pty) Limited. The Rebatona Educational Trust, a broad-based BEE trust created by Reunert for the purpose of benefiting black youth will hold 70% of Rebatona's shares, and 30% will be held by the Peotona founding members, Cheryl Carolus, Dolly Mokgatle, Noluthando Orleyn and Wendy Lucas-Bull.

Reunert recently announced the establishment of a finance company with PSG which is subject to certain suspensive conditions. Reunert will contribute its stake in RC&C Finance Company (Pty) Limited for 49,9% of the new company while PSG Group and other minority shareholders will own 39,9% and 10,2% respectively and will contribute R375 million in cash.

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2006 is:

	2006	2005
	Rm	Rm
In the aggregate net income	570,7	407,9
In the aggregate net losses	(5,1)	(34,5)
	565,6	373,4

ACCOUNTING POLICIES

for the year ended 30 September 2006

The consolidated financial statements, comprising Reunert Limited, its subsidiaries, joint ventures and associates (together referred to as “the group”), incorporate the following principal accounting policies, set out below.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations of those standards as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, the requirements of the JSE Limited and the requirements of the Companies Act, Act 61 of 1973 as amended.

These are the group’s first consolidated financial statements prepared in terms of IFRS and IFRS 1 – *First-time adoption of IFRS*. The date of the group’s transition to IFRS is 1 October 2004.

An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the group is provided in note 8 to the consolidated annual financial statements.

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

IFRS 6 – Exploration for and Evaluation of Mineral Resources

IFRS 7 – Financial Instruments: Disclosures

IFRIC 4 – Determining Whether an Arrangement Contains a Lease

IFRIC 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IFRIC 6 – Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IFRIC 7 – Applying the Restatement Approach under IAS 29 *Financial Reporting in Hyperinflationary Economies*

IFRIC 8 – Scope of IFRS 2

IFRIC 9 – Reassessment of Embedded Derivatives

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 11 – Group and Treasury Share Transactions

AC 503 – Accounting for Black Economic Empowerment (BEE) transactions

Except for additional disclosures in the financial statements, the adoption of the above Standards and Interpretations is not expected to materially affect the results or financial position of the group.

BASIS OF PREPARATION

The consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

The consolidated financial statements are presented in South African rand, the currency in which the majority of the group’s transactions are denominated.

The consolidated financial statements are prepared on the going concern basis.

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.

ACCOUNTING POLICIES

for the year ended 30 September 2006 *continued*

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 the period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

The accounting policies set out below have been applied, in all material respects, consistently to all periods presented in these consolidated financial statements and in preparing an opening balance sheet at 1 October 2004 for the purposes of transition to IFRS.

The accounting policies have been applied consistently by all group entities.

COMPARATIVE FIGURES

The comparative figures have been restated to comply with IFRS, as per note 8.

BASIS OF CONSOLIDATION

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

Subsidiaries

A subsidiary is an entity over which the group has control. Control exists where the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Operating results of subsidiaries acquired are included from the effective date of acquisition. Operating results of subsidiaries disposed of are included up to the effective date of sale when control ceases.

Minority interest is measured as a percentage of the equity of relevant subsidiaries.

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

Associates

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

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

Where the group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at no value. Additional losses are only recognised to the extent that the group has incurred obligations or made payments on behalf of the associate.

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

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

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

Joint ventures

Joint ventures are those entities which are not subsidiaries and over which the group exercises joint control.

Joint control is 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.

Intragroup transactions with joint ventures are accounted for as follows:

On sales made by the rest of the group to the joint venture, where the asset is retained by it, only that portion of the gain attributable to the other venturers is recognised. Where the sale is made at a loss, the full loss is recognised immediately.

Where sales are made by the joint venture to the rest of the group, no profits made by the joint venture are recognised in the group accounts until the asset has been sold to an independent party.

Any difference between the cost of the acquisition and the group's share of the net identifiable assets, fairly valued, is recognised and treated according to the group's accounting policy for goodwill.

Goodwill

Business combinations with agreement dates on or after 31 March 2004

All business combinations are accounted for by applying the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. If the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

ACCOUNTING POLICIES

for the year ended 30 September 2006 *continued*

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

The group's policy for goodwill arising on the acquisition of an associate is described under "Associates".

Business combinations with agreement dates before 31 March 2004

Goodwill was carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill was amortised on a straight-line basis over its estimated useful life, not exceeding 20 years up to 30 September 2004. Thereafter goodwill is not amortised but is subject to an annual impairment test. The accumulated amortisation has been netted against the cost.

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

All investments are initially recognised at cost, which includes transaction costs. After initial recognition, investments held for trading and those available for sale are measured at their fair values. Where investments are held for trading purposes, gains and losses arising from changes in fair value are recognised in the income statement for the period. For available for sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement for the period. The following categories of investments are measured at amortised cost using the effective interest rate method if they have a fixed maturity or at cost if there is no fixed maturity:

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. All other subsequent expenditure (repairs and maintenance) is recognised as an expense when it is incurred. Profits or losses on disposal of property, plant and equipment are the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

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

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

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

INTANGIBLE ASSETS

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

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

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually. Intangible assets with an indefinite useful life are not amortised but are tested at least annually for impairment.

Research and development

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

ACCOUNTING POLICIES

for the year ended 30 September 2006 *continued*

Software

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

IMPAIRMENT OF ASSETS

The carrying amounts of the group's assets, other than deferred tax, are reviewed at each balance sheet date 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 there is an indication that an asset may be impaired, its recoverable amount is estimated. For goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows arising from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life 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. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

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 cash-generating unit (CGU) to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the CGU exceeds its recoverable amount.

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

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

LEASES

Finance leases

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

The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets.

Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which represents the difference between the total leasing commitments and the fair value of the assets acquired, which is charged to the income statement over the term of the relevant lease, and the capital payment, which reduces the liability to the lessor.

Operating leases

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

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal groups - a group of assets, with possibly some directly associated liabilities, that an entity wants to dispose of in a single transaction) are available for immediate sale in their present condition.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Any change in intention to sell will immediately result in the non-current assets and disposal groups being reclassified at the lower of their carrying amount before they were first classified as held for sale adjusted for any depreciation, amortisation, revaluations and impairment losses and their recoverable amount at the date of the subsequent decision not to sell.

INVENTORY AND CONTRACTS IN PROGRESS

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The basis of determining cost of inventory is mainly the first-in first-out basis with average and standard cost also used. The values of finished goods and work in progress include direct costs and relevant overhead expenditure.

Obsolete, redundant and slow-moving inventory is identified on a regular basis and is written down to its estimated net realisable value. Consumables are written down with regard to their age, condition and utility.

Contracts in progress are valued at the lower of actual cost less progress invoicing and net realisable value. Cost comprises direct materials, labour, expenses and a proportion of overhead expenditure.

TAXATION

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

Current taxation

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable in respect of previous years.

ACCOUNTING POLICIES

for the year ended 30 September 2006 *continued*

Deferred taxation

Deferred tax is provided for using the balance sheet liability method, on all temporary differences. Temporary differences arise from differences between the carrying amounts of assets and liabilities in the financial statements for accounting purposes and the corresponding tax bases used in the computation of assessable tax profit.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, to the extent that it is not deductible for tax purposes or from the initial recognition of other assets and liabilities which affect neither the tax profit nor the accounting profit at the time of the transaction.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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

Secondary Tax on Companies (STC)

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

A taxation asset is recognised on unutilised STC credits when it is probable that such STC credits will be utilised in the future.

REVENUE

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, costs can be measured reliably and the receipt of future economic benefits is probable, while revenue from services is recognised when the services are rendered.

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

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

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

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.

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). Reunert group's company and consolidated 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.

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 all foreign operations are translated into South African rand as follows:

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

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

ACCOUNTING POLICIES

for the year ended 30 September 2006 *continued*

On disposal of part or all of the investment, 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 balance sheet date.

PROVISIONS

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

Product warranties

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

FINANCIAL INSTRUMENTS

Measurement

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, trade payables, borrowings and derivative instruments. Regular way purchases and sales of financial assets are accounted for at settlement date. Financial instruments are initially measured at cost, which includes transaction costs except for items carried at fair value through profit and loss. Details of the subsequent measurement of different classes of financial instruments are dealt with below and in the relevant notes to the annual financial statements.

Cash and cash equivalents

Cash and cash equivalents are measured at 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.

Derivative instruments

Derivative financial instruments, principally forward foreign exchange contracts and interest rate swap agreements, are used by the group in its management of financial risks. The risks being hedged by the forward foreign exchange contracts are exchange losses due to unfavourable movements between the rand and the foreign currency. The risks being hedged by interest rate swaps are increases in interest expenses due to higher interest rates being charged on borrowings. Gains and losses arising from the changes in the fair values of interest rate swaps are recognised in the income statement as they arise.

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

Financial liabilities

Financial liabilities, other than derivative instruments, are recognised at amortised cost, using the effective interest rate method, comprising original debt less principal payments and amortisations.

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

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

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Trade and other payables are stated at their nominal value.

Gains and losses on subsequent measurement

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

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire. Financial liabilities are derecognised when the liability is extinguished, that is, the obligation specified in the contract is discharged, cancelled or expires.

ABNORMAL ITEMS

Abnormal items are items of income or expense that arise from ordinary activities but are of such size, nature or incidence that they are disclosed separately in order to best reflect the group's performance.

EMPLOYEE BENEFITS

Short-term employee benefits

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

ACCOUNTING POLICIES

for the year ended 30 September 2006 *continued*

Retirement benefits

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

Defined benefit obligations

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

Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

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

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 date of grant. 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.

Fair value is measured by use of the Binomial 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.

Black Economic Empowerment (BEE) transactions

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

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

SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments. The group's primary business segmentation is based on the group's internal reporting format to management.

CRITICAL JUDGEMENTS AND ESTIMATIONS

In preparing the financial statements in conformity with IFRS, the board of directors has made the following judgements, estimates and assumptions that have the most significant effect on the reported amounts and related disclosures:

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.

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 26.

Impairments

Property, plant and equipment as well as intangible assets are considered for impairment when conditions indicate that impairment may be necessary. These conditions include economic conditions of the operating unit as well as the viability of the asset itself. The discounted cash flow method is used, taking into account future expected cash flows, market conditions and the expected useful lives of the assets.

The impairment of goodwill is considered at least annually. Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 13.

Useful lives and residual values

The useful lives and residual values of property, plant and equipment and intangible assets are reviewed at each balance sheet 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.

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.

Retirement benefit obligation

Various assumptions have been applied by the actuaries in the calculation of the retirement benefit obligation. The assumptions are disclosed in note 30 to the annual financial statements.

INCOME STATEMENTS

for the year ended 30 September 2006

	Notes	Group		Company	
		2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
REVENUE	1	8 236,4	7 012,0	2 610,6	2 298,0
COST OF SALES		(5 647,9)	(4 826,6)	(1 540,1)	(1 320,9)
GROSS PROFIT		2 588,5	2 185,4	1 070,5	977,1
Other income		72,9	15,2	9,2	12,0
Other expenses		(1 388,7)	(1 283,3)	(638,0)	(565,0)
OPERATING PROFIT	2	1 272,7	917,3	441,7	424,1
Interest and dividends received	3	99,8	73,6	399,0	332,7
Interest paid	4	(34,9)	(23,5)	(19,6)	(7,1)
PROFIT BEFORE ABNORMAL ITEMS		1 337,6	967,4	821,1	749,7
Abnormal items	5	1,6	3,9	12,8	(40,5)
PROFIT BEFORE TAXATION		1 339,2	971,3	833,9	709,2
Taxation	6	(500,5)	(326,5)	(224,7)	(177,7)
PROFIT AFTER TAXATION		838,7	644,8	609,2	531,5
Share of associate company's profits	15	95,2	79,2		
PROFIT FOR THE YEAR		933,9	724,0	609,2	531,5
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Minority interest		11,1	10,7		
Equity holders of Reunert Limited		922,8	713,3	609,2	531,5
		933,9	724,0	609,2	531,5
BASIC EARNINGS PER SHARE (CENTS)	9	527,0	411,4		
DILUTED BASIC EARNINGS PER SHARE (CENTS)	9	522,4	406,5		
DIVIDENDS DECLARED AND PAID PER SHARE (CENTS)					
– Interim	7	63,0	52,0		
DIVIDENDS DECLARED PER SHARE (CENTS)					
– Final	7	210,0	170,0		
– Special	7	200,0	—		
TOTAL DIVIDENDS DECLARED PER SHARE (CENTS)		473,0	222,0		

BALANCE SHEETS

at 30 September 2006

	Notes	Group		Company	
		2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	455,4	328,4	204,0	120,0
Intangible assets	12	11,9	7,9	8,2	5,2
Goodwill	13	326,8	329,0	13,8	13,5
Interest in subsidiaries	14			880,6	877,0
Interest in associates and joint venture	15, 32	126,0	86,8	158,5	158,5
Other investments and loans	16	22,8	29,4	22,8	29,4
RC&C Finance Company accounts receivable	17	985,3	726,0		
Deferred taxation assets	18	59,1	37,5	—	—
		1 987,3	1 545,0	1 287,9	1 203,6
CURRENT ASSETS					
Derivative assets	34	67,7	1,5	38,7	—
Inventory and contracts in progress	19	809,0	560,9	410,1	337,3
RC&C Finance Company accounts receivable	17	418,5	302,2		
Accounts receivable	20	1 395,0	1 003,4	443,6	286,4
Non-current assets held for sale	21	2,6	—	—	—
Cash and cash equivalents	22	969,3	784,4	125,6	145,8
		3 662,1	2 652,4	1 018,0	769,5
TOTAL ASSETS		5 649,4	4 197,4	2 305,9	1 973,1
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	23	76,9	49,4	76,9	49,4
Share-based payment reserves	23	40,4	30,8	16,3	6,7
Treasury shares	23	(282,0)	(282,0)		
Non-distributable reserves	24	104,8	67,3	0,3	2,8
Retained earnings		1 740,8	1 696,2	896,9	1 130,4
Equity attributable to equity holders of Reunert Limited		1 680,9	1 561,7	990,4	1 189,3
Minority interest		38,2	43,0		
Total equity		1 719,1	1 604,7	990,4	1 189,3
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	18	141,6	81,7	32,1	10,8
Long-term borrowings	25	115,0	111,7	162,4	111,4
		256,6	193,4	194,5	122,2
CURRENT LIABILITIES					
Derivative liabilities	34	—	17,9	—	11,9
Bank overdrafts and short-term portion of long-term borrowings		27,0	20,9	16,0	18,6
RC&C Finance Company short-term borrowings		1 187,9	866,8		
Shareholders for dividends		390,7	—	390,7	—
Provisions	26	46,4	60,9	5,0	9,2
Trade and other payables		1 839,5	1 365,3	648,3	571,9
Taxation		182,2	67,5	61,0	50,0
		3 673,7	2 399,3	1 121,0	661,6
TOTAL EQUITY AND LIABILITIES		5 649,4	4 197,4	2 305,9	1 973,1

CASH FLOW STATEMENTS

for the year ended 30 September 2006

	Notes	GROUP		COMPANY	
		2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations before working capital changes	A	1 331,6	996,5	474,7	457,1
Increase in net working capital		(628,4)	(601,0)	(191,4)	(49,7)
Movement in RC&C Finance Company accounts receivable		(375,6)	(499,7)		
Working capital changes	B	(252,8)	(101,3)	(191,4)	(49,7)
Cash generated from operations		703,2	395,5	283,3	407,4
Interest received		92,9	60,8	56,8	25,3
Interest paid		(34,9)	(23,5)	(19,6)	(7,1)
Dividends received (including from associate)		62,9	82,0	342,2	307,4
Taxation paid	C	(347,4)	(364,9)	(192,0)	(169,3)
Dividends paid (including to outside shareholders in subsidiaries)	D	(464,2)	(308,3)	(452,0)	(331,3)
Net cash inflow/(outflow) from operating activities		12,5	(158,4)	18,7	232,4
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		(45,3)	(22,7)	123,0	(2,4)
– Repayment of non-current loans		2,0	3,1	2,0	3,1
– Non-current loans granted		(4,5)	(8,2)	(4,5)	(8,2)
– Replacement of property, plant and equipment		(60,2)	(33,4)	(32,8)	(13,5)
– Replacement of intangible assets		—	(3,7)	—	(2,5)
– Proceeds on disposal of property, plant and equipment, intangible assets, investments and other capital items		17,4	19,5	158,3	18,7
Investments to increase operating capacity		(140,4)	(25,8)	(87,1)	(132,9)
– Expansion of property, plant and equipment		(132,0)	(22,6)	(75,8)	(6,9)
– Additions of intangible assets		(2,1)	—	(0,6)	—
– Increase in investments		—	—	—	(134,1)
– Proceeds on disposal of subsidiaries and businesses	E	—	—	—	11,3
– Acquisition of subsidiaries and businesses	F	(6,3)	(3,2)	(10,7)	(3,2)
Net cash (outflow)/inflow from investing activities		(185,7)	(48,5)	35,9	(135,3)

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
Notes				
CASH FLOWS FROM FINANCING ACTIVITIES				
Funds provided by equity holders of Reunert Limited	27,5	26,7	27,5	26,7
Long-term borrowings – raised	14,6	130,5	62,7	130,0
– repaid	(15,1)	(1,1)	(14,9)	—
Net loans to subsidiaries			(150,7)	(451,8)
Net cash inflow/(outflow) from financing activities	27,0	156,1	(75,4)	(295,1)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(146,2)	(50,8)	(20,8)	(198,0)
NET (BORROWINGS)/CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(84,0)	(33,2)	145,8	343,8
NET (BORROWINGS)/CASH AND CASH EQUIVALENTS AT END OF YEAR*	(230,2)	(84,0)	125,0	145,8
*NET (BORROWINGS)/CASH AND CASH EQUIVALENTS ARE MADE UP OF:				
Cash and cash equivalents	969,3	784,4	125,6	145,8
Bank overdrafts	(11,6)	(1,6)	(0,6)	—
Net cash resources of the group/company excluding RC&C Finance Company	957,7	782,8	125,0	145,8
RC&C Finance Company short-term borrowings	(1 187,9)	(866,8)		
Net (borrowings)/cash and cash equivalents	(230,2)	(84,0)	125,0	145,8
Net cash flows from operating activities before dividends paid and excluding movements in RC&C Finance Company accounts receivable	852,3	649,6		
Operating cash flow per share (cents)	486,7	374,6		

NOTES TO THE CASH FLOW STATEMENTS

for the year ended 30 September 2006

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES:				
Profit before taxation	1 339,2	971,3	833,9	709,2
Adjusted for:				
– Net interest received	(58,0)	(37,3)	(37,2)	(18,2)
– Dividends received	(6,9)	(12,8)	(342,2)	(307,4)
– Depreciation of property, plant and equipment	59,9	46,4	24,7	18,2
– Amortisation of intangible assets	3,3	3,5	1,3	0,7
– Net (surplus)/loss on disposal of property, plant and equipment	(2,6)	0,2	0,3	(0,1)
– Abnormal items	(1,6)	(3,9)	(12,8)	40,5
– Share option expense	9,6	6,7	9,6	6,7
– Powerhouse option expense	—	24,1	—	—
– Other non-cash movements	(11,3)	(1,7)	(2,9)	7,5
Cash generated from operations before working capital changes	1 331,6	996,5	474,7	457,1
B. WORKING CAPITAL CHANGES:				
– Inventory and contracts in progress	(247,6)	(67,9)	(64,8)	(31,1)
– Accounts receivable, derivative assets and non-current assets held for sale	(456,4)	(66,9)	(185,5)	(20,2)
– Trade and other payables and derivative liabilities	451,2	33,5	58,9	1,6
Working capital changes	(252,8)	(101,3)	(191,4)	(49,7)
C. RECONCILIATION OF TAXATION PAID TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Net amounts unpaid at beginning of year	(67,5)	(133,6)	(50,0)	(71,8)
– Current taxation per the income statement	(461,8)	(298,8)	(203,0)	(147,5)
– Translation reserve	(0,3)	—	—	—
– Net amounts unpaid at end of year	182,2	67,5	61,0	50,0
Cash amounts paid	(347,4)	(364,9)	(192,0)	(169,3)

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
D. RECONCILIATION OF DIVIDENDS PAID TO THE AMOUNTS DISCLOSED IN THE STATEMENT OF CHANGES IN EQUITY AS FOLLOWS:				
– Dividends per the statement of changes in equity	(839,0)	(298,6)	(842,7)	(331,3)
– Dividends paid to outside shareholders in subsidiaries	(15,9)	(9,7)		
– Net amounts unpaid at end of year	390,7	—	390,7	—
Cash amounts paid	(464,2)	(308,3)	(452,0)	(331,3)
E. ANALYSIS OF DISPOSAL OF SUBSIDIARIES AND BUSINESSES:				
– Inventory	—	—	—	1,6
– Accounts receivable	—	—	—	15,4
– Trade and other payables and provisions	—	—	—	(6,5)
– Property, plant and equipment	—	—	—	0,8
– Cash on hand at time of the disposal	—	—	—	5,4
Amounts received in cash	—	—	—	16,7
Cash on hand at time of disposal	—	—	—	(5,4)
Net cash received	—	—	—	11,3
F. ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES:				
– Inventory	(0,5)	(1,9)	(8,0)	(0,3)
– Accounts receivable	(1,4)	(7,6)	(10,4)	—
– Trade and other payables and provisions	1,9	4,2	4,1	—
– Property, plant and equipment	(0,3)	(1,2)	(2,7)	(0,6)
– Intangible assets	(5,2)	(2,3)	(3,7)	(2,3)
– Net cash on hand at time of the acquisition	(0,1)	—	(1,9)	—
– Goodwill on previous acquisitions	(0,8)	—	(3,4)	—
– Intercompany loan			13,4	—
Cost of investment	(6,4)	(8,8)	(12,6)	(3,2)
Net cash on hand at time of the acquisition	0,1	—	1,9	—
Loans and share capital contributed by outside shareholder	—	5,6	—	—
Net cash paid	(6,3)	(3,2)	(10,7)	(3,2)

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2006

		GROUP							
	Notes	Share capital and premium Rm	Share-based payment reserves Rm	Treasury shares Rm	Non-distributable reserves Rm	Retained earnings Rm	Attributable to equity holders of Reunert Ltd Rm	Minority interest Rm	Total Rm
Balance at 30 September 2004 as previously reported		22,7	—	(282,0)	55,0	1 187,4	983,1	39,7	1 022,8
SA GAAP restatements	8					4,6	4,6		4,6
IFRS adjustments	8					127,5	127,5	0,3	127,8
Effect on tax due to adjustments	8					(28,0)	(28,0)		(28,0)
Restated balance at 1 October 2004		22,7	—	(282,0)	55,0	1 291,5	1 087,2	40,0	1 127,2
Fair value adjustments taken to reserves	24				2,5		2,5		2,5
Translation reserve reversing	24				(0,2)		(0,2)		(0,2)
Net income recognised directly in equity		—	—	—	2,3	—	2,3	—	2,3
Profit for the year restated						713,3	713,3	10,7	724,0
Profit for the year as previously reported						709,2	709,2	10,5	719,7
SA GAAP restatements	8					1,2	1,2		1,2
IFRS adjustments	8					10,3	10,3	0,2	10,5
Effect on tax due to adjustments	8					(7,4)	(7,4)		(7,4)
Total recognised income and expense for the year		—	—	—	2,3	713,3	715,6	10,7	726,3
Movement on reserves	24				10,0	(10,0)	—		—
Share-based payment expense	23		30,8				30,8		30,8
Dividends declared						(298,6)	(298,6)	(9,7)	(308,3)
Issue of shares – share capital	23	0,2					0,2		0,2
– share premium	23	26,5					26,5		26,5
Minority interest reduced								(3,6)	(3,6)
Minority introduced								5,6	5,6
Restated balance at 30 September 2005		49,4	30,8	(282,0)	67,3	1 696,2	1 561,7	43,0	1 604,7
Balance at 30 September 2005 as previously reported		49,4	30,8	(282,0)	67,3	1 588,0	1 453,5	42,5	1 496,0
SA GAAP restatements	8					5,8	5,8		5,8
IFRS adjustments	8					137,8	137,8	0,5	138,3
Effect on tax due to adjustments	8					(35,4)	(35,4)		(35,4)
Fair value adjustments previously taken to reserves now reversed	24				(2,5)		(2,5)		(2,5)
Translation reserve arising	24				0,8		0,8		0,8
Net income recognised directly in equity		—	—	—	(1,7)	—	(1,7)	—	(1,7)
Profit for the year						922,8	922,8	11,1	933,9
Total recognised income and expense for the year		—	—	—	(1,7)	922,8	921,1	11,1	932,2
Movement on reserves	24				39,2	(39,2)	—		—
Share-based payment expense	23		9,6				9,6		9,6
Dividends declared						(798,3)	(798,3)	(15,9)	(814,2)
Dividends declared to BEE partners (as defined in note 10.3)						(40,7)	(40,7)		(40,7)
Issue of shares – share capital	23	0,2					0,2		0,2
– share premium		27,3					27,3		27,3
Balance at 30 September 2006		76,9	40,4	(282,0)	104,8	1 740,8	1 680,9	38,2	1 719,1

		COMPANY				
	Notes	Share capital Rm	Share-based payment reserves Rm	Non-distributable reserves Rm	Retained earnings Rm	Total Rm
Balance at 30 September 2004 as previously reported		22,7	—	0,3	897,4	920,4
SA GAAP restatements	8				3,8	3,8
IFRS adjustments	8				39,0	39,0
Other	8				0,8	0,8
Effect on tax due to adjustments	8				(10,9)	(10,9)
Restated balance at 1 October 2004		22,7	—	0,3	930,1	953,1
Fair value adjustments taken to reserves	24			2,5		2,5
Net income recognised directly in equity		—	—	2,5	—	2,5
Profit for the year restated					531,6	531,6
Profit for the year as previously reported					526,2	526,2
SA GAAP restatements	8				(0,3)	(0,3)
IFRS adjustments	8				5,4	5,4
Other	8				1,3	1,3
Effect on tax due to adjustments	8				(1,0)	(1,0)
Total recognised income and expense for the year		—	—	2,5	531,6	534,1
Share-based payment expense	23		6,7			6,7
Dividends declared					(331,3)	(331,3)
Issue of shares – share capital	23	0,2				0,2
– share premium		26,5				26,5
Restated balance at 30 September 2005		49,4	6,7	2,8	1 130,4	1 189,3
Balance at 30 September 2005 as previously reported		49,4	6,7	2,8	1 092,3	1 151,2
SA GAAP restatements	8				3,5	3,5
IFRS adjustments	8				44,4	44,4
Other	8				2,1	2,1
Effect on tax due to adjustments	8				(11,9)	(11,9)
Fair value adjustments previously taken to reserves now reversed	24			(2,5)		(2,5)
Net income recognised directly in equity		—	—	(2,5)	—	(2,5)
Net profit for the year					609,2	609,2
Total recognised income and expense for the year		—	—	(2,5)	609,2	606,7
Share-based payment expense	23		9,6			9,6
Dividends declared					(842,7)	(842,7)
Issue of shares – share capital	23	0,2				0,2
– share premium		27,3				27,3
Balance at 30 September 2006		76,9	16,3	0,3	896,9	990,4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 September 2006

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
1. REVENUE				
Revenue excludes revenue of associate companies and includes export revenue of R481,6 million (2005: R308,1 million) and interest received by RC&C Finance Company (Pty) Limited of R172,6 million (2005: R108,2 million).				
2. OPERATING PROFIT IS STATED AFTER:				
Administration, management and other fees	37,7	21,3	29,5	16,3
Auditors' remuneration:				
Audit fees	10,2	7,0	5,1	2,8
Other fees	2,5	1,7	1,6	0,7
Expenses	0,1	0,1	—	—
	12,8	8,8	6,7	3,5
Depreciation:				
Buildings	3,4	1,1	0,7	0,6
Plant and equipment	51,6	43,4	21,2	17,0
Vehicles	4,9	1,9	2,8	0,6
	59,9	46,4	24,7	18,2
Amortisation:				
Intangible assets	3,3	3,5	1,3	0,7
Impairments in respect of the group relating to buildings of Rnil (2005: R4,1 million), plant and equipment of Rnil (2005: R0,8 million), and goodwill of R3,4 million (2005: Rnil) have been included in abnormal items (refer to note 5).				
Bad debt expense	12,5	11,2	2,4	—
Rental income from investment properties (included in revenue)	(4,5)	(3,4)	—	—
Direct operating expenses arising from investment properties that generated rental income	2,3	2,1	—	—
Direct operating expenses arising from investment properties that did not generate rental income	0,2	—	0,2	—
Net realised gains/(losses) on currency exchange differences	3,5	(37,1)	(4,6)	(34,3)
Net unrealised (losses)/gains on currency exchange differences	—	19,0	(20,9)	18,7
Net realised gains on fair value adjustments to derivative instruments	62,1	(1,5)	14,3	(2,0)
Net unrealised gains/(losses) on fair value adjustments to derivative instruments (refer note 34)	67,7	(16,4)	38,7	(11,9)
	133,3	(36,0)	27,5	(29,5)

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
2. OPERATING PROFIT IS STATED AFTER: (continued)				
Income from subsidiaries:				
Fees			5,7	4,3
Rental (included in revenue)			6,9	7,0
			12,6	11,3
Operating lease charges:				
Land and buildings	26,3	31,0	12,4	14,9
Vehicles and other	0,9	0,6	0,6	0,1
	27,2	31,6	13,0	15,0
Research and development expenditure:				
Financed by revenue from customers	17,4	32,8	—	—
Not financed by revenue from customers	43,9	40,3	35,0	30,9
	61,3	73,1	35,0	30,9
Net surplus/(loss) on disposal of plant and equipment	2,6	(0,2)	(0,3)	0,1
Staff costs:				
Salaries and wages	852,0	741,0	—	138,3
Pension fund contributions	7,8	9,3	—	0,5
Provident fund contributions	52,9	45,9	—	8,2
Other staff costs	44,7	60,5	—	23,1
	957,4	856,7	—	170,1
Share-based payment expense in respect of the group's share option scheme (refer to note 23).	9,6	6,7	9,6	6,7
Equity instrument offered to Powerhouse Utilities (Pty) Limited ("Powerhouse") to take up 25,1% of the A shares of ATC (Pty) Limited ("ATC").	—	24,1		
The group entered into an agreement with Powerhouse, whereby on 1 December 2004 25,1% of the A shares of ATC were transferred to Powerhouse at a cost of R130 million. IFRS requires the reversal of the sale since the purchase consideration has not been fully paid for by Powerhouse and conditions are attached to the unpaid portion, notwithstanding that the legal effect of this transaction is in fact a sale. The earnings attributable to Powerhouse are included in arriving at the earnings attributable to shareholders in Reunert Limited and an equity instrument of R24,1 million, which values the Black Economic Empowerment (BEE) deal in terms of IFRS 2, has been expensed in arriving at operating profit in the previous year. As and when dividends are paid to Powerhouse they will be treated as an appropriation of profits (refer to note 25).				

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
2. OPERATING PROFIT IS STATED AFTER: (continued)				
Compensation of key management personnel				
The remuneration paid to directors and other key management personnel of Reunert Limited during the year was as follows:				
Short-term benefits	32,5	26,1	1,1	1,0
Post-employment benefits	2,5	2,4		
Share-based payments	18,0	8,0		
	53,0	36,5	1,1	1,0
The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.				
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
– Unlisted subsidiaries			279,3	225,4
– Unlisted associate			56,0	69,2
– Other	6,9	12,8	6,9	12,8
Interest received:				
– Subsidiaries			37,7	8,8
– RC&C Finance Company (Pty) Limited	57,2	30,1		
– Other	35,7	30,7	19,1	16,5
	99,8	73,6	399,0	332,7
4. INTEREST PAID				
Subsidiaries			4,8	1,1
Long-term borrowings	10,6	4,3	12,7	4,3
Short-term loans and bank overdrafts	24,3	19,2	2,1	1,7
	34,9	23,5	19,6	7,1
Interest paid by RC&C Finance Company (Pty) Limited included in cost of sales	75,3	52,5		
5. ABNORMAL ITEMS				
Reversal/(raising) of provision for losses in subsidiaries			11,2	(46,9)
Surplus on sale of investments	5,0	6,4	5,0	6,4
Impairment of goodwill	(3,4)	—	(3,4)	—
Impairment of property, plant and equipment	—	(4,9)	—	—
Negative goodwill taken to profit in terms of IFRS 3	—	2,4	—	—
Gross abnormal items	1,6	3,9	12,8	(40,5)
Taxation	—	1,4	—	—
Net abnormal items	1,6	5,3	12,8	(40,5)

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
6. TAXATION				
South African normal taxation:				
– Current	356,8	257,7	128,3	130,4
– Prior	0,6	8,7	(0,2)	3,7
Deferred taxation:				
– Current	31,4	31,5	17,1	3,1
– Prior	7,3	(3,7)	4,6	27,1
Secondary Tax on Companies (STC):				
– Current	99,3	32,0	74,9	14,2
– Prior	—	(0,9)	—	(0,8)
	495,4	325,3	224,7	177,7
Foreign normal taxation:				
Current	5,1	1,2		
	500,5	326,5	224,7	177,7
Reconciliation of rate of taxation	%	%	%	%
Effective rate of taxation	37,4	33,7	27,4	23,7
Movement in rate of taxation due to:				
– Applicable to dividends received	0,1	0,4	12,1	12,0
– Disallowable charges	(0,7)	(1,9)	(0,8)	(0,7)
– Secondary tax on companies	(7,4)	(3,3)	(9,1)	(1,9)
– Adjustments from prior year	(0,6)	(0,9)	(0,6)	(4,1)
– Timing differences not recognised	(0,1)	—	—	—
– Tax losses utilised not recognised previously	0,1	1,8	—	—
– Foreign tax rate differential	0,2	—	—	—
– Tax losses not recognised	—	(0,8)	—	—
South African normal tax rate	29,0	29,0	29,0	29,0
Total estimated tax losses available to be offset against future taxable income are R30,4 million (2005: R51,9 million). The company has a capital gains tax loss of R21,6 million (2005: R24,9 million) which can be offset against future capital gains. A deferred tax asset has not been raised due to the uncertainty of any future capital gains.				
7. DIVIDENDS DECLARED DURING THE YEAR				
Ordinary dividends paid:				
Final 2005 – 170,0 cents per share (2004: 120,0 cents)	329,3	230,9	329,3	230,9
Interim 2006 – 63,0 cents per share (2005: 52,0 cents)	122,7	100,4	122,7	100,4
Special 2006 – 200,0 cents per share (2005: nil)	390,7	—	390,7	—
Attributable to Reunert shares held by a subsidiary	(44,4)	(32,7)		
	798,3	298,6	842,7	331,3
Final ordinary dividend declared:				
210,0 cents per share (2005: 170,0 cents)	410,2	328,8	410,2	328,8
Attributable to Reunert shares held by a subsidiary	(40,0)	(32,4)		
	370,2	296,4	410,2	328,8

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	Notes	GROUP		COMPANY	
		30 September 2005 Rm	1 October 2004 Rm	30 September 2005 Rm	1 October 2004 Rm
8. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND CHANGE IN ACCOUNTING POLICIES AND OTHER RESTATEMENTS					
<p>The group has adopted International Financial Reporting Standards (IFRS) for the year ended 30 September 2006, with a transition date of 1 October 2004 as required by the Listings Requirements of the JSE Limited.</p> <p>The financial statements for the year ended 30 September 2006 are the group's first consolidated IFRS-compliant financial statements and hence IFRS 1 <i>First-time adoption of IFRS</i> has been applied in preparing this annual report. The opening balance sheets on 1 October 2004 and the comparative information for 2005 have been restated to comply with IFRS.</p> <p>Reconciliation of profit for the period between SA GAAP and IFRS () = reduction of profit</p> <p>As previously reported under SA GAAP:</p>					
		719,7		526,2	
– Profit attributable to equity holders of Reunert Limited		709,2		526,2	
– Profit attributable to minority interest		10,5			
Adjusted for:					
SA GAAP restatements					
		1,2		(0,3)	
– IAS 16 – <i>Property, Plant and Equipment</i> – reversal of depreciation on land	8.1	0,7		0,3	
– IAS 38 – <i>Intangible Assets</i>	8.2	(0,2)		—	
– IAS 17 – <i>Leases</i>	8.3	—		—	
– IAS 11 – <i>Construction Contracts</i>	8.4	0,7		(0,6)	
IFRS adjustments					
– IAS 16 – <i>Property, Plant and Equipment</i>	8.1	10,5		5,4	
– Tax effect of all adjustments		(7,4)		(1,0)	
– Provision for losses in subsidiaries				1,3	
As reported under IFRS					
		724,0		531,6	
– Profit attributable to equity holders of Reunert Limited		713,3		531,6	
– Profit attributable to minority interest		10,7			

Notes	GROUP		COMPANY	
	30 September 2005 Rm	1 October 2004 Rm	30 September 2005 Rm	1 October 2004 Rm
8. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND CHANGE IN ACCOUNTING POLICIES AND OTHER RESTATEMENTS (continued)				
Reconciliation of total equity between SA GAAP and IFRS () = reduction of total equity				
As previously reported under SA GAAP:	1 496,0	1 022,8	1 151,2	920,4
– Equity attributable to equity holders of Reunert Limited	1 453,5	983,1	1 151,2	920,4
– Minority interest	42,5	39,7		
Adjusted for:				
SA GAAP restatements	5,8	4,6	3,5	3,8
– IAS 16 – <i>Property, Plant and Equipment</i> – reversal of depreciation on land	8.1 5,6	4,9	3,5	3,2
– IAS 38 – <i>Intangible Assets</i>	8.2 0,6	0,8	—	—
– IAS 17 – <i>Leases</i>	8.3 (1,5)	(1,5)	—	—
– IAS 11 – <i>Construction Contracts</i>	8.4 1,1	0,4	—	0,6
IFRS adjustments				
– IAS 16 – <i>Property, Plant and Equipment</i>	8.1 138,3	127,8	44,4	39,0
– Tax effect of all adjustments	(35,4)	(28,0)	(11,9)	(10,9)
– Provision for losses in subsidiaries			2,1	0,8
As reported under IFRS	1 604,7	1 127,2	1 189,3	953,1
– Equity attributable to equity holders of Reunert Limited	1 561,7	1 087,2	1 189,3	953,1
– Minority interest	43,0	40,0		
Adjustments to balance sheet line items () = credit				
Property, plant and equipment	140,2	131,4	44,5	41,1
– IAS 16 – <i>Property, Plant and Equipment</i>	143,9	132,7	47,9	42,2
– Reclassified to intangible assets	(3,7)	(1,3)	(3,4)	(1,1)
Intangible assets	4,3	2,1	3,4	1,1
– IAS 38 – <i>Intangible Assets</i>	0,6	0,8	—	—
– Reclassified from property, plant and equipment	3,7	1,3	3,4	1,1
Deferred taxation	(35,4)	(28,0)	(11,9)	(10,7)
Interest in subsidiaries			2,1	0,8
Inventory and contracts in progress	1,3	(0,8)	—	(0,8)
Accounts receivable	—	1,7	—	1,7
Long-term borrowings	(0,3)	(0,5)	—	—
Bank overdrafts and short-term portion of long-term borrowings	(0,6)	(1,0)	—	—
Accounts payable	(0,6)	(0,3)	—	(0,3)
Taxation	(0,2)	(0,2)	—	(0,2)
	108,7	104,4	38,1	32,7
Adjustments to income statement line items () = reduction of profit				
Revenue	0,4		(1,4)	
Cost of sales	3,6		0,8	
Other income	(0,2)		—	
Other expenses	8,0		5,7	
Abnormal items	—		1,3	
Interest paid	(0,1)		—	
Taxation	(7,4)		(1,0)	
	4,3		5,4	
Impact of adjustments on				
Basic earnings per share (cents)	+2,5			
Diluted earnings per share (cents)	+2,5			

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	30 September 2005 Rm	1 October 2004 Rm	30 September 2005 Rm	1 October 2004 Rm
8. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND CHANGE IN ACCOUNTING POLICIES AND OTHER RESTATEMENTS (continued)				
Notes				
8.1 IAS 16 – Property, Plant and Equipment				
The useful lives, residual values, capitalisation of subsequent expenditure and componentisation of property, plant and equipment have been assessed and resulted in a substantial adjustment to the group's carrying amount of property, plant and equipment. The useful lives and residual values of property, plant and equipment will be reassessed annually.				
8.2 IAS 38 – Intangible Assets				
Intangible assets consisting of computer software and a customer list have been separated from property, plant and equipment. The depreciation on these intangible assets is now reflected as amortisation of intangible assets in the income statement.				
8.3 IAS 17 – Leases				
Income and expenses under operating leases with fixed escalation clauses are now recognised on a straight-line basis in line with Circular 7/2005 issued by The South African Institute of Chartered Accountants. Previously operating lease income and expenses were recognised on a cash basis. A finance lease has also been capitalised.				
8.4 IAS 11 – Construction Contracts				
The group's accounting policy on the recognition of contract revenue and contract costs in certain operations has been aligned with IAS 11 to recognise contract revenue and contract costs by reference to the stage of completion of the contract at the balance sheet date.				
RESTATEMENT				
The group has previously recorded discount to customers as an expense. The group now accounts for discount to customers as part of revenue in terms of Circular 9/2006 issued by SAICA. The prior year revenue and other expenses have been restated to reflect the change. The adjustment has no impact on profit or the balance sheet.				
	Group 2005	Company 2005		
Effect on the income statement:				
Reduction in revenue	25,3	12,9		
Decrease in other expenses	(25,3)	(12,9)		

	Notes	GROUP		COMPANY	
		2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
9. NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE					
Weighted average number of shares in issue used to determine basic earnings per share, headline earnings per share, normalised basic earnings per share and normalised headline earnings per share (millions of shares)		175,1	173,4		
Adjusted by the dilutive effect of unexercised share options available to executives employed in the group (millions of shares)		1,5	2,1		
Weighted average number of shares used to determine diluted basic, normalised diluted basic, diluted headline and normalised diluted headline earnings per share (millions of shares)		176,6	175,5		
10. HEADLINE EARNINGS, NORMALISED EARNINGS AND NORMALISED HEADLINE EARNINGS					
Headline earnings per share (cents)	10.1	524,6	408,4		
Diluted headline earnings per share (cents)	10.1	520,0	403,6		
Normalised basic earnings per share (cents)	10.2	497,6	397,1		
Normalised headline earnings per share (cents)	10.2	495,3	394,1		
Normalised diluted basic earnings per share (cents)	10.2	493,3	392,5		
Normalised diluted headline earnings per share (cents)	10.2	490,9	389,5		
10.1 HEADLINE EARNINGS		Rm	Rm		
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:					
Profit attributable to equity holders of Reunert Limited		922,8	713,3		
Adjusted for:		(4,2)	(3,7)		
(Surplus)/loss on disposal of property, plant and equipment		(2,6)	0,2		
Surplus on sale of investments		(5,0)	(6,4)		
Impairment of goodwill		3,4	—		
Negative goodwill reflected in abnormal items		—	(2,4)		
Impairment of plant and equipment		—	4,9		
Taxation		—	(1,5)		
Headline earnings attributable to equity holders of Reunert Limited		918,6	708,1		

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
10. HEADLINE EARNINGS, NORMALISED EARNINGS AND NORMALISED HEADLINE EARNINGS (continued)				
10.2 NORMALISED EARNINGS AND NORMALISED HEADLINE EARNINGS				
Normalised earnings are determined by deducting from attributable earnings the interest in profit that is economically attributable to BEE partners:				
Profit attributable to equity holders of Reunert Limited (basic and diluted)	922,8	713,3		
Interest in profit that is economically attributable to BEE partners	(51,4)	(24,7)		
Normalised earnings attributable to equity holders of Reunert Limited (basic and diluted)	871,4	688,6		
Normalised headline earnings are determined by deducting from headline earnings the interest in profit that is economically attributable to BEE partners:				
Headline earnings attributable to equity holders of Reunert Limited (basic and diluted)	918,6	708,1		
Interest in profit that is economically attributable to BEE partners	(51,4)	(24,7)		
Normalised headline earnings attributable to equity holders of Reunert Limited (basic and diluted)	867,2	683,4		
10.3 BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTIONS				
As referred to in note 25 certain BEE transactions involving the disposal of equity interests have not been recognised because the significant risks and rewards of ownership of the equity have been deemed not to have passed to the BEE partners. Accordingly, the 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:				
Interest in current year profit that is economically attributable to BEE partners	51,4	24,7		
Balance sheet interest that is economically attributable to BEE partners	106,3	96,0		

	GROUP			COMPANY		
	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
11. PROPERTY, PLANT AND EQUIPMENT						
2006						
Freehold land – investment	7,6	—	7,6	3,3	—	3,3
– owner occupied	21,4	—	21,4	16,0	—	16,0
Freehold buildings – investment	8,4	0,3	8,1	0,4	—	0,4
– owner occupied	73,8	15,6	58,2	34,8	7,4	27,4
Leasehold buildings – owner occupied	9,5	3,3	6,2	0,1	0,1	—
Plant and equipment	823,7	485,0	338,7	322,9	174,3	148,6
Vehicles	30,6	15,4	15,2	14,2	5,9	8,3
	975,0	519,6	455,4	391,7	187,7	204,0
2005 (Restated)						
Freehold land – investment	7,9	—	7,9	3,3	—	3,3
– owner occupied	21,4	—	21,4	16,0	—	16,0
Freehold buildings – investment	10,7	0,2	10,5	0,4	—	0,4
– owner occupied	66,4	14,7	51,7	27,5	6,7	20,8
Leasehold buildings – owner occupied	4,3	2,2	2,1	—	—	—
Plant and equipment	677,4	454,9	222,5	227,5	153,9	73,6
Vehicles	25,1	12,8	12,3	10,1	4,2	5,9
	813,2	484,8	328,4	284,8	164,8	120,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	Land		Buildings		Plant and equipment	Vehicles	2006 Total Rm	2005 Total Rm (Restated)
	Investment Rm	Owner occupied Rm	Investment Rm	Owner occupied Rm	Rm	Rm		
11. PROPERTY, PLANT AND EQUIPMENT (continued)								
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – GROUP								
Net book value at beginning of the year	7,9	21,4	10,5	53,8	222,5	12,3	328,4	324,3
Acquisition of businesses					0,3		0,3	1,2
Additions				60,9	122,8	8,5	192,2	56,0
Disposals					(2,3)	(0,7)	(3,0)	(1,8)
Classified as held for sale	(0,3)		(2,3)				(2,6)	—
	7,6	21,4	8,2	114,7	343,3	20,1	515,3	379,7
Depreciation			(0,1)	(3,3)	(51,6)	(4,9)	(59,9)	(46,4)
Impairments							—	(4,9)
	7,6	21,4	8,1	111,4	291,7	15,2	455,4	328,4
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – COMPANY								
Net book value at beginning of the year	3,3	16,0	0,4	20,8	73,6	5,9	120,0	118,7
Acquisition of businesses					2,6	0,1	2,7	0,6
Sale of businesses							—	(0,8)
Additions				7,3	95,7	5,6	108,6	20,4
Disposals					(2,1)	(0,5)	(2,6)	(0,7)
	3,3	16,0	0,4	28,1	169,8	11,1	228,7	138,2
Depreciation				(0,7)	(21,2)	(2,8)	(24,7)	(18,2)
	3,3	16,0	0,4	27,4	148,6	8,3	204,0	120,0

NOTES:

- A register of group property may be inspected at the registered office of the company.
- The open market value of investment properties amounts to R48,9 million (2005: R24,4 million). Five of the group's properties are investment properties. The open market values were determined by independent valuers who hold recognised and relevant qualifications and who have recent experience in the locations and categories of the investment properties being valued.
- Useful lives used for the following categories:

Buildings	12 – 50 years
Plant	5 – 33,3 years
Office equipment	5 – 20 years
Computer equipment	3,3 – 10 years
Furniture	5 – 20 years
Vehicles	3 – 12 years
- The insurable value of the group's property, plant and equipment as at 30 September 2006 amounted to R3,0 billion (2005: R2,7 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.
- Operating leases receivable

	GROUP		COMPANY	
	2006 Rm	2005 Rm	2006 Rm	2005 Rm
Total future minimum lease payments receivable for all non-cancellable leases on land and buildings				
< 1 year	0,6	0,6	4,7	1,0
1 – 5 years	0,7	1,2	16,5	—
	1,3	1,8	21,2	1,0
Gross carrying amount of assets leased under operating leases	8,9	8,9	26,0	19,2
Accumulated depreciation	—	—	(1,2)	(1,0)

	GROUP			COMPANY		
	Cost Rm	Accumulated amortisation and impairments Rm	Net book value Rm	Cost Rm	Accumulated amortisation and impairments Rm	Net book value Rm
12. INTANGIBLE ASSETS						
2006						
Computer software	32,6	26,7	5,9	6,3	3,0	3,3
Customer list and restraint of trade	7,4	1,4	6,0	5,9	1,0	4,9
	40,0	28,1	11,9	12,2	4,0	8,2
2005 (Restated)						
Computer software	34,1	28,0	6,1	5,6	2,2	3,4
Customer list and restraint of trade	2,3	0,5	1,8	2,3	0,5	1,8
	36,4	28,5	7,9	7,9	2,7	5,2

	Computer software Rm	Customer list and restraint of trade Rm	2006 Total Rm	2005 Total Rm
MOVEMENT IN INTANGIBLE ASSETS – GROUP				
Net book value at beginning of the year	6,1	1,8	7,9	5,4
Acquisition of businesses	0,1	5,1	5,2	2,3
Additions	2,1	—	2,1	3,7
	8,3	6,9	15,2	11,4
Amortisation	(2,4)	(0,9)	(3,3)	(3,5)
	5,9	6,0	11,9	7,9
MOVEMENT IN INTANGIBLE ASSETS – COMPANY				
Net book value at beginning of the year	3,4	1,8	5,2	1,1
Acquisition of businesses	—	3,7	3,7	2,3
Additions	0,6	—	0,6	2,5
	4,0	5,5	9,5	5,9
Amortisation	(0,7)	(0,6)	(1,3)	(0,7)
	3,3	4,9	8,2	5,2

NOTE:

Useful lives for the following categories:

Computer software	3 – 10 years
Customer list	4 years
Restraint of trade	2 years

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
13. GOODWILL				
Carrying value at the beginning of the year	329,0	324,8	13,5	10,8
Acquisition of businesses, associates and subsidiaries	1,2	—	3,7	—
Impairments	(3,4)	—	(3,4)	—
Adjustment to the purchase price of a business acquired in the prior year	—	1,8	—	2,7
Negative goodwill arising in the prior year included in abnormal items	—	2,4	—	—
Carrying value at the end of the year	326,8	329,0	13,8	13,5
Goodwill	330,2	329,0	17,2	13,5
Accumulated impairments	(3,4)	—	(3,4)	—
	326,8	329,0	13,8	13,5
Carrying value attributable to:				
– Associates	94,6	94,6	—	—
– Subsidiaries	217,5	220,9	—	—
– Other businesses	14,7	13,5	13,8	13,5
	326,8	329,0	13,8	13,5

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The recoverable amounts of the CGUs are determined from fair value less costs to sell calculations. Discounted cash-flows have been performed to determine the fair value less costs to sell. 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.

	Siemens Telecom- munications	Nashua Mobile	African Cables
Carrying amount of goodwill allocated to the unit (Rm)	94,6	158,2	59,3
Discount rates (pre-tax)	18,5%	21,3%	21,8%
Sustainable growth rates	10,0%	10,5%	10,0%

The balance of goodwill of R14,7 million has been allocated to other CGUs and is not significant in relation to total goodwill.

	COMPANY	
	2006 Rm	2005 Rm (Restated)
14. INTEREST IN SUBSIDIARIES		
(Refer to Annexure A)		
Shares at cost less amounts written off	605,6	750,6
Amounts owing by subsidiaries	488,0	343,1
Provision for losses	(116,5)	(127,8)
	977,1	965,9
Amounts owing to subsidiaries	(96,5)	(88,9)
	880,6	877,0

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
15. INTEREST IN ASSOCIATES				
Shares at cost	158,5	158,5	158,5	158,5
Less: Transfer to goodwill on consolidation	(133,6)	(133,6)		
Attributable interest in accumulated profit	101,1	61,9		
Accumulated profit at beginning of the year	61,9	41,9		
Audited profit after tax and abnormal items	95,2	79,2		
Dividends	(56,0)	(69,2)		
Accumulated attributable loss of associate that became an investment during the year	—	10,0		
Total interest in associate companies	126,0	86,8	158,5	158,5
Directors' valuation – unlisted associate company	520,0	520,0	520,0	520,0

Summarised financial information of the principal associate companies is reflected in note 31.

	GROUP			
	Number of shares held		Percentage interest	
Details of investments	2006	2005	2006 %	2005 %
ASSOCIATE COMPANIES:				
Siemens Telecommunications (Pty) Limited (supplier of fixed and mobile voice and data networks)	56 000	56 000	40	40
Electric Products International (Pty) Limited (marketing body for electrical cables and other electrical products)	2 400	2 400	24	24
Details of investments (continued)	Place of incorporation	Year end	Carrying value	
			2006 Rm	2005 Rm
ASSOCIATE COMPANIES:				
Siemens Telecommunications (Pty) Limited	RSA	30 September	126,0	86,8
Electric Products International (Pty) Limited	RSA	30 September	—*	—*
			126,0	86,8

* – Nil due to rounding.

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
16. OTHER INVESTMENTS AND LOANS				
Reunert 1988 Share Purchase Trust loans – held at cost	19,7	15,3	19,7	15,3
Other loans – held at cost	2,8	5,6	2,8	5,6
Listed investment held for sale – at market value		7,8		7,8
Other unlisted investments – at cost	0,3	0,7	0,3	0,7
Total investments and loans	22,8	29,4	22,8	29,4
Directors' valuation – other unlisted investments	0,3	0,7	0,3	0,7

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

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

	COMPANY	
	2006 Rm	2005 Rm
Value of loans granted during the year to all scheme participants	11,8	11,3
Loans to the scheme include loans to Reunert executive directors:		
– Balance at the beginning of the year	1,0	1,3
– Advanced during the year	4,1	5,6
– Repaid during the year	(1,3)	(5,9)
Balance at the end of the year	3,8	1,0

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
17. RC&C FINANCE COMPANY ACCOUNTS RECEIVABLE				
Discounted deals:				
Collectable within one year	367,7	277,7		
Collectable after one year	975,6	713,2		
	1 343,3	990,9		
Accounts receivable:				
Collectable within one year	50,8	24,5		
Collectable after one year	9,7	12,8		
	60,5	37,3		
	1 403,8	1 028,2		

The discounted deals comprise the present value of discounted rental agreements which are repayable over varying periods up to a maximum of five years from balance sheet date.

RC&C Finance Company has long-term banking facilities of R1,2 billion. The banks which have granted these facilities are contractually bound to provide these on a long-term basis but they may give notice to run down these facilities. Once notice has been given these facilities reduce to zero in line with the reduction in the underlying rental debtors over a maximum of five years.

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
18. DEFERRED TAXATION ASSETS/LIABILITIES				
MOVEMENT OF GROUP DEFERRED TAXATION				
Balance at the beginning of the year	(44,2)	(16,0)	(10,8)	19,8
Current year charge	(31,4)	(31,5)	(17,1)	(3,1)
Reversed from/(raised) in equity	0,4	(0,4)	0,4	(0,4)
Adjustment for prior years	(7,3)	3,4	(4,6)	(26,4)
Rate change		0,3		(0,7)
	(82,5)	(44,2)	(32,1)	(10,8)
Deferred taxation liabilities	141,6	81,7	32,1	10,8
Deferred taxation assets	59,1	37,5	—	—
ANALYSIS OF DEFERRED TAXATION				
Capital allowances	(77,2)	(64,9)	(14,7)	(14,9)
Provisions and accruals	(9,2)	12,6	(17,6)	1,5
Advance income offset by allowed future expenditure	18,7	13,4	0,4	3,0
Effect of tax losses	(7,4)	(3,5)		
Other (net)	(7,4)	(1,8)	(0,2)	(0,4)
	(82,5)	(44,2)	(32,1)	(10,8)
19. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	171,4	117,3	68,1	55,1
Finished goods	235,6	182,6	45,1	43,0
Merchandise	302,8	241,6	295,1	238,2
Consumable stores	2,7	2,8	0,8	0,6
Contracts and other work in progress	96,5	16,6	1,0	0,4
	809,0	560,9	410,1	337,3
The value of inventory has been determined on the following bases:				
First-in first-out	527,5	404,9	397,9	334,7
Average	87,9	55,3	1,8	1,5
Net realisable value	2,3	13,0	2,3	1,1
Standard cost	191,3	87,7	8,1	—
	809,0	560,9	410,1	337,3
Write-down of inventory recognised in the income statement	1,6	7,8	1,6	7,8
Reversal of write-down of inventory from previous years	(0,2)	—	—	—
20. ACCOUNTS RECEIVABLE				
Trade receivables	1 111,1	796,8	372,1	248,2
Contract receivables	54,3	49,2	2,5	1,5
Retention receivables	4,2	2,3	—	—
Claims, prepayments and other receivables	225,4	155,1	69,0	36,7
	1 395,0	1 003,4	443,6	286,4

Trade receivables to the value of R93,6 million (2005: Rnil) have been ceded as security for liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
21. NON-CURRENT ASSETS HELD FOR SALE				
The board of directors resolved to dispose of the majority of the Elandsfontein property owned by Reumech Management Services (Pty) Ltd.				
The property has been sold and registration of the Title Deed in the Deeds office is being awaited, after which the sale will be recognised.				
The property is reported as part of Reutech in the Electronics segment.				
Property, plant and equipment	2,6	—	—	—
22. CASH AND CASH EQUIVALENTS				
Bank balances and cash	869,3	684,4	25,6	45,8
Investment in redeemable preference shares	100,0	100,0	100,0	100,0
	969,3	784,4	125,6	145,8
23. SHARE CAPITAL AND PREMIUM				
AUTHORISED SHARE CAPITAL				
235 000 000 (2005: 235 000 000) ordinary shares of 10 cents each	23,5	23,5	23,5	23,5
350 000 (2005: 350 000) 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
31 057 729 (2005: 31 057 729) redeemable preference shares of 1 cent each	0,3	0,3	0,3	0,3
	24,5	24,5	24,5	24,5
	Number of shares 2006	Number of shares 2005		
ISSUED SHARE CAPITAL				
Ordinary shares of 10 cents each				
At the beginning of the year	193 439 716	190 832 235		
Shares issued during the year in terms of Reunert share option scheme	1 914 960	2 607 481		
At the end of the year	195 354 676	193 439 716	19,5	19,3
350 000 (2005: 350 000) 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
	20,2	20,0	20,2	20,0
SHARE PREMIUM				
At the beginning of the year	29,4	2,9	29,4	2,9
Arising on the issue of ordinary shares	27,3	26,5	27,3	26,5
At the end of the year	56,7	29,4	56,7	29,4
Total issued share capital and premium	76,9	49,4	76,9	49,4

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***23. SHARE CAPITAL AND PREMIUM (continued)****The Reunert 1985 Share Option Scheme**

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

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

	Number of options unexercised at the beginning of the year (Thousands)	Options granted during the year (Thousands)	Options exercised during the year (Thousands)	Options lapsed during the year (Thousands)	Number of options unexercised at the end of the year (Thousands)	Amount received for options exercised (R000)
2006						
Exercise price						
R5,45	188	—	(161)	—	27	876
R14,10	898	—	(741)	—	157	10 450
R15,80	701	—	(467)	—	234	7 380
R17,70	97	—	(33)	—	64	589
R15,99*	1 730	—	(446)	(7)	1 277	7 133
R17,30*	200	—	(67)	—	133	1 152
R41,90*	2 550	—	—	(140)	2 410	—
	6 364	—	(1 915)	(147)	4 302	27 580
2005						
Exercise price						
R5,45	1 449	—	(1 261)	—	188	6 877
R14,10	1 760	—	(862)	—	898	12 149
R15,80	1 122	—	(421)	—	701	6 647
R17,70	140	—	(33)	(10)	97	589
R15,99*	1 780	—	(30)	(20)	1 730	480
R17,30*	200	—	—	—	200	—
R41,90*	—	2 550	—	—	2 550	—
	6 451	2 550	(2 607)	(30)	6 364	26 742

* Share options valued in terms of IFRS 2 as they were granted after 7 November 2002.

23. SHARE CAPITAL AND PREMIUM (continued)

Exercise price	Number of options exercisable per annum (Thousands)	Number of tranches outstanding	Periods options exercisable (Dates)	Expiry date	Options vested at the beginning of the year (Thousands)	Options vested at the end of the year (Thousands)
R5,45	—	—	Immediately	22 October 2009	188	27
R14,10	—	—	Immediately	1 February 2011	202	157
R15,80	—	—	Immediately	26 September 2011	286	234
R17,70	34	1	19 November 2006	19 November 2011	10	30
R15,99*	551	2	13 May 2007 and 13 May 2008	13 May 2013	—	176
R17,30*	67	2	27 July 2007 and 27 July 2008	27 July 2013	—	—
R41,90*	810	3	29 August 2008 to 29 August 2010	29 August 2015	—	—
					686	624

*Share options valued in terms of IFRS 2 as they were granted after 7 November 2002.

The weighted average share price at the dates of exercise for share options exercised during the year was R63,78.

Estimated fair value of options granted after 7 November 2002:

Share option	Fair value per option R	Share option expense for the year Rm
R15,99	4,67	2,0
R17,30	4,95	0,2
R41,90	11,06	7,4
		9,6
Share options expensed in previous periods (refer to note 2)		6,7
Share option reserve at the end of the year		16,3

These fair values were calculated using a Binomial option pricing model. The inputs into the model were as follows:

	R15,99 Share option	R17,30 Share option	R41,90 Share option
Share price at issue (R)	15,99	17,30	41,90
Exercise price (R)	15,99	17,30	41,90
Expected volatility	25,14%	25,29%	25,25%
Expected option life	8 years	8 years	10 years
Expected dividend yield	5,93%	5,93%	5,67%
Risk-free interest rate	11,75%	10,32%	7,74%

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
24. NON-DISTRIBUTABLE RESERVES				
Statutory and other reserves				
– At the beginning of the year	2,5	0,2	2,5	—
– Movement	(1,7)	2,3	(2,5)	2,5
	0,8	2,5	—	2,5
Capital redemption reserve	2,9	2,9	0,3	0,3
Share of associate company's accumulated profits				
– At the beginning of the year	61,9	51,9		
– Associate earnings transferred this year	39,2	10,0		
	101,1	61,9		
Total non-distributable reserves	104,8	67,3	0,3	2,8
25. LONG-TERM BORROWINGS				
Total long-term borrowing	115,5	130,0	115,5	130,0
Less: Short-term portion	(15,2)	(18,6)	(15,2)	(18,6)
	100,3	111,4	100,3	111,4
Repayment of loan by BEE partner	14,5	—	14,5	—
Total finance leases	0,4	0,9	47,8	—
Less: Short-term portion	(0,2)	(0,6)	(0,2)	—
	115,0	111,7	162,4	111,4

The group entered into an agreement with Powerhouse Utilities (Pty) Ltd ("Powerhouse"), whereby on 1 December 2004, 25,1% of the A shares of ATC (Pty) Ltd ("ATC") were sold to Powerhouse at a cost of R130 million. IFRS requires that this transaction is not accounted for as a sale, since the bank loan has not been fully paid by Powerhouse and conditions are attached to the unpaid portion, notwithstanding that the economic reality of this transaction is, in fact, a sale.

The long-term borrowing relates to funding provided by Nedbank Limited ("Nedbank") to Powerhouse for their purchase of 25,1% of ATC. The loan is guaranteed by Reunert and, in terms of current accounting practices for this transaction, is recognised on the Reunert balance sheet.

Repayment of the loan by the BEE partner represents a portion of a dividend paid by ATC to Powerhouse, which was used to repay portion of the loan from Nedbank to Powerhouse. In terms of current accounting practice for this transaction, this is to be reflected as a long-term liability on the Reunert balance sheet. When the significant risks and rewards of ownership in the equity of ATC are deemed to have passed to the BEE partner then this portion of the loan repaid by Powerhouse will be transferred to minority interest.

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
25. LONG-TERM BORROWINGS (continued)				
Amounts payable under finance leases:				
Total minimum lease payments	0,4	1,0	89,6	—
< 1 year	0,2	0,7	5,2	—
1 – 5 years	0,2	0,3	25,0	—
> 5 years	—	—	59,4	—
Less: Future finance charges	—	(0,1)	(41,8)	—
< 1 year	—	(0,1)	(5,0)	—
1 – 5 years	—	—	(19,2)	—
> 5 years	—	—	(17,6)	—
Present value of minimum lease payments	0,4	0,9	47,8	—
< 1 year	0,2	0,6	0,2	—
1 – 5 years	0,2	0,3	5,8	—
> 5 years	—	—	41,8	—

Reunert Limited has entered into a lease agreement with RC&C Finance Company (Pty) Ltd whereby the new Nashua building is leased over a period of 12 years at an interest rate of 10,5% per annum. Minimum lease payments escalate by 7,5% each year. Promissory notes have been issued by Reunert Limited in favour of RC&C Finance Company (Pty) Limited as security for the lease payments. The other finance leases are for minor equipment.

Description of nature of obligation	Carrying amount at the beginning of the year Rm	Additional provisions created in the year Rm	Amounts used during the year Rm	Unused amounts reversed during the year Rm	Carrying amount at the end of the year Rm
GROUP					
Contract completion	5,0	—	—	(1,6)	3,4
Unfunded pension obligations	1,4	0,3	—	—	1,7
Warranty	51,9	0,6	(1,7)	(12,7)	38,1
Other	2,6	2,1	(1,5)	—	3,2
	60,9	3,0	(3,2)	(14,3)	46,4
COMPANY					
Warranty	6,6	0,7	—	(5,5)	1,8
Other	2,6	2,1	(1,5)	—	3,2
	9,2	2,8	(1,5)	(5,5)	5,0

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions. As such, it has been assumed that the provisions are short term in nature.

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued*

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
27. COMMITMENTS				
Expenditure on property, plant and equipment				
– Contracted	56,2	42,6	27,5	25,3
– Authorised not yet contracted	52,0	26,3	32,8	10,0
Total expenditure on property, plant and equipment	108,2	68,9	60,3	35,3
The above expenditure, to occur in 2007 and 2008 will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, motor vehicles and other assets				
< 1 year	15,9	22,5	10,5	12,2
1 – 5 years	37,4	27,5	35,7	11,9
> 5 years	30,7	—	30,7	—
	84,0	50,0	76,9	24,1
Land and buildings	81,7	48,2	76,8	24,1
Motor vehicles and other assets	2,3	1,8	0,1	—
Total operating lease commitments	84,0	50,0	76,9	24,1
28. CONTINGENT LIABILITIES				
Guarantees on behalf of third parties	3,2	3,7	—	—
Guarantees on behalf of group subsidiary companies	—	—	25,0	18,9
Sureties for staff loans	—	0,1	—	—
Warranties on debtors sold	0,5	1,8	—	—
Total contingent liabilities	3,7	5,6	25,0	18,9

29. DIRECTORS' REMUNERATION AND INTERESTS

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

EXECUTIVE DIRECTORS

The directors' remuneration for the year ended 30 September 2006

	Salary R000	Bonus and performance related payments R000	Other benefits* R000	Retirement contributions R000	Medical contributions R000	Gains on options exercised R000	Total R000
G Pretorius	2 173	3 203	315	461	20	9 411	15 583
BP Gallagher	1 187	1 725	139	254	15	3 585	6 905
GJ Oosthuizen	1 068	1 537	125	216	13	3 928	6 887
DJ Rawlinson	1 115	1 685	144	237	65	2 891	6 137
	5 543	8 150	723	1 168	113	19 815	35 512

The directors' remuneration for the year ended 30 September 2005

	Salary R000	Bonus and performance related payments R000	Other benefits* R000	Retirement contributions R000	Medical contributions R000	Gains on options exercised R000	Total R000
G Pretorius	2 033	2 696	312	435	18	2 194	7 688
BP Gallagher	1 111	1 465	145	243	13	2 798	5 775
GJ Oosthuizen	1 001	1 294	125	204	13	3 492	6 129
DJ Rawlinson	1 053	1 431	154	223	52	2 444	5 357
	5 198	6 886	736	1 105	96	10 928	24 949

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

NON-EXECUTIVE DIRECTORS

The directors' remuneration for the year ended 30 September

	COMPANY	
	2006	2005
	Total paid for the year (all directors' and committee fees)	
	R000	R000
MJ Shaw	370	210
DE Cooper (resigned)	—	233
BP Connellan	135	120
KS Fuller	155	32
SD Jagoe	175	155
KJ Makwetla	85	80
KC Morolo	85	80
JC van der Horst	120	110
	1 125	1 020

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***29. DIRECTORS' REMUNERATION AND INTERESTS (continued)****SHARE OPTIONS****EXECUTIVE DIRECTORS**

	Balance of unexercised share options as at 1 October 2005	Number of share options allocated during the year	Number of options exercised during the year	Balance of unexercised share options as at 30 September 2006	Option price R	Date of allocation	Date from which exercisable
G Pretorius	33 400	—	(33 400)	—	14,10	1 February 2001	
	100 000	—	(100 000)*	—	15,80	26 September 2001	
	200 000	—	(66 600)	133 400	15,99	13 May 2003	13 May 2006
	120 000	—	—	120 000	41,90	29 August 2005	29 August 2008
BP Gallagher	16 800	—	(16 800)*	—	14,10	1 February 2001	
	23 400	—	(23 400)*	—	15,80	26 September 2001	
	100 000	—	(33 300)*	66 700	15,99	13 May 2003	13 May 2006
	50 000	—	—	50 000	41,90	29 August 2005	29 August 2008
GJ Oosthuizen	16 800	—	(16 800)*	—	14,10	1 February 2001	
	30 000	—	(30 000)*	—	15,80	26 September 2001	
	100 000	—	(33 300)*	66 700	15,99	13 May 2003	13 May 2006
	50 000	—	—	50 000	41,90	29 August 2005	29 August 2008
DJ Rawlinson	16 800	—	(16 800)*	—	14,10	1 February 2001	
	10 000	—	(10 000)*	—	15,80	26 September 2001	
	100 000	—	(33 300)*	66 700	15,99	13 May 2003	13 May 2006
	60 000	—	—	60 000	41,90	29 August 2005	29 August 2008
	1 027 200	—	(413 700)	613 500			

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

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

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

30. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits for its employees, 91% (2005: 95%) 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 30% (2005: 32%) of the group's employees were members of such schemes, most notably the Engineering Industries' Pension Fund and Metal Industries' Provident Fund. The total employer contributions for the year to these funds amounted to R4,5 million (2005: R4 million).

26% (2005: 30%) of the group's total employees, are members of the Lincoln Wood Provident Fund or the Reunert Retirement Fund, which consists of both the Reunert Pension Fund and Reunert Provident Fund.

The Reunert Retirement Fund is a defined contribution plan, apart from death benefits that are paid by the Pension Fund, which is registered in terms of the Pension Funds Act, 1956. The fund was last reviewed by the actuary at 28 February 2003 and found to be in a sound financial position. The total employer contribution to this fund amounted to R22 million (2005: R21,1 million).

The Lincoln Wood Provident Fund is a defined benefit plan registered in terms of the Pension Funds Act, 1956.

The normal employer contributions to the fund amounted to R2,1 million (2005: R2,6 million).

The fund was actuarially valued in terms of the Pension Funds Second Amendments Act, 2001 at February 2005, at which date the fund was found to be in a deficit.

A further actuarial valuation was done in terms of IAS 19 and an unfunded pension obligation of R1,7 million at 30 September 2006 (2005: R1,4 million) has been provided for.

The remaining 35% (2005: 33%) of the group's total employees, who are not members of the abovementioned schemes, participate in other benefit plans, which consist of seven defined contribution plans. Six of these funds are subject to the Pension Funds Act, 1956, and the remaining fund is a defined contribution fund registered in Australia. The total employer contributions to these funds amounted to R32,1 million (2005: R29,1 million).

2% of the group's employees belong to defined benefit funds, most of whom belong to the Engineering Industries' Pension Fund, which is currently in surplus. More information about the Engineering Industries' Pension Fund could not be obtained.

Details relating to the group's defined benefit fund, which is not a designated industry scheme, are as follows:

Defined benefit plan

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

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

	2006 Rm	2005 Rm
Current service cost	4,0	3,2
Interest costs	6,6	7,8
Expected return on plan assets	(7,3)	(6,5)
Unrecognised net loss	—	0,2
Amount charged to income	3,3	4,7
The charge for the year has been included in other expenses.		
Actual return on plan assets	(16,1)	(15,6)
The amount included in the balance sheet arising from the group's obligation in respect of defined benefit retirement plans is as follows:		
Present value of funded obligations	87,4	74,4
Unrecognised actuarial gains	10,2	6,9
Fair value of plan assets	(95,9)	(79,9)
Unfunded pension obligations	1,7	1,4
At the beginning of the year	1,4	4,9
Amounts charged to income	3,3	4,7
Deemed contributions	(3,0)	(8,2)
At the end of the year	1,7	1,4

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***30. RETIREMENT BENEFIT INFORMATION (continued)**

	2006 %	2005 %
Key assumptions used:		
Discount rate	9,0	8,5
Inflation rate	5,8	4,0
Expected return on plan assets	10,0	9,0
Expected rate of salary increases	7,8	6,5
Future pension increases	3,8	3,3

The next statutory valuation will be performed as at 28 February 2007.

	2006		2005	
	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm
31. SUMMARISED FINANCIAL INFORMATION OF PRINCIPAL ASSOCIATE COMPANIES				
INCOME STATEMENT				
Revenue	3 210,3	1 284,1	2 482,6	993,0
Profit after tax	238,0	95,2	197,8	79,2
Dividends	140,0	56,0	173,0	69,2
BALANCE SHEET				
Interest of shareholders	314,9	126,0	216,9	86,8
Long-term liabilities	—	—	43,4	17,4
Deferred taxation liabilities	20,0	8,0	—	—
Property, plant and equipment	48,4	19,4	53,0	21,2
Deferred taxation asset	—	—	49,7	19,9
Net current assets	286,5	114,6	157,6	63,0

32. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURES

The group has a 50% share in Lexshell 661 Investments (Pty) Ltd, which owns the right to lease the building, which will be occupied by Nashua Office Automation for the next 12 years, for a total period of 45 years.

The group is entitled to a proportionate share of the rental income received after the initial 12 years and bears a proportionate share of expenses.

The amounts included in the group's financial statements as a result of the proportionate consolidation of the joint venture round down to nil.

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***33. RELATED PARTY TRANSACTIONS (continued)**

The following related party transactions took place between Reunert Limited and its related parties:

Counterparty	COMPANY						
	Sales Rm	Purchases Rm	Lease payments made Rm	Lease payments received Rm	Administration fees paid Rm	Administration fees received Rm	Other paid/received Rm
2006							
Subsidiaries of Reunert Limited	168,9	43,3	0,6	9,4	434,4	6,5	0,1
Siemens	0,1	0,2	—	—	—	—	—
2005							
Subsidiaries of Reunert Limited	60,9	49,5	0,5	8,1	202,0	4,3	—
Transactions with key management personnel (Rm):							
	2006						2005
– Services rendered (cellphone contracts)	0,1						0,1
– Loans from key management personnel	4,8						5,1

Refer to note 2 for information on compensation of key management personnel.

	GROUP		COMPANY	
	2006 Rm	2005 Rm (Restated)	2006 Rm	2005 Rm (Restated)
34. FINANCIAL INSTRUMENTS				
RISK MANAGEMENT				
The group is exposed to various risks at all times. These risks are managed in the following ways:				
TREASURY RISK				
All of the group's short-term borrowings or excess cash is directed through Reunert Finance Company Limited (RFCL), a wholly owned subsidiary of Reunert Limited, which is managed from the head office of the group.				
The overnight call market is mainly used for short-term borrowings, with three to six-month borrowings used when deemed appropriate. Excess cash is deposited with RC&C Finance Company (Pty) Limited (RCCF) or with reputable financial institutions.				
Derivative contracts are entered into to hedge interest rate risk only in RCCF.				
The group 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.				
Derivative contracts, other than forward exchange contracts, are not entered into to hedge currency risks.				
The contract amounts of forward exchange contracts outstanding at the balance sheet date were:				
To pay	567,8	474,2	438,9	356,7

34. FINANCIAL INSTRUMENTS (continued)

Forward exchange contracts at 30 September 2006 and 2005 are summarised below:

2006	Foreign amount million	GROUP		
		Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
Imports - trade				
USD	33,6	260,9	235,4	25,5
Euro	19,1	189,2	175,7	13,5
GBP	0,8	11,0	10,0	1,0
Yen	1 261,3	83,6	78,6	5,0
CHF	506,4	44,9	43,6	1,3
SEK	0,7	0,7	0,7	—
		590,3	544,0	46,3
Imports - capital				
Euro	2,6	25,2	23,8	1,4
		25,2	23,8	1,4
		615,5	567,8	47,7
	Rm			
Accounts receivable in foreign currencies	41,7			
Of which covered by forward exchange contracts	—			
Accounts payable in foreign currencies	373,3			
Of which covered by forward exchange contracts	363,0			

2005	Foreign amount million	GROUP		
		Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
Imports - trade				
USD	35,1	225,2	231,1	(5,9)
Euro	14,7	115,5	120,1	(4,6)
GBP	0,5	5,8	6,1	(0,3)
Yen	1 532,0	87,6	92,0	(4,4)
CHF	0,2	0,9	0,9	—
		435,0	450,2	(15,2)
Imports - capital				
USD	0,1	0,9	0,9	—
Euro	2,8	22,3	23,1	(0,8)
		23,2	24,0	(0,8)
		458,2	474,2	(16,0)
	Rm			
Accounts receivable in foreign currencies	1,0			
Of which covered by forward exchange contracts	—			
Accounts payable in foreign currencies	288,7			
Of which covered by forward exchange contracts	274,4			

Forward exchange contracts at 30 September 2006 are summarised below:

2006	Foreign amount million	COMPANY		
		Fair value Rm	Contract value Rm	Unrealised gains/(losses) Rm
Imports - trade				
USD	25,2	195,5	175,9	19,6
Euro	18,2	180,4	167,5	12,9
GBP	0,5	7,5	6,7	0,8
Yen	1 260,6	83,6	78,6	5,0
CHF	1,7	10,6	10,2	0,4
		477,6	438,9	38,7
	Rm			
Accounts receivable in foreign currencies	39,3			
Of which covered by forward exchange contracts	—			
Accounts payable in foreign currencies	339,2			
Of which covered by forward exchange contracts	330,4			

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***34. FINANCIAL INSTRUMENTS (continued)****CREDIT RISK**

Credit risk relates to the group's and RCCF accounts receivable. The risk relating to the group's accounts receivable 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 reviewed and updated on an ongoing basis. Where considered necessary, exports are covered by letters of credit. Use is also made of credit insurance where it is considered appropriate.

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

For RCCF, the financial assets which potentially subject the company to concentrations of credit risk consist principally of discounted deals and accounts receivable. Credit risk with respect to accounts receivable and discounted deals is limited due to the large number of corporate customers comprising the company's customer base and their distribution across different geographical areas. Accounts receivable are presented net of all the allowances for doubtful receivables.

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

	GROUP		COMPANY	
	2006 %	2005 %	2006 %	2005 %
South Africa	94,5	96,2	88,6	94,7
Rest of Africa	2,1	1,2	6,6	5,3
Europe	1,6	1,6	1,2	—
Asia	0,4	—	2,3	—
USA	0,5	0,8	1,1	—
Other	0,9	0,2	0,2	—
	100,0	100,0	100,0	100,0

INTEREST RATE RISK

RC&C FINANCE COMPANY LIMITED (RCCF)

Most of the company's debtors are subject to variable interest rates. The company borrows at variable interest rates, therefore, the margins built into the various loans and debtors tend to remain constant as the interest rates move up and down.

Most of the company's discounted deals are sold on a fixed interest rate basis. When deemed appropriate the company enters into interest rate swap agreements and takes out fixed rate loans to reduce the interest rate risk.

Details of the RCCF interest rate swaps are:

R million	2006			
	Contracts expiring in:			Total
	<1 year	1 – 5 years	> 5 years	
Contract value	325	275	48	648
Net derivative instrument in relation to expiring contract	2,0	5,3	1,7	9,0
Derivative asset	2,0	5,3	1,7	9,0
Derivative liability	—	—	—	—
Average fixed interest rate (%)	7,54	7,88	8,11	7,73

R million	2005			
	Contracts expiring in:			Total
	<1 year	1 – 5 years	> 5 years	
Contract value	—	550	50	600
Net derivative instrument in relation to expiring contract	—	(1,6)	(0,3)	(1,9)
Derivative asset	—	0,3	—	0,3
Derivative liability	—	(1,9)	(0,3)	(2,2)
Average fixed interest rate (%)	—	7,61	8,11	7,65

34. FINANCIAL INSTRUMENTS (continued)

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

2006	GROUP				Total Rm
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest bearing Rm	
Assets					
Cash and cash equivalents	7,0	969,3	—	—	969,3
Accounts receivable (non-RCCF)	—	—	—	1 338,8	1 338,8
Accounts receivable (RCCF)	13,5	434,3	969,5	—	1 403,8
Other investments	12,0	2,1	—	146,7	148,8
		1 405,7	969,5	1 485,5	3 860,7
Liabilities					
Trade and other payables	12,5	(51,0)	—	(1 521,3)	(1 572,3)
Bank overdrafts and short-term portion of long-term borrowings	8,6	(27,0)	—	—	(27,0)
RCCF borrowings	8,6	(1 187,9)	—	—	(1 187,9)
Long-term borrowings	9,0	(114,9)	(0,1)	—	(115,0)
		(1 380,8)	(0,1)	(1 521,3)	(2 902,2)
Net financial assets / (liabilities)		24,9	969,4	(35,8)	958,5

2005	GROUP				Total Rm
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest bearing Rm	
Assets					
Cash and cash equivalents	6,5	769,9	14,5	—	784,4
Accounts receivable (non-RCCF)	—	—	—	970,5	970,5
Accounts receivable (RCCF)	13,8	216,4	811,8	—	1 028,2
Other investments	10,0	4,0	—	112,2	116,2
		990,3	826,3	1 082,7	2 899,3
Liabilities					
Trade and other payables		—	—	(1 168,8)	(1 168,8)
Bank overdrafts and short-term portion of long-term borrowings	8,3	(20,9)	—	—	(20,9)
RCCF borrowings	7,6	(266,8)	(600,0)	—	(866,8)
Long-term borrowings	8,4	(111,7)	—	—	(111,7)
		(399,4)	(600,0)	(1 168,8)	(2 168,2)
Net financial assets / (liabilities)		590,9	226,3	(86,1)	731,1

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***34. FINANCIAL INSTRUMENTS (continued)****MATURITY PROFILE OF FINANCIAL INSTRUMENTS**

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

2006	GROUP			Total Rm
	<1 year Rm	1 – 5 years Rm	>5 years Rm	
Cash and cash equivalents	969,3	—	—	969,3
Accounts receivable (non-RCCF)	1 338,8	—	—	1 338,8
Accounts receivable (RCCF)	418,5	985,3	—	1 403,8
Other financial assets	146,7	2,1	—	148,8
Trade and other payables	(1 572,1)	(0,2)	—	(1 572,3)
Bank overdrafts and short-term portion of long-term borrowings	(27,0)	—	—	(27,0)
RCCF borrowings	(1 187,9)	—	—	(1 187,9)
Long-term borrowings	—	(91,0)	(24,0)	(115,0)
Derivative Instruments				
Recognised transactions	67,7	—	—	67,7
Forward exchange contracts (Buy)	47,7	—	—	47,7
Interest rate swaps	9,0	—	—	9,0
Other derivative instruments	11,0	—	—	11,0

2005	GROUP			Total Rm
	<1 year Rm	1 – 5 years Rm	>5 years Rm	
Cash and cash equivalents	784,4	—	—	784,4
Accounts receivable (non-RCCF)	970,0	0,5	—	970,5
Accounts receivable (RCCF)	302,2	726,0	—	1 028,2
Other financial assets	96,7	7,7	11,8	116,2
Trade and other payables	(1 168,3)	(0,5)	—	(1 168,8)
Bank overdrafts and short-term portion of long-term borrowings	(20,9)	—	—	(20,9)
RCCF borrowings	(866,8)	—	—	(866,8)
Long-term borrowings	—	(93,1)	(18,6)	(111,7)
Derivative Instruments				
Recognised transactions	(16,4)	—	—	(16,4)
Forward exchange contracts (Buy)	(16,0)	—	—	(16,0)
Interest rate swaps	(1,9)	—	—	(1,9)
Other derivative instruments	1,5	—	—	1,5

34. FINANCIAL INSTRUMENTS (continued)

	GROUP				COMPANY			
	2006		2005		2006		2005	
	Maximum permissible Rm	Actual Rm	Maximum permissible Rm	Actual Rm	Maximum permissible Rm	Actual Rm	Maximum permissible Rm	Actual Rm
LIQUIDITY RISK								
Adequate reserves, banking facilities and reserve borrowing facilities are maintained by continually monitoring forecast and actual cash flows.								
BORROWING CAPACITY								
The borrowings of the group are limited in terms of the company's articles of association.								
Long-term borrowings		115,0		111,7		162,4		111,4
Bank overdrafts and short-term portion of long-term borrowings		27,0		20,9		16,0		18,6
RC&C Finance Company debtors guarantee given by Reunert Limited		60,3		28,7		60,3		28,7
Contingent liabilities (refer to note 28)		3,7		5,6		25,0		18,9
	1 431,4	206,0	1 352,5	166,9	612,3	263,7	871,3	177,6

The long-term borrowing bears interest at 1,4% above the monthly JIBAR rate and are repayable in 14 six-monthly instalments which commenced on 1 December 2005. The loan may be settled early.

This loan relates to the funding provided by Nedbank to Powerhouse for their purchase of ATC shares (refer to note 2). The loan is guaranteed by Reunert and, in terms of current accounting practice, is recognised in the Reunert balance sheet.

The borrowings of RC & C Finance Company (Pty) Limited of R1 187,9 million (2005: R866,8 million) are not included in the above table. The details of the facilities covering these borrowings are set out in note 17. These borrowings are excluded from the group borrowing limits in terms of the articles of association.

Type of instrument	GROUP		COMPANY	
	2006 Carrying amount* Rm	2005 Carrying amount* Rm (Restated)	2006 Carrying amount* Rm	2005 Carrying amount* Rm (Restated)
Cash and cash equivalents	969,3	784,4	125,6	145,8
Accounts receivable	1 338,8	970,5	385,1	252,6
RCCF accounts receivable	1 403,8	1 028,2		
Other investments	148,8	116,2	181,3	187,9
Accounts payable	(1 572,3)	(1 168,8)	(624,4)	(510,6)
Bank overdrafts and short-term portion of long-term borrowings	(27,0)	(20,9)	(16,0)	(18,6)
RCCF borrowings	(1 187,9)	(866,8)		
Long-term borrowings	(115,0)	(111,7)	(162,4)	(111,4)
Derivative instruments – Forward exchange contracts	47,7	(16,0)	38,7	(11,9)
– Interest rate swaps	9,0	(1,9)	—	—
– Other	11,0	1,5	—	—

*The fair value of the financial instruments is equal to the carrying amount.

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***34. FINANCIAL INSTRUMENTS (continued)**

The following methods and assumptions were used to determine fair values:

CASH AND CASH EQUIVALENTS

The carrying amounts approximate fair value because of the short-term nature of these instruments.

ACCOUNTS RECEIVABLE

The carrying amounts of rand denominated receivables approximate fair value because of the short-term nature of these instruments. The carrying amounts of foreign 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 RCCF long-term accounts receivable and discounted deals approximate fair value because the rates inherent in the deals are market related, and are the same rates used to discount back to their carrying values.

OTHER INVESTMENTS

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

ACCOUNTS PAYABLE

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 RCCF short-term borrowings approximate fair value because of their short-term nature.

FORWARD EXCHANGE CONTRACTS

Fair value represents the foreign currency value of the exchange contracts converted at the forward rate that could have been obtained at the year end on a similar contract to the same maturity date.

INTEREST RATE SWAPS

Fair value represents the net market value of equivalent instruments at balance sheet date.

GROUP AND COMPANY OPTIONS

Reunert Limited has the following financial options in terms of the Kgorong Investment Holdings (Pty) Limited ("Kgorong")/RDL Technologies (Pty) Limited ("RDL") and Powerhouse Utilities (Pty) Limited ("Powerhouse")/ATC (Pty) Limited ("ATC") Black Economic Empowerment (BEE) transactions.

Kgorong/RDL transaction:

Kgorong purchased a 10% share in RDL in 2000 and the purchase price has been paid in full.

Kgorong purchased a further 20% share in RDL in 2001. IFRS requires the reversal of the sale of the 20% portion, since the purchase consideration has not been fully paid for by Kgorong and conditions are attached to the unpaid portion, notwithstanding that the legal effect of this transaction is in fact a sale. The earnings attributable to this 20% are included in arriving at the earnings attributable to shareholders in Reunert Limited, that is no minority is recognised. When dividends are paid to Kgorong they are treated as an appropriation of profits.

The agreement with Kgorong contains certain conditions which result in options for Reunert:

1 – Should Kgorong either be liquidated or it defaults on the loan relating to the 20% purchase of shares in RDL, Kgorong will be deemed to have offered their 20% share in RDL to Reunert.

2 – Should there be a change in either shareholding or directors of Kgorong, that is change in effective control, Reunert has an option to call upon Kgorong to sell its 20% share in RDL within 90 days.

3 – In the event that Reunert sells its shares in RDL to a third party, Reunert shall have an irrevocable right to call upon Kgorong to sell all its shares (30%).

A fair value for these options 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.

Powerhouse/ATC transaction:

Refer to note 2 for more information on the transaction.

The agreement with Powerhouse contains certain conditions which result in options for Reunert:

1 – Reunert has the right to acquire the long-term loan from Nedbank at an amount equal to the balance of capital outstanding together with other amounts that may be due to Nedbank in terms of the loan agreement.

2 – Upon the occurrence of certain events (for example, if Powerhouse ceases to be a black economic empowerment entity), Powerhouse will be deemed to have offered its equity for sale to Reutech Engineering Services (Pty) Limited ("RES"). The purchase consideration payable by RES is dependent on whether the loan between Powerhouse and Nedbank 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 these options 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.

35. UNCONSOLIDATED SUBSIDIARY**CAFCA LIMITED (Cafca)**

The financial statements of Cafca, a company incorporated in Zimbabwe, have not been consolidated in the group financial statements as the directors believe there is a lack of control as defined in IAS 27 *Consolidated and Separate Financial Statements*, and the amounts involved are not material.

	%
Effective holding (held via ATC (Pty) Limited)	71,5
Attributable Reunert group holding	53,6
	Rm
Shares at cost	7,3
Less: Amount written off	(7,3)
Carrying value of investment	—

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

	2006 Z\$m	2005* Z\$m
INCOME STATEMENT		
Revenue	1 495 878	849 160
Profit / (loss) before interest and taxation	215 617	(76 015)
Interest paid	(135 658)	(46 042)
Profit on net monetary position	204 257	124 717
Profit before taxation	284 216	2 660
Taxation (charge) / credit	(52 634)	5 395
Net profit	231 582	8 055
Profit attributable to Reunert Limited shareholders (Rm)	8,9	0,3
BALANCE SHEET		
ASSETS		
Non-current assets		
Property, plant and equipment	464 315	560 071
	464 315	560 071
Current assets		
Inventory	321 877	270 778
Accounts receivable	536 311	228 814
Cash	16 673	7 976
	874 861	507 568
Total assets	1 339 176	1 067 639

NOTES TO THE ANNUAL FINANCIAL STATEMENTSfor the year ended 30 September 2006 *continued***35. UNCONSOLIDATED SUBSIDIARY (continued)**

	2006 Z\$m	2005* Z\$m
EQUITY AND LIABILITIES		
Share capital and reserves	799 548	571 887
Non-current liability		
Deferred tax liability	118 768	146 601
	118 768	146 601
Current liabilities		
Accounts payable	420 860	222 083
Net debt	—	127 068
	420 860	349 151
Total equity and liabilities	1 339 176	1 067 639

The auction rate at 30 June 2006 to the US\$ was approximately Z\$101 134 which approximates R1:Z\$13 911 (2005: R1:Z\$1 574).

The Zimbabwean inflation rate used to inflate the 2005 information to compare with 2006 is 1 184,7%.

* The 2005 information has been restated in terms of IAS 29 – Financial Reporting in Hyperinflationary Economies.

36. ACQUISITION OF BUSINESSES

On 1 October 2005 the business of Royce Imaging Industries (Pty) Ltd was transferred to Royce Imaging Industries (division of Reunert Limited).

In March 2006 the assets and liabilities of Black Dot IT company were purchased for R2,1 million and combined into the business of Nashua Mobile (Pty) Ltd (subsidiary of Reunert Limited).

In March 2006 various assets of Dynatrac were purchased for R4,3 million and combined into the business of Acuo Technologies (division of Reunert Limited).

	Black Dot IT Rm	Dynatrac Rm	Royce Imaging Rm	GROUP (Black Dot IT & Dynatrac) Rm	COMPANY (Dynatrac & Royce Imaging) Rm
Net assets acquired					
Property, plant and equipment	0,2	0,1	2,6	0,3	2,7
Intangible assets	1,6	3,7	—	5,3	3,7
Goodwill	0,8	—	3,4	0,8	3,4
Inventory	—	0,4	7,6	0,4	8,0
Accounts receivable	1,3	0,1	10,3	1,4	10,4
Net cash	0,1	—	1,9	0,1	1,9
Payables and provisions	(1,9)	—	(4,1)	(1,9)	(4,1)
Intercompany loan	—	—	(13,4)	—	(13,4)
Cost of investment	2,1	4,3	8,3	6,4	12,6
Acquiree's loss since acquisition	(0,1)	(0,2)	(0,1)	(0,3)	(0,3)
Revenue of the acquiree for the full year ended 30 September 2006 as though the acquisition date had been 1 October 2005	13,3	1,5	45,9	14,8	47,4
Loss of the acquiree for the full year ended 30 September 2006 as though the acquisition date had been 1 October 2005	(0,1)	(0,2)	(0,1)	(0,3)	(0,3)

PRINCIPAL SUBSIDIARIES - ANNEXURE A

at 30 September 2006

	Issued capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company			
		2006 %	2005 %	Shares		Indebtedness	
				2006 Rm	2005 Rm	2006 Rm	2005 Rm
ELECTRICAL ENGINEERING							
Circuit Breaker Industries Limited	46	100	100	–	–	(3,0)	40,5
Heinemann Holdings Limited	35 000	100	100	16,4	16,4	–	–
Circuit Breaker Industries GmbH (incorporated in Germany)	€25 565	100	100	–	–	–	–
Circuit Breaker Industries Inc. (incorporated in USA)	\$50 000	100	100	–	–	–	–
African Cables Limited	9 886 098	100	100	–	–	–	–
Afcab Holdings (Pty) Limited	4 000	100	100	67,7	67,7	64,8	64,8
ATC (Pty) Limited	751 197	74,9	74,9	130,0	130,0	–	–
Reutech Engineering Services (Pty) Limited	64 000	100	100	1,7	1,7	–	–
OFFICE SYSTEMS							
Nashua Limited	947 794	100	100	6,3	6,3	(14,6)	(12,3)
Kopano Copier Company (Pty) Limited	100	74	74	1,5	1,5	14,4	19,9
Royce Imaging Industries (Pty) Limited	100	100	100	–	–	(3,8)	13,4
RC&C Finance Company (Pty) Limited*	4 293	16*	16*	20,4	20,4	0,9	(4,6)
Nashua Connect (Pty) Limited	1 000	100	100	–	–	4,2	4,0
CONSUMER PRODUCTS AND SERVICES							
Nashua Mobile (Pty) Limited	9 741 983	100	100	267,8	267,8	3,1	–
Reunert Consumer and Commercial Holdings Limited	100	100	100	45,0	45,0	(54,1)	(43,1)
NPC (Electronics) Limited	33 000	100	100	0,2	0,2	(2,8)	–
NPC (Airconditioning) Limited	200 000	100	100	2,2	2,2	–	–
Pansolutions (Pty) Limited	100	100	100	–	–	(3,1)	–
Futronic (Pty) Limited	100	100	100	–	–	(0,3)	–
RC&C Manufacturing Company (Pty) Limited	100	100	100	–	–	(2,4)	(3,7)
RC&C (Parow Factory) Properties (Pty) Limited	2	100	100	0,5	0,5	–	–
Saco Systems Limited (incorporated in UK)	£16 556	100	100	–	–	2,6	1,8
Saco Systems (Pty) Limited	96 000	100	100	–	–	(2,0)	(0,1)
TELECOMMUNICATIONS							
Acuo Technologies (Pty) Limited	4 000	100	100	–	–	0,7	1,1
REUTECH							
Fuchs Electronics (Pty) Limited	50 000	100	100	–	–	–	–
RDI Communications (Pty) Limited	2	100	100	–	–	–	–
Reutech Defence Industries (Pty) Limited	600 000	100	100	0,3	0,3	0,4	–
RDL Technologies (Pty) Limited	2 000	70	70	–	–	–	–
Reutech Radar Systems (Pty) Limited	200	57	57	8,6	8,6	0,8	0,2
Reutech Limited	30 000 000	100	100	5,0	5,0	–	–
INVESTMENTS AND SERVICES							
Reunert Finance Company Limited	4 000 000	100	100	4,0	4,0	331,4	179,8
Bargenel Investments Limited	7	100	100	23,0	168,0	64,7	9,1
Reunert Management Services Limited	4 000	100	100	–	–	(0,1)	(0,1)
Sundry companies				5,0	5,0	(10,3)	(16,5)
				605,6	750,6	391,5	254,2
Owing by (net)				391,5	254,2		
Provision for losses				(116,5)	(127,8)		
Interest in subsidiaries				880,6	877,0		

*Reunert Limited owns 16% (2005:16%) of the total share capital, but 100% of the "A" shares, which is the class of shares entitled to share in the dividends of the company.

SHARE OWNERSHIP ANALYSIS

	Ordinary shares	
	2006 %	2005 %
Major holdings through managers in excess of 5% (current and prior year)		
Old Mutual Asset Managers (SA)	14,0	11,7
Stanlib Asset Management (SA)	7,5	6,9
Polaris Capital (Pty) Limited (SA)	5,2	6,5
Investec Asset Management (SA)	4,7	16,2

	Ordinary shares		5,5% cumulative preference shares	
	Number of shareholders	% shareholding	Number of shareholders	% shareholding
Shareholder spread				
Public shareholders	18 076	73,6	54	85,0
Non-public shareholders	65	26,4	1	15,0
– Total directors	2	—		
– Reunert Share Purchase Trust	61	2,1		
– Bargenel Investments Limited*	1	9,8		
– Public Investment Commissioners (SA)	1	14,5		
– Old Sillery (Pty) Limited			1	15,0
	18 141	100,0	55	100,0

	Ordinary shares		5,5% cumulative preference shares	
	(millions)	%	(thousands)	%
Beneficial holdings in excess of 5% of issued share capital				
Public Investment Commissioners (SA)	28,2	14,5		
Bargenel Investments Limited *	19,1	9,8		
Old Sillery (Pty) Limited			52,5	15,0
G Boerstra			48,4	13,8
HF Richardson			31,9	9,1
DF Foster			24,5	7,0
R Glyn			21,8	6,2
J Fisher			19,9	5,7
JEG Wright			18,2	5,2

*Treasury shares (refer to note 23)

SHAREHOLDERS' DIARY

REPORTING

Annual general meeting	6 February 2007
Financial year-end	30 September 2007
Announcement of interim results for 2007	18 May 2007
Announcement of final results for 2007	20 November 2007
Annual report posted by	21 December 2007

FINAL DIVIDENDS FOR 2006

Ordinary shares

Declared	Monday, 20 November 2006
Last date to trade (cum dividend)	Friday, 12 January 2007
First date of trading (ex dividend)	Monday, 15 January 2007
Record date	Friday, 19 January 2007
Payment date	Monday, 22 January 2007

Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 15 January 2007 and Friday, 19 January 2007, both days inclusive.

5,5% cumulative preference shares

Declared	29 December 2006
Payable	29 January 2007

Please note that the reporting dates are subject to change

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

BUSINESS ADDRESS AND REGISTERED OFFICE

Lincoln Wood Office Park
6 – 10 Woodlands Drive
Woodmead
Sandton
South Africa

POSTAL ADDRESS

PO Box 784391
Sandton 2146
South Africa

GROUP SECRETARY AND ADMINISTRATION

Reunert Management Services Limited
The address is the same as that of Reunert Limited

GE Field (55)
CA(SA)
Financial Director
Reunert Management Services Limited
e-mail: grahamf@reunert.co.za

JAF Simmonds (60)
ACIS, Hdip Tax Law (Wits)
Directly responsible for secretarial matters
e-mail: johns@reunert.co.za

Telephone: +27 11 517 9000
Telefax: +27 11 804 1391

SHARE TRANSFER SECRETARIES

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

POSTAL ADDRESS

PO Box 61051
Marshalltown 2107
South Africa

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

AUDITORS

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

Telephone: +27 11 806 5000
Telefax: +27 11 806 5003

SPONSOR

Rand Merchant Bank (A division of FirstRand Limited)

PRINCIPAL BANKERS

Nedbank Limited
Standard Corporate and Merchant Bank

INFORMATION AND INVESTOR RELATIONS

Carina de Klerk (45)
BA Comm
Communication and investor relations manager

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

REUNERT

REUNERT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1913/004355/06)

Share code: RLO ISIN: ZAE000057428

("Reunert" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-third annual general meeting of members of Reunert Limited will be held in the Reunert boardroom, Lincoln Wood Office Park, 6-10 Woodlands Drive, Woodmead on Tuesday, 6 February 2007 at 10:00 for the following purposes:

1. To receive and adopt the audited group annual financial statements for the year ended 30 September 2006.
 2. To elect the following directors:
 - 2.1 Mr SD Jagoe who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.2 Mr KJ Makwetla who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.3 Mr GJ Oosthuizen who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.4 Mr MJ Shaw who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
- A brief curriculum vitae in respect of each director referred to above appears on pages 8 and 9 of the annual report.
3. To determine the remuneration of non-executive directors with effect from 1 October 2006 in accordance with the company's articles of association as follows:

	Current per annum	Proposed per annum
Chairman	R370 000	R393 000
Non-executive directors	R85 000	R91 000
Audit and risk committee chairman	R70 000	R75 000
Audit and risk committee member	R50 000	R53 000
Remuneration and nomination committee chairman	R40 000	R43 000
Remuneration and nomination committee member	R35 000	R38 000

4. Ordinary resolution number 1

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"That the Reunert 2006 Option Scheme ("the scheme") (a summary of the principal terms of the scheme is contained in Appendix 1 to the notice of annual general meeting dated 6 December 2006), be and is hereby approved and that the directors of Reunert Limited ("the company") be and are hereby authorised to take all such steps as may be necessary for the establishment and carrying into effect of the scheme, including the award of options to employees under the scheme, with an exercise price equal to the closing price of an ordinary share of the company on the JSE Limited on the trading day preceding the day on which the relevant award was made."

5. Ordinary resolution number 2

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"That 4 400 000 (four million four hundred thousand) of the unissued ordinary shares of 10 cents each in the authorised capital of the company be reserved to meet the requirements of the Reunert 1985 Share Option Scheme and the Reunert 1988 Share Purchase Scheme and that the directors be and they are hereby specifically authorised to allot and issue those shares in terms of the scheme for the purposes of the Reunert 1985 Share Option Scheme and the 1988 Share Purchase Scheme."

6. Special resolution number 1

To consider and, if deemed fit, to pass, with or without modification, the following resolution as a special resolution:

"That the company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act (Act 61 of 1973), as amended ("the Companies Act") the acquisitions by the company, and/or any subsidiary of the company, from time to time, of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Companies Act and the Listings Requirements of the JSE Limited ("JSE"), when applicable, and provided that:

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter party (reported trades are prohibited);
- this authority shall not extend beyond 15 (fifteen) months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
- any such repurchase be implemented on the open market of the JSE;
- at any point in time, the company only appoints one agent to effect any repurchase(s) on its behalf;
- the company or its subsidiaries are not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- a paid press release giving such details as may be required in terms of the Listings Requirements of the JSE be published when the company or its subsidiaries have cumulatively repurchased 3% (three per cent) of the shares in issue and for every 3% (three per cent) in aggregate of the initial number of that class acquired thereafter;
- the general repurchase(s) may not in the aggregate in any one financial year exceed 20% (twenty per cent) of the number of shares in the company's issued share capital at the beginning of the financial year provided that a subsidiary of the company may not hold at any one time more than 10% (ten per cent) of the number of issued shares of the company;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the sponsor to the company provides a letter on the adequacy of working capital in terms of section 2.14 of the JSE Listings Requirements prior to any repurchases being implemented on the open market of the JSE;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the directors undertake that, for a period of 12 (twelve) months following the date of the notice of the annual general meeting or for the period of the general authority, whichever is the longer, they will not undertake any such repurchases unless:
 - the company and the group will, after payment for such maximum repurchases, be able to repay their debts in the ordinary course of business;
 - the company's and the group's assets, fairly valued according to Generally Accepted Accounting Practice and on a basis consistent with the last financial year of the company, will, after such payment, exceed their liabilities;
 - the company's and the group's ordinary share capital and reserves will, after such payment, be sufficient to continue operations; and
 - the company and the group will, after such payment, have sufficient working capital to continue operations.

Directors' responsibility statement

The directors, whose names are given on pages 8 and 9 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and by the Listings Requirements of the JSE.

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

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

Additional disclosures

Other disclosures in terms of the JSE Listings Requirements:

The JSE Listings Requirements require the following disclosures, some of which are elsewhere in the annual report as set out below:

- Directors and management – pages 8 to 20;
- Major shareholders of Reunert – page 112;
- Directors' interests and securities – page 52 and note 29;
- Share capital of the company – note 23;
- Litigation statement – page 48; and
- Material change – page 48.

7. Special resolution number 2

To consider and, if deemed fit, to pass, with or without modification, the following resolution as a special resolution:

"That the company hereby approves, as a specific approval contemplated in terms of section 85(2) of the Companies Act, 1973, as amended, the Listings Requirements of the JSE Limited and article 29(a) of the company's articles of association, the acquisition by the company of 563 631 ordinary par value shares in the company's issued ordinary share capital from Bargenel Investments Limited, at a consideration per ordinary share equal to the closing market price of such share on the JSE Limited on the trading day immediately prior to the acquisition."

The reason for this special resolution is to obtain a specific approval in terms of section 85(2) of the Companies Act, 1973, as amended, for the acquisition by the company of 563 631 of its issued ordinary par value shares from Bargenel Investments Limited.

The effect of this special resolution is to enable the company, by way of a specific authority, to acquire 563 631 of its issued ordinary par value shares from Bargenel Investments Limited.

Note

Any shares acquired pursuant to the approval referred to above will be cancelled as issued shares and restored to the status of authorised shares forthwith.

No shares will be acquired pursuant to that authority if ordinary resolution number 3 is not passed.

8. Ordinary resolution number 3

To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"That the sale by the company of all of the ordinary shares which it holds in the issued share capital of Bargenel Investments Limited to Rebatona Investment Holdings (Proprietary) Limited (2006/031544/07), upon the terms and subject to the conditions of the Sale of Shares Agreement dated 20 November 2006 between the company and Rebatona Investment Holdings (Proprietary) Limited (2006/031544/07), details of which are set out in the circular dated 13 December 2006 sent to ordinary shareholders of the company, be and is hereby approved."

This resolution requires the approval of no less than a 75% (seventy-five percent) majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting in accordance with the provisions of the JSE Listings Requirements. Accordingly, if that requisite majority is not obtained, this resolution will not be regarded as having taken effect unless the JSE Limited authorises otherwise.

9. **Ordinary resolution number 4**

To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

“That, subject to the passing and registration of special resolution 2, the directors of the company be and are hereby authorised, by way of a specific authority in terms of section 221 of the Companies Act, 1973, as amended, and the Listings Requirements of the JSE Limited, to allot and issue to the Reunert Staff Share Trust, as a specific issue for cash, a maximum of 600 000 ordinary shares in the authorised but unissued share capital of the company, at a subscription price per ordinary share of its par value, for purposes of the employee transaction, details of which are set out in the circular dated 13 December 2006 sent to shareholders of the company.”

This resolution requires the approval of no less than a 75% (seventy-five percent) majority of the votes cast by ordinary shareholders present in person or represented by proxy at the annual general meeting in accordance with the provisions of the JSE Listings Requirements. Accordingly, if that requisite majority is not obtained, this resolution will not be regarded as having taken effect unless the JSE Limited authorises otherwise.

10. **Ordinary resolution number 5**

To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

“That any director or the secretary of the company be and is hereby authorised to sign all such documentation, take all such steps and do all such other things as may be necessary in order to give effect to special resolution 2 and ordinary resolutions 3 and 4 in accordance with, and subject to, the terms thereof.”

Voting and proxies

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is enclosed herewith. Proxy forms must be forwarded to reach the share transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, Johannesburg) so as to be received by them not later than 24 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays).

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

A Reunert preference shareholder will be entitled to attend the annual general meeting and to vote on special resolution number 2 set out above. On a poll every Reunert preference shareholder who is present in person or by proxy at the annual general meeting shall have twenty votes for every Reunert preference share held or represented.

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

By order of the board
Reunert Management Services Limited
Company Secretaries
Sandton
6 December 2006

Change of address and banking details

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

APPENDIX 1

Summary of the principal terms of the Reunert 2006 Option Scheme and the Reunert Phantom Share Scheme

1. Reunert Limited ("the company") believes that it is in the interests of stakeholders to introduce two new long-term employee incentive schemes ("the new scheme"). This is required because of recent changes made to tax laws and international accounting standards. The introduction of the new scheme will take place in the following context:
 - 1.1 No further options will be issued in terms of the 1985 Reunert Share Option Scheme ("the existing scheme"). However, the existing scheme will remain in place until all the vested rights of participants in the existing scheme have been met.
 - 1.2 In future all options or notional options will be granted in terms of the new scheme.
 - 1.3 The new scheme will comprise the Reunert 2006 Option Scheme ("option scheme") and the Reunert Phantom Share Scheme ("phantom scheme"). This will provide the board with maximum flexibility to issue share-based incentives depending on circumstances prevailing at the time of issuing.
 - 1.4 The rules of the option scheme will be substantially similar to the existing scheme, except it is the intention of the company that shares already in issue shall be acquired pursuant to the exercise of an option under the option scheme, whereas the existing scheme only provided for the issuing of shares pursuant to the exercise of an option. The phantom scheme is cash settled and will therefore not provide for a participant receiving a loan once the right in terms of the phantom scheme vests. In other respects however, it will be substantially similar to the existing scheme. The aggregate number of ordinary shares which may be notionally relevant to the new scheme and the existing scheme will not exceed the maximum numbers of shares which apply to the existing scheme. The same principle applies to the maximum numbers of shares or notional shares which any individual participant may receive.
 - 1.5 A summary of the rules of the option scheme is set out in paragraphs 2 to 8 hereafter. A summary of the phantom scheme is reflected in paragraphs 9 to 14 hereafter.

Summary of the principal terms of the Reunert 2006 Option Scheme

2. The aggregate number of ordinary shares in the company ("the shares") which may be utilised for the option scheme or other company share-based schemes referred to in 1.4 above, will not exceed 15% of the issued ordinary share capital of the company. No employee is entitled to acquire in excess of 2 000 000 shares in the aggregate in terms of the option scheme and the other share-based company schemes referred to in 1.4 above.
3. In terms of the option scheme, the board, after consideration of nominations from an employer company within the Reunert group, will award options to acquire shares to participating employees. One third of the options awarded will vest three years after the date of an award to an employee, two thirds of the options awarded will vest four years after the date of the award, and the balance will vest five years after that date. The board shall have the power to vary these vesting periods, and the exercise period referred to in paragraph 4 below. Notwithstanding the vesting period outlined above, the unexercised options of a participating employee that retires, dies or whose employment terminates as a result of becoming disabled, shall be immediately exercisable.
4. After the options awarded to an employee have vested, that employee is entitled to exercise his/her options. The exercise price in respect of an option is the closing price of a share on the JSE on the trading day immediately prior to the day on which the option is awarded to the employee. The award of options does not entitle an employee to any rights in respect of the shares, until the shares are delivered to the employee upon the exercise of his/her options and payment of the strike price.

5. Options shall lapse and fall away ten years after the date of an award of such options to an employee. Options awarded to employees who leave the employ of the employer company within the Reunert group for any reason (save for death, retirement or disability) prior to the options vesting in accordance with the new scheme will lapse, subject to the discretion of the board. Options awarded to employees who die shall lapse five years after the death of the employee.
6. In the event that a participating employee intends to exercise options held by him/her and requires a loan for such purposes, the employer company shall make a loan to the employee, subject to approval thereof by the board. The amount of the loan shall be paid by the employer company to the trust which shall use the funds to acquire shares on behalf of the employee. Interest shall be charged on all loans. Repayment of the loan by the employee (including retired employees) may be made at any time provided that the loan is repaid in full within ten years after the date of the award to the employee. The board shall have the power to vary the repayment period of any loan, provided that the loan must be repaid within the ten-year period.
7. In the event of a reorganisation or a transaction that has an effect on the capital of the company, the board has the power to adjust the benefits due to an employee in order to ensure that neither the employee nor the company are prejudiced. No material aspect of the option scheme may be amended without the approval of the shareholders of the company. The new scheme shall terminate by resolution of the board.

Summary of the principal terms of the Reunert Phantom Share Scheme

8. In terms of the phantom scheme, the board having received nominations from employer companies shall select employees to participate in the phantom scheme and shall determine the extent of their participation. Participating employees are required to remain in the employ of their respective employer company within the Reunert group for a period of three years in order to benefit in terms of the phantom scheme.
9. Upon the expiry of the three-year period, the participating employee shall be entitled to receive a bonus calculated by multiplying the extent of his/her participation in the phantom scheme (expressed as a numeral) by the difference between the volume weighted average closing price of a share on the JSE over the 20 trading days immediately prior to expiry of that period, and the closing price of a share on the JSE on the trading day before the day on which the employee became a participant. The board shall have the discretion to allow an employee to receive his/her bonus prior to the expiry of the three-year period using the same formula with reference to the earlier receipt date. A participating employee shall not receive any shares under the phantom scheme.
10. Subject to the discretion of the board, a participating employee's rights under the phantom scheme shall lapse immediately should the employee leave the employ of the employer company within the Reunert group for any reason (save for death, retirement or as a result of disability) prior to the expiry of the three-year lock-in period. A participating employee that retires, dies or whose employment terminates as a result of becoming disabled, shall be entitled to receive his/her bonus immediately.
11. In the event of a reorganisation or a transaction that has an effect on the capital of the company, the board has the power to adjust the benefits due to an employee in order to ensure that neither the employee nor the company are prejudiced. The board has the power to amend the phantom scheme. The phantom scheme shall terminate by resolution of the board.
12. The phantom scheme is cash settled and will, therefore, not provide for a participant receiving a loan once the rights in terms of this phantom scheme vest.

REUNERT

REUNERT LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1913/004355/06)
 Share code: RLO ISIN: ZAE000057428
 ("Reunert" or "the Company")

PROXY FORM

Only to be completed by those shareholders who are:

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

I/We (full names)

of (address)

being a shareholder/s of _____ ordinary shares in the company,

being a shareholder/s of _____ 5,5% cumulative preference shares

hereby appoint:

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

the chairman of the meeting as my/our proxy to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the annual general meeting of the company to be held in the Reunert boardroom, Lincoln Wood Office Park, 6-10 Woodlands Drive, Woodmead, Sandton, on 6 February 2007 at 10:00 or at any adjournment thereof.

Part A – To be completed by ordinary shareholders

I/We desire to vote as follows:

	For	Against	Abstain
1. Adopt annual financial statements			
2. Election of directors:			
2.1 – Mr SD Jagoe			
2.2 – Mr KJ Makwetla			
2.3 – Mr GJ Oosthuizen			
2.4 – Mr MJ Shaw			
3. Directors' remuneration			
4. Ordinary Resolution number 1: Reunert 2006 Option Scheme			
5. Ordinary Resolution number 2: Control of authorised but unissued shares			
6. Special Resolution number 1: General authority to repurchase shares			
7. Special Resolution number 2: Acquisition by the company of 563 631 ordinary par value shares			
8. Ordinary Resolution number 3: Sale of shares of Bargenel Investments Limited to Rebatona Investment Holdings (Pty) Ltd			
9. Ordinary Resolution number 4: Specific authority in terms of section 221 of the Companies Act to issue 600 000 shares to Reunert Staff Share Trust			
10. Ordinary Resolution number 5: Director or secretary authorised to sign documentation to give effect to special resolution 2 and ordinary resolutions 3 and 4			

Part B – To be completed by preference shareholders

I/We desire to vote as follows:

	For	Against	Abstain
Special Resolution number 2: Acquisition by the company of 563 631 ordinary per value shares			

A member entitled to attend and vote at the annual general meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the annual general meeting. A proxy need not be a member of the company.

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

Signed this _____ day of _____ 20____

Signature _____ Number of shares _____

NOTES TO PROXY

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint one or more proxies to attend, speak and upon a poll, vote in his/her stead or abstain from voting. The proxy need not be a member of the company.
2. To be valid this form of proxy must be completed and returned to Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001, Republic of South Africa, not later than 24 (twenty-four) hours (excluding Saturdays, Sundays and public holidays) prior to the meeting.
3. In case of a joint holding, the first-named only need sign.
4. A minor must be assisted by his/her guardian, unless proof of competency to sign has been recorded by the company.
5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by the company.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
7. If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.