

Annual financial statements

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FINANCIAL statements directors' responsibility

for the year ended 30 September 2007

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

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

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

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

An audit and risk committee, consisting of 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 and section 7 d.11 of the Listings Requirements of the JSE, the directors, whose names are given on pages 12 and 13 of the annual report of which this statement of directors' responsibility forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

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

The 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 42 to 92 were approved by the board of directors on 6 December 2007 and are signed on its behalf by:



MJ SHAW
Chairman



G PRETORIUS
Chief Executive

SECRETARIES' certification

for the year ended 30 September 2007

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 2007 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 2007

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TO THE MEMBERS OF REUNERT LIMITED

We have audited the accompanying company and group annual financial statements of Reunert Limited, which comprise the balance sheet as at 30 September 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 42 to 92 and the segmental analysis set out on pages 29 to 33.

Directors' responsibility for the financial statements

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

Auditor's responsibility

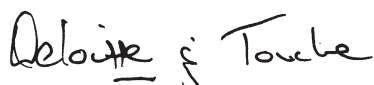
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

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

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

Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2007, and of its financial performance and its 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 2007

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 L Bam Strategy CR Beukman Finance TJ Brown Clients & Markets
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 2007

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged. During the year 26 800 (2006: 160 800) ordinary shares were issued at R5,45 per share, 95 200 (2006: 741 100) at R14,10 per share, 110 400 (2006: 467 100) at R15,80 per share, 66 600 (2006: 66 600) at R17,30 per share, 502 200 (2006: 446 060) at R15,99 per share, 20 400 (2006: 33 300) at R17,70 per share and 30 000 (2006: 0) at R41,90 per share. Options exercised in terms of the Reunert 1985 Share Option Scheme accounted for this increase.

530 900 shares were issued at the nominal value of R0,10 per share in terms of the employee transaction whereby South African employees of Reunert, its subsidiaries, RCCF and RRS who do not otherwise benefit from any existing employee share incentive scheme acquired 100 shares each. 563 631 shares previously owned by Bargenel were bought back and cancelled. Both of these transactions were communicated to shareholders in the circular dated 13 December 2006 and were approved at the annual general meeting on 6 February 2007.

REVIEW OF OPERATIONS AND RESULTS

The attributable profit for the year in relation to the prior year was adversely affected by the abnormal items incurred in the current year, as detailed in note 5 to the annual financial statements.

The performance of the divisions and the group's results are reviewed on pages 4 and 5 and the segmental analysis is set out on pages 29 to 33.

DIVIDENDS

An interim ordinary dividend No 162 of 73 cents (2006: No 160 of 63 cents) per share was declared on 17 May 2007, and a final ordinary dividend No 163 of 241 cents (2006: No 161 of 210 cents) per share was declared on 20 November 2007.

A total distribution of 314 cents (2006: 473 cents) per ordinary share was declared relating to the 2007 financial year.

An interim 5,5% cumulative preference dividend No 44 was declared on 18 June 2007 and a final dividend No 45 will be declared on 31 December 2007.

SUBSIDIARY COMPANIES

During the year a major change took place in ATC which is more fully dealt with in note 35 to the annual financial statements on page 90.

Reunert sold its investment in the ordinary shares of Bargenel during the year (refer note 36).

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: Bargenel Investments Ltd adopted new memorandum and articles of association and reorganised and increased its authorised share capital. CBI-electric Telecommunication Cables (Pty) Ltd changed its name to CBI-electric Aberdare ATC Telecom Cables (Pty) Ltd and adopted new articles of association. Interpine Properties (Pty) Ltd changed its name to Nashua Holdings (Pty) Ltd. Nashua Connect (Pty) Ltd changed its name to Nashua Holdings (Pty) Ltd and then back to Nashua Connect (Pty) Ltd. Nashua Mobile (Pty) Ltd changed its articles of association. RC&C Holdings Ltd changed its name to Nashua Electronics Ltd. Full details of these resolutions may be viewed at the company's registered office.

DIRECTORATE AND COMPANY SECRETARY

Ms ND Orleyn, having been elected to the board of directors during the year, is required to retire at the next annual general meeting but, being eligible, offers herself for re-election. Ms KC Morolo and Messrs BP Connellan, BP Gallagher and G Pretorius 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 2007 and to the date of this report, are set out on pages 12 and 13.

The name and address of the company secretaries are set out on page 95.

INTERESTS OF DIRECTORS

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

	Direct beneficial	
	2007	2006
BP Connellan	30 523	30 523
KS Fuller	—	—
BP Gallagher	298 313	346 709
SD Jagoe	—	—
KJ Makwetla	—	—
KC Morolo	—	—
GJ Oosthuizen	33 300	198 664
ND Orleyn	—	—
G Pretorius	66 600	378 720
DJ Rawlinson	325 120	395 820
MJ Shaw	—	—
JC van der Horst	—	—
	753 856	1 350 436

	Indirect beneficial	
	2007	2006
BP Connellan	9 000	9 000
KS Fuller	—	—
BP Gallagher	—	—
SD Jagoe	18 000	18 000
KJ Makwetla	—	—
KC Morolo	—	—
GJ Oosthuizen	—	—
ND Orleyn	—	—
G Pretorius	—	—
DJ Rawlinson	—	—
MJ Shaw	—	—
JC van der Horst	—	—
	27 000	27 000

These holdings have remained unchanged up to 6 December 2007.

Executive directors of the company held unexercised options to subscribe for 447 000 (2006: 613 500) ordinary shares in terms of the Reunert 1985 Share Option Scheme. These options are due to expire as follows:

- 167 000 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 to the annual financial statements.

SUBSEQUENT EVENTS

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

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2007 is:

	2007 Rm	2006 Rm
In the aggregate net income	704,1	570,7
In the aggregate net losses	(18,3)	(5,1)
	685,8	565,6

GOING CONCERN

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

ACCOUNTING *policies*

for the year ended 30 September 2007

The consolidated financial statements, comprising Reunert, 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.

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

Standards and Interpretations	Effective for annual periods beginning on or after
Amendment to IAS 1 – Presentation of Financial Statements	1 January 2009
Amendment to IAS 23 – Borrowing costs	1 January 2009
IFRS 7 – Financial Instruments: Disclosures	1 January 2007
IFRS 8 – Segmental Reporting	1 January 2009
IFRIC 10 – Interim Financial Reporting and Impairments	1 November 2006
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions (this has been early adopted).	1 March 2007
IFRIC 12 – Service Concession Arrangements	1 January 2008
IFRIC 13 – Customer Loyalty Programmes	1 July 2008
IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction.	1 January 2008
AC502 – Substantively Enacted Tax Rates and Tax Laws	1 January 2007

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

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

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

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

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

The accounting policies set out below have been applied, in all material respects, consistently by all group entities to all periods presented in these consolidated financial statements, except for the change in accounting policy relating to retained earnings of NSN (formerly Siemens Telecommunications) (refer to note 9 to the annual financial statements).

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. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

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

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.

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

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, which is defined as the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Joint ventures are accounted for using the proportionate consolidation method, whereby the group's share of each of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line-by-line basis in the consolidated annual financial statements.

Intragroup transactions with joint ventures are accounted for as follows:

On sales made by the rest of the group to a joint venture, only that portion of the gain attributable to the other venturers is recognised.

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

Goodwill

All business combinations are accounted for by applying the 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 represents amounts arising on acquisition of subsidiaries and joint ventures, and is the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

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

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.

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 such indication exists, the asset's recoverable amount is estimated. For goodwill, assets with indefinite useful lives and intangible assets that are not yet available for use, the recoverable amount is estimated at 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 are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

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

LEASES

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

INVENTORY AND CONTRACTS IN PROGRESS

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

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

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

TAXATION

Income tax 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 on the 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.

Deferred taxation

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to 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 received.

REVENUE

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, there is no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue

can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the enterprise, and the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

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

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

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

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

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

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

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). The Reunert group's and company's functional and presentation currency is rand and all amounts, unless otherwise stated, are stated in millions of rand (Rm).

FOREIGN CURRENCIES**Foreign currency transactions**

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

Foreign currency balances

Foreign monetary assets and liabilities of South African companies are translated into the functional currency at rates of exchange ruling at 30 September.

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.

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.

ACCOUNTING policies continued

for the year ended 30 September 2007

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 dependent on the outcome of uncertainties beyond the control of both the group and the holder, are classified as liabilities except where the possibility of conversion is certain.

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

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

Gains and losses 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 employee's services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary levels.

Retirement benefits

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

Defined benefit obligations

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

Actuarial gains and losses which exceed 10 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 grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

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.

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 and is considered at least annually. The discounted cash flow method is used, taking into account future expected cash flows, market conditions and the expected useful lives of the assets.

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 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 2007

	Notes	GROUP		COMPANY	
		2007 Rm	2006 Rm	2007 Rm	2006 Rm
REVENUE	1	9 574,4	8 236,4	2 615,6	2 610,6
COST OF SALES		(6 763,1)	(5 647,9)	(1 696,5)	(1 540,1)
GROSS PROFIT		2 811,3	2 588,5	919,1	1 070,5
Other income		52,4	72,9	4,5	9,2
Other expenses		(1 545,0)	(1 388,7)	(566,2)	(638,0)
OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS	2	1 318,7	1 272,7	357,4	441,7
Interest and dividends received	3	112,0	99,8	1 771,6	399,0
Interest paid	4	(57,2)	(34,9)	(19,0)	(19,6)
PROFIT BEFORE ABNORMAL ITEMS		1 373,5	1 337,6	2 110,0	821,1
Abnormal items	5	(447,6)	1,6	(188,6)	12,8
PROFIT BEFORE TAXATION		925,9	1 339,2	1 921,4	833,9
Taxation	6	(427,4)	(500,5)	(160,9)	(224,7)
PROFIT AFTER TAXATION		498,5	838,7	1 760,5	609,2
Share of associate companies' profits	15	148,4	95,2		
PROFIT FOR THE YEAR		646,9	933,9	1 760,5	609,2
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Minority interest		7,6	11,1		
Equity holders of Reunert		639,3	922,8	1 760,5	609,2
		646,9	933,9	1 760,5	609,2
BASIC EARNINGS PER SHARE (CENTS)	7	361,7	527,0		
DILUTED BASIC EARNINGS PER SHARE (CENTS)	7	356,5	522,4		
CASH DIVIDEND DECLARED AND PAID PER SHARE (CENTS)					
– Interim	8	73,0	63,0		
CASH DIVIDENDS DECLARED PER SHARE (CENTS)					
– Final	8	241,0	210,0		
– Special	8	–	200,0		
TOTAL CASH DIVIDENDS DECLARED PER SHARE (CENTS)		314,0	473,0		

BALANCE sheets

at 30 September 2007

	Notes	GROUP		COMPANY	
		2007 Rm	2006 Rm	2007 Rm	2006 Rm
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	565,7	455,4	216,8	204,0
Intangible assets	12	13,0	11,9	9,2	8,2
Goodwill	13	372,8	326,8	—	13,8
Interest in subsidiaries	14	—	—	1 480,1	880,6
Interest in associates	15	400,3	126,0	533,5	158,5
Other investments and loans	16	327,6	22,8	85,4	22,8
RCCF accounts receivable	17	—	985,3	—	—
Deferred taxation assets	18	37,9	59,1	—	—
		1 717,3	1 987,3	2 325,0	1 287,9
CURRENT ASSETS					
Derivative assets	33	3,9	67,7	—	38,7
Inventory and contracts in progress	19	879,8	809,0	395,1	410,1
RCCF accounts receivable	17	—	418,5	—	—
Accounts receivable	20	1 712,2	1 395,0	358,6	443,6
Non-current assets held for sale	21	—	2,6	—	—
Taxation		—	—	14,3	—
Cash and cash equivalents	22	530,6	969,3	322,1	125,6
		3 126,5	3 662,1	1 090,1	1 018,0
TOTAL ASSETS		4 843,8	5 649,4	3 415,1	2 305,9
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	23	90,8	76,9	90,8	76,9
Share-based payment reserves	23	649,9	40,4	625,8	16,3
Treasury shares	23	(276,1)	(282,0)	—	—
Non-distributable reserves	24	7,3	3,7	0,3	0,3
Retained earnings		1 997,1	1 841,9	2 057,3	896,9
Equity attributable to equity holders of Reunert		2 469,0	1 680,9	2 774,2	990,4
Minority interest		14,4	38,2	—	—
TOTAL EQUITY		2 483,4	1 719,1	2 774,2	990,4
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	18	115,8	141,6	45,2	32,1
Long-term borrowings	25	278,8	115,0	69,3	162,4
		394,6	256,6	114,5	194,5
CURRENT LIABILITIES					
Derivative liabilities	33	9,0	—	5,8	—
Bank overdrafts and short-term portion of long-term borrowings		178,2	27,0	0,6	16,0
RCCF short-term borrowings		—	1 187,9	—	—
Shareholders for dividends		—	390,7	—	390,7
Provisions	26	59,2	46,4	8,7	5,0
Trade and other payables		1 707,3	1 839,5	511,3	648,3
Taxation		12,1	182,2	—	61,0
		1 965,8	3 673,7	526,4	1 121,0
TOTAL EQUITY AND LIABILITIES		4 843,8	5 649,4	3 415,1	2 305,9

CASH FLOW statements

for the year ended 30 September 2007

	Notes	GROUP		COMPANY	
		2007 Rm	2006 Rm	2007 Rm	2006 Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations before working capital changes	A	1 416,7	1 331,6	398,8	474,7
Increase in net working capital		(739,7)	(628,4)	(12,4)	(191,4)
Movement in RCCF accounts receivable up to the date of transfer		(300,7)	(375,6)		
Working capital changes	B	(439,0)	(252,8)	(12,4)	(191,4)
Cash generated from operations		677,0	703,2	386,4	283,3
Interest received		104,3	92,9	47,4	56,8
Interest paid		(57,2)	(34,9)	(19,0)	(19,6)
Dividends received (including from associate)		153,7	62,9	1 724,2	342,2
Taxation paid	C	(568,6)	(347,4)	(223,1)	(192,0)
Net cash inflow from operating activities available to pay dividends		309,2	476,7	1 915,9	470,7
Dividends paid (including to outside shareholders in subsidiaries)	D	(879,3)	(464,2)	(990,8)	(452,0)
Net cash (outflow)/inflow from operating activities		(570,1)	12,5	925,1	18,7
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		(299,1)	(45,3)	(96,1)	123,0
– Repayment of non-current loans		5,8	2,0	5,8	2,0
– Non-current loans granted		(310,7)	(4,5)	(68,5)	(4,5)
– Replacement of property, plant and equipment		(62,1)	(60,2)	(34,7)	(32,8)
– Proceeds on disposal of property, plant and equipment, intangible assets, investments and other capital items		67,9	17,4	1,3	158,3
Investments to increase operating capacity		1 307,7	(140,4)	(1 089,7)	(87,1)
– Expansion of property, plant and equipment		(79,5)	(132,0)	(10,0)	(75,8)
– Additions of intangible assets		(7,4)	(2,1)	(5,8)	(0,6)
– Increase in investments		(375,0)	–	(1 487,4)	–
– Proceeds on disposal of subsidiaries and businesses	E	1 881,4	–	449,3	–
– Acquisition of subsidiaries and businesses	F	(111,8)	(6,3)	(35,8)	(10,7)
Net cash inflow/(outflow) from investing activities		1 008,6	(185,7)	(1 185,8)	35,9

	Notes	GROUP		COMPANY	
		2007 Rm	2006 Rm	2007 Rm	2006 Rm
CASH FLOWS FROM FINANCING ACTIVITIES					
Funds provided by equity holders of Reunert		19,9	27,5	14,0	27,5
Long-term borrowings – raised		370,4	14,6	7,8	62,7
– repaid		(115,8)	(15,1)	(115,7)	(14,9)
Net loans to subsidiaries				551,7	(150,7)
Net cash inflow/(outflow) from financing activities		274,5	27,0	457,8	(75,4)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		713,0	(146,2)	197,1	(20,8)
NET (BORROWINGS)/CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(230,2)	(84,0)	125,0	145,8
NET CASH AND CASH EQUIVALENTS/(BORROWINGS) AT END OF YEAR*		482,8	(230,2)	322,1	125,0
* NET CASH AND CASH EQUIVALENTS/(BORROWINGS) ARE MADE UP OF:					
Cash and cash equivalents		530,6	969,3	322,1	125,6
Bank overdrafts		(47,8)	(11,6)	–	(0,6)
Net cash resources of the group/company excluding RCCF		482,8	957,7	322,1	125,0
RCCF short-term borrowings		–	(1 187,9)		
Net cash and cash equivalents/(borrowings)		482,8	(230,2)	322,1	125,0
Net cash flows from operating activities before dividends paid and excluding movements in RCCF accounts receivable		609,9	852,3		
Operating cash flow per share (cents)		345,0	486,7		

NOTES TO THE CASH FLOW *statements*

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES				
Profit before taxation	925,9	1 339,2	1 921,4	833,9
Adjusted for:				
– Net interest received	(47,1)	(58,0)	(28,4)	(37,2)
– Dividends received	(7,7)	(6,9)	(1 724,2)	(342,2)
– Depreciation of property, plant and equipment	68,0	59,9	24,8	24,7
– Amortisation of intangible assets	6,3	3,3	3,7	1,3
– Negative goodwill	(1,1)	–	–	–
– Impairment of goodwill	0,8	3,4	–	3,4
– Net (surplus)/loss on disposal of property, plant and equipment	(0,5)	(2,6)	0,7	0,3
– Net surplus on disposal of intangible assets	(0,2)	–	–	–
– Other abnormal items	(34,5)	–	(1,7)	(11,2)
– Surplus on disposal of businesses	(118,1)	(5,0)	(366,3)	(5,0)
– Share option expense	609,6	9,6	565,2	9,6
– Impairment of intangible assets	1,7	–	–	–
– Other non-cash movements	13,6	(11,3)	3,6	(2,9)
Cash generated from operations before working capital changes	1 416,7	1 331,6	398,8	474,7
B. WORKING CAPITAL CHANGES				
– Inventory and contracts in progress	(66,1)	(247,6)	3,5	(64,8)
– Accounts receivable, derivative assets and non-current assets held for sale	(240,3)	(456,4)	86,1	(185,5)
– Trade and other payables and derivative liabilities	(132,6)	451,2	(102,0)	58,9
Working capital changes	(439,0)	(252,8)	(12,4)	(191,4)
C. RECONCILIATION OF TAXATION PAID TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
– Net amounts unpaid at beginning of year	(182,2)	(67,5)	(61,0)	(50,0)
– Current taxation per the income statement	(400,8)	(461,8)	(147,8)	(203,0)
– Translation reserve	0,3	(0,3)	–	–
– Taxation provisions of subsidiaries purchased	(0,3)	–	–	–
– Taxation provisions of subsidiaries sold	2,3	–	–	–
– Net amounts unpaid at end of year	12,1	182,2	(14,3)	61,0
Cash amounts paid	(568,6)	(347,4)	(223,1)	(192,0)
D. RECONCILIATION OF CASH DIVIDENDS PAID TO THE AMOUNTS DISCLOSED IN THE STATEMENTS OF CHANGES IN EQUITY AS FOLLOWS:				
– Dividends unpaid at the beginning of year	(390,7)	–	(390,7)	–
– Dividends per the statement of changes in equity	(484,1)	(839,0)	(600,1)	(842,7)
– Dividends paid to outside shareholders in subsidiaries	(4,5)	(15,9)	–	–
– Net amounts unpaid at end of year	–	390,7	–	390,7
Cash amounts paid	(879,3)	(464,2)	(990,8)	(452,0)

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
E. ANALYSIS OF TRANSFER/DISPOSAL OF SUBSIDIARIES AND BUSINESSES:				
Inventory	—	—	11,5	—
Accounts receivable	1 704,5	—	37,6	—
Trade and other payables and provisions	(5,8)	—	(29,6)	—
Taxation	(2,3)	—	—	—
Property, plant and equipment	1,2	—	5,2	—
Intangible assets	—	—	1,1	—
Deferred taxation	(41,4)	—	—	—
Investments in subsidiaries	—	—	43,4	—
Existing goodwill	—	—	13,8	—
Attributable portion of goodwill arising in Quince on this transaction	107,1	—	—	—
Surplus on transfer/disposal	118,1	—	389,3	—
Loss on disposal	—	—	(23,0)	—
Short-term borrowings	(1 575,1)	—	—	—
Cash on hand	68,7	—	2,2	—
Amounts received in cash	375,0	—	451,5	—
Net short-term borrowings/(cash) on hand at time of transfer/disposal	1 506,4	—	(2,2)	—
Net cash received	1 881,4	—	449,3	—
F. ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES:				
Inventory	(4,7)	(0,5)	—	(8,0)
Accounts receivable	(12,9)	(1,4)	—	(10,4)
Trade and other payables and provisions	14,5	1,9	—	4,1
Taxation	0,3	—	—	—
Property, plant and equipment	(69,1)	(0,3)	—	(2,7)
Intangible assets	(1,6)	(5,2)	—	(3,7)
Deferred taxation	10,2	—	—	—
Net cash on hand at time of the acquisition	(8,2)	(0,1)	—	(1,9)
Long-term liabilities	24,1	—	—	—
Goodwill on previous acquisitions	(25,2)	(0,8)	—	(3,4)
Intercompany loan	—	—	—	13,4
Outside shareholders' interest	(26,9)	—	—	—
Goodwill on acquisitions	(20,5)	—	—	—
Shares purchased in existing subsidiaries	—	—	(35,8)	—
Cost of investment	(120,0)	(6,4)	(35,8)	(12,6)
Net cash on hand at time of the acquisition	8,2	0,1	—	1,9
Net cash paid	(111,8)	(6,3)	(35,8)	(10,7)

STATEMENTS of changes in equity

for the year ended 30 September 2007

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 Rm	Minority interest Rm	Total Rm
Balance at 30 September 2005 as previously reported		49,4	30,8	(282,0)	67,3	1 696,2	1 561,7	43,0	1 604,7
Share of associate company's retained earnings transferred from non-distributable reserves	9, 24				(61,9)	61,9	–		–
Restated balance at 30 September 2005		49,4	30,8	(282,0)	5,4	1 758,1	1 561,7	43,0	1 604,7
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 restated					–	–	–		–
Movement on reserves as previously reported					39,2	(39,2)	–		–
Share of associate company's retained earnings transferred from non-distributable reserves	9, 24				(39,2)	39,2	–		–
Share-based payment expense	23		9,6				9,6		9,6
Dividends declared	8					(798,3)	(798,3)	(15,9)	(814,2)
Dividends declared to BEE partners	10.3					(40,7)	(40,7)		(40,7)
Issue of shares – share capital	23	0,2					0,2		0,2
– share premium	23	27,3					27,3		27,3
Restated balance at 30 September 2006		76,9	40,4	(282,0)	3,7	1 841,9	1 680,9	38,2	1 719,1
Reunert share of equity accounted associate's actuarially valued surplus of medical aid provision					3,9		3,9		3,9
Translation reserve reversing	24				(0,3)		(0,3)		(0,3)
Net income recognised directly in equity		–	–	–	3,6	–	3,6	–	3,6
Profit for the year						639,3	639,3	7,6	646,9
Total recognised income and expense for the year		–	–	–	3,6	639,3	642,9	7,6	650,5
Share-based payment expense	2, 5, 23		607,4				607,4		607,4
Contribution from Reunert to employees of joint ventures and associates in terms of a broad based scheme encompassing group employees	23		2,1				2,1		2,1
Dividends declared	8					(462,5)	(462,5)	(4,5)	(467,0)
Dividends declared to BEE partners	10.3					(15,8)	(15,8)		(15,8)
Issue of shares – share capital	23	0,2					0,2		0,2
– share premium	23	13,8					13,8		13,8
Shares cancelled in terms of the buy back of a portion of the treasury shares held by a subsidiary	23								
– Capital portion		(0,1)		0,1			–		–
– Dividend portion paid out of retained earnings	8			5,8		(5,8)	–		–
Minority interest reduced								(26,6)	(26,6)
Minority interest introduced								(0,3)	(0,3)
Balance at 30 September 2007		90,8	649,9	(276,1)	7,3	1 997,1	2 469,0	14,4	2 483,4

STATEMENTS of changes in equity continued

for the year ended 30 September 2007

COMPANY						
	Notes	Share capital Rm	Share- based payment reserves Rm	Non distribu- table reserves Rm	Retained earnings Rm	Total Rm
Balance at 30 September 2005 as previously reported		49,4	6,7	2,8	1 130,4	1 189,3
Fair value adjustments previously taken to reserves now reversed	24			(2,5)		(2,5)
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	8				(842,7)	(842,7)
Issue of shares – share capital	23	0,2				0,2
– share premium	23	27,3				27,3
Balance at 30 September 2006		76,9	16,3	0,3	896,9	990,4
Net profit for the year					1 760,5	1 760,5
Total recognised income and expense for the year		–	–	–	1 760,5	1 760,5
Share-based payment expense	23		565,2			565,2
Dividends declared	8				(554,1)	(554,1)
Issue of shares – share capital	23	0,2	44,3			44,5
– share premium	23	13,8				13,8
Shares cancelled in terms of the buy back of a portion of the treasury shares held by a subsidiary	23					
– Capital portion		(0,1)				(0,1)
– Dividend portion paid out of retained earnings	8				(46,0)	(46,0)
Balance at 30 September 2007		90,8	625,8	0,3	2 057,3	2 774,2

NOTES TO THE ANNUAL FINANCIAL statements

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
1. REVENUE				
Revenue excludes revenue of associate companies and includes export revenue of R619,0 million (2006: R481,6 million) and interest received by RCCF up to the date of transfer of R129,0 million (2006: R172,6 million).				
2. OPERATING PROFIT				
Operating profit is stated after:				
Administration, management and other fees	34,3	37,7	23,1	29,5
Auditors' remuneration:				
Audit fees	9,2	10,2	3,9	5,1
Other fees	2,1	2,5	0,8	1,6
Expenses	0,1	0,1	–	–
	11,4	12,8	4,7	6,7
Depreciation:				
Buildings	4,8	3,4	3,0	0,7
Plant and equipment	58,5	51,6	19,8	21,2
Vehicles	4,7	4,9	2,0	2,8
	68,0	59,9	24,8	24,7
Amortisation:				
Intangible assets	6,3	3,3	3,7	1,3
Impairment of intangible assets	1,6	–	–	–
Impairments in respect of the group relating to goodwill of R0,8 million (R3,4 million) have been included in abnormal items (refer to note 5).				
Bad debt expense	16,2	12,5	0,5	2,4
Rental income from investment properties (included in revenue)	(1,4)	(4,5)	–	–
Direct operating expenses arising from investment properties that generated rental income	1,8	2,3	–	–
Direct operating expenses arising from investment properties that did not generate rental income	–	0,2	–	0,2
Net realised (losses)/gains on currency exchange differences	(40,9)	3,5	(34,9)	(4,6)
Net unrealised (losses)/gains on currency exchange differences	(5,0)	–	6,1	(20,9)
Net realised (losses)/gains on fair value adjustments to derivative instruments	(66,0)	62,1	(24,1)	14,3
Net unrealised gains on fair value adjustments to derivative instruments	11,0	67,7	4,6	38,7
	(100,9)	133,3	(48,3)	27,5
Income from subsidiaries:				
Fees			6,6	5,7
Rental (included in revenue)			7,6	6,9
			14,2	12,6

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
2. OPERATING PROFIT (continued)				
Operating lease charges:				
Land and buildings	25,9	26,3	10,2	12,4
Vehicles and other	1,7	0,9	0,5	0,6
	27,6	27,2	10,7	13,0
Research and development expenditure:				
Financed by revenue from customers	24,0	17,4	–	–
Not financed by revenue from customers	46,7	43,9	35,5	35,0
	70,7	61,3	35,5	35,0
Net surplus/(loss) on disposal of plant and equipment and intangible assets	35,2	2,6	(0,7)	(0,3)
Government grants	1,0	0,5	0,3	–
Staff costs:				
Salaries and wages	951,3	852,0	–	–
Pension fund contributions	13,2	7,8	–	–
Provident fund contributions	62,6	52,9	–	–
Other staff costs	57,5	44,7	–	–
	1 084,6	957,4	–	–
Share-based payment expense in respect of the group's share option scheme (refer to note 23).	8,6	9,6	8,6	9,6
Compensation of key management personnel				
The remuneration paid to directors and other key management personnel of Reunert during the year was as follows:				
Short-term benefits	36,9	32,5	–	1,1
Post-employment benefits	2,8	2,5	–	–
Share-based payments	31,5	18,0	–	–
	71,2	53,0	–	1,1
The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.				
Write-down of inventory	8,0	1,6	8,0	1,6
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
– Unlisted subsidiaries			1 570,5	279,3
– Unlisted associate			146,0	56,0
– Other	7,7	6,9	7,7	6,9
Interest received:				
– Subsidiaries			26,6	37,7
– From RCCF up to date of transfer	43,5	57,2	–	–
– Other	60,8	35,7	20,8	19,1
	112,0	99,8	1 771,6	399,0

NOTES TO THE ANNUAL FINANCIAL *statements continued*

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
4. INTEREST PAID				
Subsidiaries			1,3	4,8
Long-term borrowings	16,1	10,6	12,6	12,7
Short-term loans and bank overdrafts	41,1	24,3	5,1	2,1
	57,2	34,9	19,0	19,6
Interest paid by RCCF	71,2	75,3		
5. ABNORMAL ITEMS				
Net surplus on dilution in and disposal of businesses	118,1	5,0	366,3	5,0
Surplus on sale of non-current assets to the ATC/Aberdare joint venture	34,5	–	–	–
Equity instrument granted to BEE partners to take up shares in Reunert (refer to note 23)	(556,6)	–	(556,6)	–
Reversal of provision for losses in subsidiaries			1,7	11,2
Impairment of goodwill	(0,8)	(3,4)	–	(3,4)
Impairment of intangible assets	(1,7)	–	–	–
Negative goodwill taken to profit in terms of IFRS 3 (refer to note 13)	1,1	–	–	–
Share-based payment expense in terms of broad based scheme to group employees (refer to note 23)	(42,2)	–	–	–
Gross abnormal items	(447,6)	1,6	(188,6)	12,8
Taxation	14,7	–	–	–
Minority interest	0,2	–	–	–
Net abnormal items after minority interest	(432,7)	1,6	(188,6)	12,8
6. TAXATION				
South African normal taxation:				
– Current	350,6	356,8	117,4	128,3
– Prior	0,3	0,6	(0,6)	(0,2)
Deferred taxation:				
– Current (refer to note 18)	17,9	31,4	(1,3)	17,1
– Prior (refer to note 18)	8,7	7,3	14,4	4,6
STC				
– Current	48,1	99,3	31,0	74,9
	425,6	495,4	160,9	224,7
Foreign normal taxation:				
Current	1,8	5,1	–	–
	427,4	500,5	160,9	224,7

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
6. TAXATION (continued)				
Reconciliation of rate of taxation	%	%	%	%
Effective rate of taxation	46,2	37,4	8,4	26,9
Movement in rate of taxation due to:				
- Dividends received	0,2	0,1	26,0	11,9
- Disallowable expenses	(11,2)	(0,7)	(3,1)	(0,3)
- Secondary Tax on Companies	(5,2)	(7,4)	(1,6)	(9,0)
- Capital gains tax	(0,1)	-	-	-
- Adjustments from prior year	(1,0)	(0,6)	(0,7)	(0,5)
- Temporary differences not recognised	(0,4)	(0,1)	-	-
- Tax losses utilised not recognised previously	0,7	0,1	-	-
- Foreign tax rate differential	-	0,2	-	-
- Tax losses not recognised	(0,2)	-	-	-
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 R27,0 million (2006: R30,4 million).				
The company has a capital gains tax loss of R26,5 million (2006: R21,6 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. NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE				
Weighted average number of shares in issue used to determine basic earnings, headline earnings and normalised headline earnings per share (millions of shares)	176,7	175,1		
Adjusted by the dilutive effect of:				
- Unexercised share options granted (millions of shares)	1,5	1,5		
- The notional unencumbered Reunert shares held by Bargenel (millions of shares)*	1,1	-		
Weighted average number of shares used to determine diluted basic, diluted headline and normalised diluted headline earnings per share (millions of shares)	179,3	176,6		
*The notional unencumbered Reunert shares represent the number of the 18,5 million treasury shares held by Bargenel that could be settled out of the year end equity of Bargenel (being the 18,5 million shares multiplied by the Reunert ordinary share price at the end of the year (R67,00), less the disposal value per share, as defined in the circular to shareholders dated 13 December 2006, dealing with this transaction, net of the upfront discount of 10% (R60,13)).				

NOTES TO THE ANNUAL FINANCIAL statements continued

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
8. CASH DIVIDENDS				
Ordinary dividends paid:				
Final 2006 – 210 cents per share (2005: 170 cents per share)	410,9	329,3	410,9	329,3
Interim 2007 – 73 cents per share (2006: 63 cents per share)	142,7	122,7	142,7	122,7
Special 2007 – nil (2006: 200 cents per share)	–	390,7	–	390,7
Underaccrued portion of special dividend	0,5	–	0,5	–
Dividend portion of treasury shares bought back and cancelled	5,8	–	46,0	–
Attributable to Reunert shares held by a subsidiary	(91,6)	(44,4)		
	468,3	798,3	600,1	842,7
Final ordinary dividend declared:				
241 cents per share (2006: 210 cents per share)	472,8	410,2	472,8	410,2
Attributable to Reunert shares held by a subsidiary	(44,6)	(40,0)		
	428,2	370,2	472,8	410,2

9. CHANGE IN ACCOUNTING POLICY

Share of associate's retained earnings

The group's share of the NSN retained earnings was previously transferred to a non-distributable reserve. This policy has been changed and the effect on the prior years' retained earnings and non-distributable reserves has been shown in the statements of changes in equity.

	Notes	GROUP	
		2007	2006
10. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS			
HEADLINE EARNINGS PER SHARE (CENTS)	10.1	272,4	524,6
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	10.1	268,4	520,0
NORMALISED HEADLINE EARNINGS PER SHARE (CENTS)	10.2	570,3	495,3
NORMALISED DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	10.2	562,0	490,9
		Rm	Rm
10.1 HEADLINE EARNINGS			
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:			
Profit attributable to equity holders of Reunert – IAS 33 basic earnings		639,3	922,8
Adjusted for:		(151,9)	(4,2)
Net surplus on dilution in and disposal of business		(118,1)	(5,0)
Surplus on disposal of property, plant and equipment and intangible assets		(35,2)	(2,6)
Net impairments		1,4	3,4
Taxation effect of adjustments		(6,1)	–
Minority effect of adjustments (nil due to rounding)		–	–
Headline earnings attributable to equity holders of Reunert		481,3	918,6

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
10. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS (continued)				
10.2 NORMALISED HEADLINE EARNINGS				
Normalised headline earnings are determined by eliminating the effect of the following items in attributable headline earnings:				
Headline earnings attributable to equity holders of Reunert (basic and diluted)	481,3	918,6		
Adjusted for:	599,9	—		
BEE expense – share-based payment	556,6	—		
Share-based payment expense in terms of broad based scheme to group employees	42,2	—		
BEE share of headline and normalised headline earnings adjustments	8,2	—		
Contribution by Reunert to employees of joint venture and associate	2,1	—		
Minority effect of adjustments	(0,1)	—		
Taxation effect of adjustments	(9,1)	—		
	1 081,2	918,6		
Interest in profit that is economically attributable to BEE partners (refer to note 10.3)	(73,5)	(51,4)		
Normalised headline earnings attributable to equity holders of Reunert (basic and diluted)	1 007,7	867,2		

10.3 BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTIONS

The BEE deal of Reunert was approved by shareholders on 6 February 2007. Due to the sale of Bargenel to the BEE partners, the shareholders of Peotona and the Rebatona Educational Trust, a share-based payment expense (IFRS 2) of R557 million has been recognised. The sale of Bargenel, which holds 18,5 million shares in Reunert was done at a 10% discount on the Reunert share price. This expense differs from the amount disclosed in the circular to shareholders issued on 13 December 2006 largely as a result of the movement in the Reunert share price up to the date of the approval of this transaction. IFRS requires that this disposal is not accounted for as a sale, since the preference shares issued by Bargenel to Reunert, financing the purchase of Bargenel, have not been fully repaid and conditions are attached to the unpaid portion, notwithstanding that the reality of this transaction is, in fact, a sale.

All employees in the Reunert group who did not participate in any other share incentive scheme were awarded 100 Reunert shares each which will be held in trust for a period of five years. The employees will only be able to sell the shares after five years, but have full rights to receive all dividends declared during the five-year period. The resultant expense to the Reunert group has been raised on the difference between the fair value of a Reunert share on 6 February 2007 (R83,90) and its cost price of 10 cents each. A deferred tax asset has been raised as a result of the future tax deduction.

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.

	GROUP	
	2007 Rm	2006 Rm
The effect of this has been to not recognise the following:		
Interest in current year profit that is economically attributable to BEE partners (refer to note 10.2)	73,5	51,4
Balance sheet interest that is economically attributable to BEE partners	161,8	106,3

NOTES TO THE ANNUAL FINANCIAL statements continued

for the year ended 30 September 2007

	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						
2007						
Freehold land – investment	22,9		22,9	3,3		3,3
– owner-occupied	22,1		22,1	16,0		16,0
Freehold buildings – investment	8,4	0,4	8,0	0,4		0,4
– owner-occupied	89,5	13,8	75,7	35,6	8,2	27,4
Leasehold buildings – owner-occupied	58,8	8,2	50,6	48,3	3,4	44,9
Plant and equipment	838,9	470,1	368,8	300,2	182,2	118,0
Vehicles	36,8	19,2	17,6	13,0	6,2	6,8
	1 077,4	511,7	565,7	416,8	200,0	216,8
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	57,6	4,4	53,2	48,3	1,2	47,1
Plant and equipment	775,6	483,9	291,7	274,7	173,2	101,5
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

	Land		Buildings		Plant and equipment Rm	Vehicles Rm	2007 Total Rm	2006 Total Rm
	Investment Rm	Owner- occupied Rm	Investment Rm	Owner- occupied Rm				
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – GROUP								
Net book value at beginning of the year	7,6	21,4	8,1	111,4	291,7	15,2	455,4	328,4
Acquisition of businesses	15,0	3,0	–	19,9	30,6	0,6	69,1	0,3
Additions	0,3	–	–	3,9	129,9	7,5	141,6	192,2
Disposals of businesses	–	–	–	–	(1,2)	–	(1,2)	–
Disposals	–	(2,3)	–	(4,2)	(23,7)	(1,0)	(31,2)	(3,0)
Classified as held for sale	–	–	–	–	–	–	–	(2,6)
	22,9	22,1	8,1	131,0	427,3	22,3	633,7	515,3
Depreciation			–	(4,8)	(58,5)	(4,7)	(68,0)	(59,9)
Net book value at end of the year	22,9	22,1	8,1	126,2	368,8	17,6	565,7	455,4

	Land		Buildings		Plant and equipment Rm	Vehicles Rm	2007 Total Rm	2006 Total Rm
	Investment Rm	Owner-occupied Rm	Investment Rm	Owner-occupied Rm				
11. PROPERTY, PLANT AND EQUIPMENT (continued)								
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT - COMPANY								
Net book value at beginning of the year	3,3	16,0	0,4	74,5	101,5	8,3	204,0	120,0
Acquisition of businesses	–	–	–	–	–	–	–	2,7
Additions	–	–	–	0,8	41,0	2,9	44,7	108,6
Disposals of businesses	–	–	–	–	(3,3)	(1,9)	(5,2)	–
Disposals	–	–	–	–	(1,4)	(0,5)	(1,9)	(2,6)
	3,3	16,0	0,4	75,3	137,8	8,8	241,6	228,7
Depreciation				(3,0)	(19,8)	(2,0)	(24,8)	(24,7)
Net book value at end of the year	3,3	16,0	0,4	72,3	118,0	6,8	216,8	204,0

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 R61,6 million (2006 : R48,9 million).
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 to 50 years
Plant	5 to 33,3 years
Office equipment	5 to 20 years
Computer equipment	3,3 to 10 years
Furniture	5 to 20 years
Vehicles	3 to 12 years
- The insurable value of the group's property, plant and equipment as at 30 September 2007 amounted to R3,5 billion (2006: R3,0 billion).
This is based on the cost of replacement of such assets, except for motor vehicles and certain selected assets which are included at market value.

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
5. Operating leases receivable				
Total future minimum lease payments receivable for all non-cancellable leases on land and buildings				
< 1 year	–	0,6	4,7	4,7
1 – 5 years	–	0,7	11,8	16,5
	–	1,3	16,5	21,2
Gross carrying amount of assets leased under operating leases	–	8,9	26,3	26,0
Accumulated depreciation	–	–	(1,4)	(1,2)

NOTES TO THE ANNUAL FINANCIAL statements continued

for the year ended 30 September 2007

	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						
2007						
Computer software	36,9	29,4	7,5	10,7	5,9	4,8
Customer list, restraint of trade and order book	10,5	5,0	5,5	5,0	0,6	4,4
	47,4	34,4	13,0	15,7	6,5	9,2
2006						
Computer software	32,6	26,7	5,9	6,3	3,0	3,3
Customer list, restraint of trade and order book	7,4	1,4	6,0	5,9	1,0	4,9
	40,0	28,1	11,9	12,2	4,0	8,2
			Computer software Rm	Customer list, restraint of trade and order book Rm	2007 Total Rm	2006 Total Rm
MOVEMENT IN INTANGIBLE ASSETS – GROUP						
Net book value at beginning of the year			5,9	6,0	11,9	7,9
Acquisition of businesses			–	1,6	1,6	5,2
Additions			6,0	1,4	7,4	2,1
Disposals of businesses			–	–	–	–
			11,9	9,0	20,9	15,2
Amortisation			(4,4)	(1,9)	(6,3)	(3,3)
Impairment			–	(1,6)	(1,6)	–
Net book value at end of the year			7,5	5,5	13,0	11,9
MOVEMENT IN INTANGIBLE ASSETS – COMPANY						
Net book value at beginning of the year			3,3	4,9	8,2	5,2
Acquisition of businesses			–	–	–	3,7
Additions			4,4	1,4	5,8	0,6
Disposals of businesses			–	(1,1)	(1,1)	–
			7,7	5,2	12,9	9,5
Amortisation			(2,9)	(0,8)	(3,7)	(1,3)
Net book value at end of the year			4,8	4,4	9,2	8,2
NOTE:						
Useful lives for the following categories:						
Computer software			3 – 10 years			
Customer list			4 years			
Restraint of trade			2 years			
Order book			1 year			

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
13. GOODWILL				
Carrying value at the beginning of the year	326,8	329,0	13,8	13,5
Acquisition of businesses, associates and subsidiaries	45,7	1,2	—	3,7
Disposal of businesses	—	—	(13,8)	—
Negative goodwill taken to profit in terms of IFRS 3 (refer to note 5)	1,1	—	—	—
Impairments	(0,8)	(3,4)	—	(3,4)
Carrying value at the end of the year	372,8	326,8	—	13,8
Goodwill	377,0	330,2	—	17,2
Accumulated impairments	(4,2)	(3,4)	—	(3,4)
	372,8	326,8	—	13,8
Carrying value attributable to:				
– Associates	94,6	94,6	—	—
– Joint ventures	10,7	—	—	—
– Subsidiaries	252,8	217,5	—	—
– Other businesses	14,7	14,7	—	13,8
	372,8	326,8	—	13,8

The recoverable amounts of the CGUs are determined from fair value less costs to sell. 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.

	GROUP		
	NSN	Nashua Mobile	CBI electric: African Cables
Carrying amount of goodwill allocated to the CGU (Rm)	94,6	158,2	59,3
Pre-tax discount rates	14,6%	14,6%	14,6%
Sustainable growth rates	7,0%	7,0%	7,0%

The balance of goodwill of R60,7 million (2006: R14,7 million) has been allocated to other CGUs, none of which is considered significant in relation to total goodwill.

	COMPANY	
	2007 Rm	2006 Rm
14. INTEREST IN SUBSIDIARIES		
(Refer to Annexure A)		
Shares at cost less impairments	1 767,6	605,6
Amounts owing by subsidiaries	310,1	488,0
Provision for losses	(127,3)	(116,5)
	1 950,4	977,1
Amounts owing to subsidiaries	(470,3)	(96,5)
	1 480,1	880,6

NOTES TO THE ANNUAL FINANCIAL statements continued

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
15. INTEREST IN ASSOCIATES				
Shares at cost	533,5	158,5	533,5	158,5
Less: Transfer to goodwill on consolidation	(133,6)	(133,6)		
Attributable interest in retained earnings	103,5	101,1		
Retained earnings at beginning of the year	101,1	61,9		
Profit after tax and abnormal items	148,4	95,2		
Dividends	(146,0)	(56,0)		
Surplus on dilution of Reunert's investment in associate	1,1	–		
Attributable share of actuarially valued surplus of medical aid provision	3,9	–		
Attributable share of goodwill arising on acquisition of business purchased from Reunert	(108,1)	–		
Total interest in associate companies	400,3	126,0	533,5	158,5
Directors' valuation – unlisted associate companies				
– NSN	520,0	520,0	520,0	520,0
– Quince	388,0	–	388,0	–

The directors' valuation is performed twice a year and is based on an earnings multiple.

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

		GROUP			
Details of investments	Place of incorporation	Number of shares held		Percentage interest	
		2007	2006	2007 %	2006 %
ASSOCIATE COMPANIES					
NSN (supplier of fixed and mobile voice and data networks)	RSA	56 000	56 000	40	40
Quince (provider of asset backed financing)	RSA	37 500 000		48	
Electric Products International (Pty) Limited (marketing body for electrical cables and other electrical products)	RSA	2 400	2 400	24	24

		Carrying value		
		Year end	2007 Rm	2006 Rm
ASSOCIATE COMPANIES				
NSN		30 September	119,7	126,0
Quince		30 September	280,6	
Electric Products International (Pty) Limited		30 September	–*	–*
			400,3	126,0

*Nil due to rounding

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
16. OTHER INVESTMENTS AND LOANS				
Reunert 1988 Share Purchase Trust loans – held at cost	13,9	19,7	13,9	19,7
Other loans – held at cost	40,6	2,8	40,6	2,8
Other unlisted investments – at cost	7,0	0,3	0,3	0,3
Long-term accounts receivable	266,1		30,6	
Total investments and loans	327,6	22,8	85,4	22,8
Directors' valuation – other unlisted investments	7,0	0,3	0,3	0,3

Loans granted by Reunert 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	
	2007 Rm	2006 Rm
Value of loans granted during the year to all scheme participants	5,3	11,8
Loans to the scheme include loans to Reunert executive directors:		
– Balance at the beginning of the year	3,8	1,0
– Advanced during the year	2,7	4,1
– Repaid during the year	(5,0)	(1,3)
Balance at the end of the year	1,5	3,8

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
17. RCCF ACCOUNTS RECEIVABLE				
Discounted deals:				
Collectable within one year		367,7		
Collectable after one year		975,6		
		1 343,3		
Accounts receivable:				
Collectable within one year		50,8		
Collectable after one year		9,7		
		60,5		
		1 403,8		

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

RCCF was sold to Quince with effect from 1 May 2007.

Quince is now an equity accounted associate of Reunert (refer to notes 15 and 31).

NOTES TO THE ANNUAL FINANCIAL statements continued

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
18. DEFERRED TAXATION ASSETS/LIABILITIES				
MOVEMENT OF GROUP DEFERRED TAXATION				
Balance at the beginning of the year	(82,5)	(44,2)	(32,1)	(10,8)
Current year charge (refer to note 6)	(17,9)	(31,4)	1,3	(17,1)
Reversed from equity	—	0,4	—	0,4
Adjustment for prior years (refer to note 6)	(8,7)	(7,3)	(14,4)	(4,6)
Subsidiaries acquired	(10,2)	—	—	—
Subsidiaries sold	41,4	—	—	—
	(77,9)	(82,5)	(45,2)	(32,1)
Deferred taxation liabilities	115,8	141,6	45,2	32,1
Deferred taxation assets	37,9	59,1	—	—
ANALYSIS OF DEFERRED TAXATION				
Capital allowances	(54,6)	(77,2)	(16,1)	(14,7)
Provisions and accruals	(11,6)	(9,2)	(29,5)	(17,6)
Advance income offset by allowed future expenditure	5,1	18,7	0,7	0,4
Effect of tax losses	(9,4)	(7,4)	—	—
Other (net)	(7,4)	(7,4)	(0,3)	(0,2)
	(77,9)	(82,5)	(45,2)	(32,1)
19. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	167,2	171,4	72,9	68,1
Finished goods	201,3	235,6	51,5	45,1
Merchandise	293,7	302,8	269,4	295,1
Consumable stores	3,4	2,7	1,0	0,8
Contracts and other work-in-progress	214,2	96,5	0,3	1,0
	879,8	809,0	395,1	410,1
The value of inventory has been determined on the following bases:				
First-in, first-out	518,7	527,5	382,6	397,9
Average	93,8	87,9	—	1,8
Net realisable value	3,8	2,3	1,7	2,3
Standard cost	263,5	191,3	10,8	8,1
	879,8	809,0	395,1	410,1
Write-down of inventory recognised in the income statement	8,0	1,6	8,0	1,6
Reversal of write-down of inventory from previous years	—	(0,2)	—	—
20. ACCOUNTS RECEIVABLE				
Trade receivables	1 311,0	1 111,1	312,6	372,1
Contract receivables	68,0	54,3	—	2,5
Retention receivables	4,2	4,2	—	—
Claims, prepayments and other receivables	329,0	225,4	46,0	69,0
	1 712,2	1 395,0	358,6	443,6
Trade receivables to the value of R169,7 million (2006: R93,6 million) have been ceded as security for liabilities.				

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
21. NON-CURRENT ASSETS HELD FOR SALE				
The majority of the Elandsfontein property owned by Reumech Management Services (Pty) Ltd disclosed in 2006 as a non-current asset held for sale was sold during 2007.				
Property, plant & equipment	—	2,6	—	—
22. CASH AND CASH EQUIVALENTS				
Bank balances and cash	430,6	869,3	222,1	25,6
Redeemable preference shares	100,0	100,0	100,0	100,0
	530,6	969,3	322,1	125,6
23. SHARE CAPITAL AND PREMIUM				
AUTHORISED SHARE CAPITAL				
235 000 000 ordinary shares of 10 cents each	23,5	23,5	23,5	23,5
350 000 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
31 057 729 redeemable preference shares of 1 cent each	0,3	0,3	0,3	0,3
	24,5	24,5	24,5	24,5
	Number of shares	Number of shares		
	2007	2006		
ISSUED SHARE CAPITAL				
Ordinary shares of 10 cents each				
At the beginning of the year	195 354 676	193 439 716		
Shares issued during the year in terms of Reunert share option scheme (refer to note 2)	851 600	1 914 960		
Shares issued during the year to the employee share trust in terms of a broad based scheme encompassing group employees (refer to note 5)	530 900	—		
Treasury shares bought back from Bargenel and cancelled	(563 631)	—		
At the end of the year	196 173 545	195 354 676	19,6	19,5
350 000 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
	20,3	20,2	20,3	20,2
SHARE PREMIUM				
At the beginning of the year	56,7	29,4	56,7	29,4
Arising on the issue of ordinary shares	13,8	27,3	13,8	27,3
At the end of the year	70,5	56,7	70,5	56,7
Total issued share capital and premium	90,8	76,9	90,8	76,9

NOTES TO THE ANNUAL FINANCIAL *statements continued*

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
23. SHARE CAPITAL AND PREMIUM (continued)				
SHARE-BASED PAYMENT RESERVES				
Arising from IFRS 2				
At the beginning of the year	40,4	30,8	16,3	6,7
Share option reserve arising on the expensing of executive share options (refer to note 2)	8,6	9,6	8,6	9,6
Reserve arising on expensing shares issued in terms of a broad based scheme encompassing group employees (refer to note 5)	42,2	–	44,3	–
Share option reserve arising on the expensing of option granted to BEE partners to take up shares in Reunert (refer to note 5)	556,6	–	556,6	–
Contribution by Reunert to employees of joint ventures and associate companies	2,1	–	–	–
At the end of the year	649,9	40,4	625,8	16,3
TREASURY SHARES				
Reunert shares bought back and held by Bargenel 18 500 000 (2006: 19 063 631)	(276,1)	(282,0)		

COMPANY

	Number of shares 2007	Number of shares 2006
UNISSUED ORDINARY SHARES		
Total shares reserved to meet the requirements of The Reunert 1985 Share Option Scheme and The Reunert 1988 Share Purchase Scheme	4 400 000	12 000 000
The directors have general authority over these shares until the next annual general meeting.		

23. SHARE CAPITAL AND PREMIUM (continued)

The Reunert 1985 Share Option Scheme

Options to take up Reunert 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 10 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 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)
2007						
Exercise price						
R5,45	27	—	(27)	—	—	146
R14,10	157	—	(95)	—	62	1 342
R15,80	234	—	(110)	—	124	1 744
R17,70	64	—	(21)	—	43	361
R15,99	1 277	—	(503)	(43)	731	8 030
R17,30	133	—	(66)	—	67	1 152
R41,90	2 410	—	(30)	(45)	2 335	1 257
	4 302	—	(852)	(88)	3 362	14 032
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

The weighted average share price at the dates of exercise for share options exercised during the year was R76,68.

Estimated fair value of options granted after 7 November 2002:

Share option	Fair value per option R	Total option value Rm	Share options expensed in previous periods Rm	Share option expense for the year Rm	Share options to be expensed in future periods Rm
R15,99	4,67	8,9	7,5	1,1	0,3
R17,30	4,95	1,0	0,8	0,1	0,1
R41,90	11,06	28,2	8,0	7,4	12,8
		38,1	16,3	8,6	13,2

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 exercise 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 *statements continued*

for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
24. NON-DISTRIBUTABLE RESERVES				
Statutory and other reserves				
– At the beginning of the year	0,8	2,5	–	2,5
– Movement	3,6	(1,7)	–	(2,5)
At the end of the year	4,4	0,8	–	–
Capital redemption reserve	2,9	2,9	0,3	0,3
Share of associate companies' retained earnings				
– At the beginning of the year		61,9		
– Share of associate companies' retained earnings at the beginning of the year transferred to retained earnings (refer to note 9)		(61,9)		
– Transfer from retained earnings – as previously reported		39,2		
– Transfer from retained earnings transferred back to retained earnings (refer to note 9)		(39,2)		
At the end of the year	–	–		
Total non-distributable reserves	7,3	3,7	0,3	0,3
25. LONG-TERM BORROWINGS				
Total long-term borrowing	386,7	115,5	–	115,5
Less: Short-term portion	(130,2)	(15,2)	–	(15,2)
	256,5	100,3	–	100,3
Loan repaid by BEE partner*	22,3	14,5	22,3	14,5
Total finance leases	0,2	0,4	47,6	47,8
Less: Short-term portion	(0,2)	(0,2)	(0,6)	(0,2)
	278,8	115,0	69,3	162,4

The long-term borrowings in the current year are an obligation to RCCF, which is now owned by Quince, an equity accounted associate.

Various operations in the group dealing in office equipment discounted debtors with RCCF on the basis that the risk of bad debts is carried by the Reunert operations. In terms of current accounting practice, these debtors cannot be derecognised by the Reunert operations, accordingly the long-term portion of the debtors is included in long-term accounts receivable (refer to note 16), the short-term portion in accounts receivable and the outstanding balance of cash received from RCCF in long-term borrowings.

The group entered into an agreement with Powerhouse whereby on 1 December 2004, 25,1% of the A shares of 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 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 in the prior year related to funding provided by Nedbank Limited (Nedbank) to Powerhouse for their purchase of 25,1% of the A shares of ATC. The loan was guaranteed by Reunert and in terms of current accounting practice for this transaction, was recognised on the Reunert balance sheet. The Nedbank loan was repaid by Reunert on 1 June 2007, with the effect that the loan is now payable by Powerhouse to Reunert and is disclosed as an investment in subsidiary.

*Loan repaid by the BEE partner represents a portion of the dividends paid by ATC to Powerhouse, which was used to repay portion of the loan. In terms of current accounting practice, 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, this portion of the loan repaid by Powerhouse will be transferred to minority interest.

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
25. LONG-TERM BORROWINGS (continued)				
Amounts payable under finance leases				
Total minimum lease payments	0,1	0,4	84,4	89,6
< 1 year	0,1	0,2	5,6	5,2
1 - 5 years	—	0,2	26,8	25,0
> 5 years	—	—	52,0	59,4
Less: Future finance charges	—	—	(36,8)	(41,8)
< 1 year	—	—	(5,0)	(5,0)
1 - 5 years	—	—	(18,4)	(19,2)
> 5 years	—	—	(13,4)	(17,6)
Present value of minimum lease payments	0,1	0,4	47,6	47,8
< 1 year	0,1	0,2	0,6	0,2
1 - 5 years	—	0,2	8,4	5,8
> 5 years	—	—	38,6	41,8

Reunert has entered into a lease agreement with RCCF whereby the new Nashua building is leased over a period of 12 years at an interest rate of 10,5% per annum. On 1 September 2007 this lease agreement was taken over by a wholly owned Reunert subsidiary, RFCL.

Minimum lease payments escalate by 7,5% each year. Promissory notes have been issued by Reunert in favour of RFCL as security for the lease payments. The other finance leases are for minor equipment.

26. PROVISIONS

Description of nature of obligation	Carrying amounts at the beginning of the year Rm	Additional provisions created in the year Rm	Amounts utilised during the year Rm	Unutilised amounts reversed during the year Rm	Carrying amounts at the end of the year Rm
GROUP					
Contract completion	3,4	—	—	(3,4)	—
Unfunded pension obligations	1,7	—	—	(0,1)	1,6
Warranty	38,1	4,3	(0,2)	(2,7)	39,5
Other	3,2	15,0	(0,1)	—	18,1
	46,4	19,3	(0,3)	(6,2)	59,2
COMPANY					
Warranty	1,8	—	(0,2)	(1,0)	0,6
Other	3,2	5,0	(0,1)	—	8,1
	5,0	5,0	(0,3)	(1,0)	8,7

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there are no fixed terms of repayment relating to the warranty provisions. It has been assumed that the provisions are short term in nature.

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for the year ended 30 September 2007

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
27. COMMITMENTS				
Expenditure on property, plant and equipment				
– Contracted	54,5	56,2	38,1	27,5
– Authorised not yet contracted	25,7	52,0	14,5	32,8
Total expenditure on property, plant and equipment	80,2	108,2	52,6	60,3
The above expenditure, to occur in 2008 and 2009 will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, motor vehicles and other assets				
< 1 year	24,6	15,9	11,0	10,5
1 – 5 years	68,3	37,4	51,1	35,7
> 5 years	4,2	30,7	4,2	30,7
Total operating lease commitments	97,1	84,0	66,3	76,9
Comprising				
Land and buildings	95,5	81,7	66,3	76,8
Motor vehicles and other assets	1,6	2,3	–	0,1
Total operating lease commitments	97,1	84,0	66,3	76,9
28. CONTINGENT LIABILITIES				
Guarantees on behalf of third parties	–	3,2	–	–
Guarantees on behalf of subsidiary companies	–	–	15,8	25,0
Warranties on debtors sold	–	0,5	–	–
Total contingent liabilities	–	3,7	15,8	25,0

29. DIRECTORS' REMUNERATION AND INTERESTS

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

EXECUTIVE DIRECTORS

	Salary R'000	Bonus and performance related payments R'000	Other benefits* R'000	Retirement contributions R'000	Medical contributions R'000	Total R'000
2007						
G Pretorius	2 327	3 773	312	489	16	6 917
BP Gallagher	1 267	1 693	139	272	16	3 387
GJ Oosthuizen	1 138	1 508	125	229	16	3 016
DJ Rawlinson	1 206	1 653	144	251	53	3 307
	5 938	8 627	720	1 241	101	16 627
2006						
G Pretorius	2 173	3 203	315	461	20	6 172
BP Gallagher	1 187	1 725	139	254	15	3 320
GJ Oosthuizen	1 068	1 537	125	216	13	2 959
DJ Rawlinson	1 115	1 685	144	237	65	3 246
	5 543	8 150	723	1 168	113	15 697

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

29. DIRECTORS' REMUNERATION AND INTERESTS (continued)

NON EXECUTIVE DIRECTORS

	COMPANY	
	2007	2006
	Total paid for the year (all directors' and committee fees)	
	R'000	R'000
MJ Shaw	393	370
BP Connellan	144	135
KS Fuller	166	155
SD Jagoe	187	175
KJ Makwetla	91	85
KC Morolo	91	85
ND Orleyn (appointed 23 May 2007)	33	
JC van der Horst	129	120
	1 234	1 125

SHARE OPTIONS

EXECUTIVE DIRECTORS

	Balance of unexercised share options as at 1 October 2006	Number of options exercised during the year	Balance of unexercised share options as at 30 September 2007	Option price R	Market price on date of exercise R	Date exercised	Gain on date of exercise R'000	Date of allocation	Date from which exercisable
G Pretorius	133 400	(66 600)	66 800	15,99	74,00	11/6/2007	3 863	13/5/2003	13/5/2006
	120 000	—	120 000	41,90	—		—	29/8/2005	29/8/2008
BP Gallagher	66 700	(33 300)*	33 400	15,99	74,00	11/6/2007	1 932	13/5/2003	13/5/2006
	50 000	—	50 000	41,90	—		—	29/8/2005	29/8/2008
GJ Oosthuizen	66 700	(33 300)*	33 400	15,99	74,00	11/6/2007	1 932	13/5/2003	13/5/2006
	50 000	—	50 000	41,90	—		—	29/8/2005	29/8/2008
DJ Rawlinson	66 700	(33 300)*	33 400	15,99	74,00	11/6/2007	1 932	13/5/2003	13/5/2006
	60 000	—	60 000	41,90	—		—	29/8/2005	29/8/2008
	613 500	(166 500)	447 000				9 659		

*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.

No new options were allocated during the current year.

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

A predetermined compensation on termination of service will be payable to executive directors in line with circumstances which would ordinarily give rise to an obligation requiring an employer to pay severance pay in terms of the provisions of the Labour Relations Act, 1995 or the Basic Conditions of Employment Act, 1997. In such event, a severance package shall be equal to the multiple of the relevant individual's monthly remuneration, such multiple ranging between twelve 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.

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for the year ended 30 September 2007

30. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits to its employees, 89% (2006: 91%) 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 29% (2006: 30%) 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 R8,4 million (2006: R4,5 million).

37% (2006: 26%) 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 R35,7 million (2006: R22 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 R2,4 million (2006: R2,1 million).

The fund was actuarially valued in terms of the Pension Funds Second Amendments Act, 2001 at February 2007, 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 R1,6 million at 30 September 2007 (2006: R1,7 million) has been provided for.

The remaining 23% (2006: 35%) of the group's total employees, who are not members of the abovementioned schemes, participate in other benefit plans, which consist of 11 defined contribution plans. Eight of these funds are subject to the Pension Funds Act, 1956, and the remaining three funds are defined contribution funds registered in Australia, USA and Germany respectively. The total employer contributions to these funds amounted to R29,3 million (2006: R32,1 million).

1,7 % 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:

	2007 Rm	2006 Rm
Current service cost	4,3	4,0
Interest costs	8,2	6,6
Expected return on plan assets	(9,7)	(7,3)
Amount charged to income	2,8	3,3
The charge for the year has been included in other expenses.		
Actual return on plan assets	(26,6)	(16,1)
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	95,9	87,4
Unrecognised actuarial gains	23,8	10,2
Fair value of plan assets	(118,1)	(95,9)
Unfunded pension obligations	1,6	1,7
Analysed as follows		
At the beginning of the year	1,7	1,4
Amounts charged to income	2,8	3,3
Deemed contributions	(2,9)	(3,0)
At the end of the year	1,6	1,7

30. RETIREMENT BENEFIT INFORMATION (continued)

	2007 %	2006 %
Key assumptions used:		
Discount rate	8,3	9,0
Inflation rate	4,8	5,8
Expected return on plan assets	9,8	10,0
Expected rate of salary increases	8,0	7,8
Future pension increases	3,1	3,8

The next statutory valuation will be performed as at 28 February 2008.

31. SUMMARISED FINANCIAL INFORMATION OF PRINCIPAL ASSOCIATE COMPANIES AND JOINT VENTURES

	ASSOCIATES				JOINT VENTURES			
	2007		2006		2007		2006	
	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm
INCOME STATEMENT								
Revenue	4 379,0	1 760,4	3 210,3	1 284,1	699,9	350,0	—	—
Profit after taxation	365,6	148,4	238,0	95,2	48,8	24,4	—	—
Dividends	365,0	146,0	140,0	56,0	—	—	—	—
BALANCE SHEET								
Non-current assets	2 164,6	1 032,5	48,4	19,4	282,6	141,3	—	—
Current assets (excluding cash)	929,3	376,7	2 133,5	853,4	307,8	153,9	—	—
Cash and cash equivalents	374,1	156,9	3,3	1,3	52,7	26,4	—	—
Current liabilities	2 251,6	1 010,7	1 804,8	721,9	219,8	109,9	—	—
Non-current liabilities	107,2	46,9	65,5	26,2	124,5	62,3	—	—
Equity	1 109,2	508,5	314,9	126,0	298,8	149,4	—	—

Reunert
controlled interest

	2007 %	2006 %
ASSOCIATE COMPANIES		
NSN	40,0	40,0
Quince	48,0	
JOINT VENTURES		
Lexshell 661 Investments (Pty) Ltd	50,0	50,0
Aberdare/ATC joint venture	50,0	

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32. RELATED PARTY TRANSACTIONS

GROUP

Counter-party	Relationship	Sales Rm	Purchases Rm	Bad debt expense Rm	Accounts receivable Rm	Accounts payable Rm	Long-term borrowings Rm	Overnight call loans Rm	Short-term borrowings Rm	Other expenses Rm	Net interest paid/(received) Rm	Treasury shares Rm
2007												
CAFCA	ATC owns 72% of CAFCA		7,2			0,7						
EADS Deutschland GmbH (EADS)	EADS owned 36,5% of RRS		4,3									
NSN	Reunert Ltd owns 40% of NSN		0,9									
Quince	Reunert owns 48% of Quince	88,1			2,1	18,7	382,9		130,2		1,3	
RMB	RMB owned 33% of the "B" shares of RCCF										10,1	
ABSA	ABSA owned 33% of the "B" shares of RCCF										10,8	
Nedbank	Nedbank owned 33% of the "B" shares of RCCF										16,7	
Bargenel	Owns 18,5 million Reunert shares											276,1
Aberdere/ATC joint venture	A joint venture	96,3										
2006												
CAFCA	ATC owns 72% of CAFCA	0,6	3,7	3,6								
EADS	EADS owned 33% of RRS	9,8	1,8		0,2							
NSN (was Siemens Telecommunications (Pty) Ltd in 2006)	Reunert owns 40% of NSN	0,7	3,8									
RMB	RMB owned 33% of the "B" shares of RCCF							400,0			4,0	
ABSA	ABSA owned 33% of the "B" shares of RCCF							398,0			1,7	
Nedbank	Nedbank owned 33% of the "B" shares of RCCF							400,0			19,9	
Bargenel	100% owned subsidiary											282,0

COMPANY

Counter-party	Sales Rm	Purchases Rm	Lease payments made Rm	Lease payments received Rm	Administration fees paid Rm	Administration fees received Rm	Other paid/(received) Rm
2007							
Subsidiaries of Reunert	290,5	70,6	0,3	–	377,2	6,6	(1,9)
Quince	–	–	5,0	–	–	–	–
2006							
Subsidiaries of Reunert	168,9	43,3	0,6	9,4	434,4	6,5	0,1
NSN	0,1	0,2	–	–	–	–	–
Transactions with key management personnel	2007 Rm	2006 Rm					
– Payments to a post-employment benefit plan	2,7	–					
– Services rendered (cellphone contracts)	0,2	0,1					
– Loans from key management personnel	12,6	4,8					

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

33. 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 RFCL, 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 only with reputable banks and is spread over more than one bank to reduce exposures to any one institution.

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:

	GROUP		COMPANY	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
Payable	483,3	567,8	389,6	438,9

Forward exchange contracts at 30 September 2007 and 2006 are summarised below:

	GROUP			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised losses Rm
2007				
Imports – trade				
USD	26,1	181,3	187,9	(6,6)
Euro	15,0	148,7	149,5	(0,8)
GBP	1,1	16,3	16,8	(0,5)
Yen	1 818,3	111,1	111,8	(0,7)
CHF	1,5	9,1	9,4	(0,3)
		466,5	475,4	(8,9)
Imports – capital				
Euro	0,8	7,8	7,9	(0,1)
		474,3	483,3	(9,0)
				Rm
Accounts receivable in foreign currencies				68,3
Of which covered by forward exchange contracts				–
Accounts payable in foreign currencies				375,9
Of which covered by forward exchange contracts				364,2
				Unrealised gains Rm
2006				
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
		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

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33. FINANCIAL INSTRUMENTS (continued)

Forward exchange contracts at 30 September 2007 and 2006 are summarised below:

	COMPANY			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised losses Rm
2007				
Imports – trade				
USD	19,2	133,9	138,1	(4,2)
Euro	13,0	128,5	129,2	(0,7)
GBP	0,2	2,9	2,9	
Yen	1 818,3	111,1	111,8	(0,7)
CHF	1,3	7,5	7,7	(0,2)
		383,9	389,7	(5,8)
				Rm
Accounts receivable in foreign currencies				54,5
Of which covered by forward exchange contracts				–
Accounts payable in foreign currencies				313,1
Of which covered by forward exchange contracts				303,0
				Unrealised gains Rm
2006				
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

CREDIT RISK

Credit risk relates to the group's 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. Where considered appropriate, credit insurance is also used.

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

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

	GROUP		COMPANY	
	2007 %	2006 %	2007 %	2006 %
South Africa	90,9	94,5	97,7	88,6
Rest of Africa	1,9	2,1	1,0	6,6
Europe	5,1	1,6	0,6	1,2
Australasia	1,4	0,4	0,4	2,3
USA	0,4	0,5	0,2	1,1
Other	0,3	0,9	0,1	0,2
	100,0	100,0	100,0	100,0

33. FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK

GROUP

Details of the interest rate swaps are:

Rm	2007			Total
	Contracts expiring in:			
	<1 year	1 – 5 years	> 5 years	
Contract value	–	–	48	48
Derivative asset in relation to expiring contract	–	–	2,2	2,2
Average fixed interest rate (%)			10,5	10,5

The 2006 interest rate swaps related to RCCF which is now owned by Quince, an equity accounted associate.

Most of the company's debtors were subject to variable interest rates. The company borrowed at variable interest rates, therefore, the margins built into the various loans and debtors tended to remain constant as the interest rates moved up and down.

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

GROUP

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

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

GROUP

	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non- interest bearing Rm	Total Rm
2007					
Assets					
Cash and cash equivalents	9,2	522,8	–	7,8	530,6
Accounts receivable	11,3	237,6	188,8	1 489,4	1 915,8
Other investments	11,6	62,2	–	430,2	492,4
		822,6	188,8	1927,4	2 938,8
Liabilities					
Trade and other payables	9,4	(12,6)	–	(1 470,0)	(1 482,6)
Bank overdrafts and short-term portion of long-term borrowings	13,1	(65,1)	(88,0)	(25,1)	(178,2)
Long-term borrowings	13,9	(121,6)	(100,8)	(56,4)	(278,8)
		(199,3)	(188,8)	(1 551,5)	(1 939,6)
Net financial assets		623,3	–	375,9	999,2
2006					
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

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33. FINANCIAL INSTRUMENTS (continued)

MATURITY PROFILE OF FINANCIAL INSTRUMENTS

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

	GROUP			
	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
2007				
Cash and cash equivalents	530,6	–	–	530,6
Accounts receivable	1 710,6	205,2	–	1 915,8
Other financial assets	449,4	36,3	6,7	492,4
Trade and other payables	(1 482,6)	–	–	(1 482,6)
Bank overdrafts and short-term portion of long-term borrowings	(178,2)	–	–	(178,2)
Long-term borrowings	–	(142,1)	(136,7)	(278,8)
Derivative instruments				
Recognised transactions	(7,3)	–	2,2	(5,1)
Forward exchange contracts	(9,0)	–	–	(9,0)
Interest rate swaps	–	–	2,2	2,2
Other derivative instruments	1,7	–	–	1,7
2006				
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	47,7	–	–	47,7
Interest rate swaps	9,0	–	–	9,0
Other derivative instruments	11,0	–	–	11,0

33. FINANCIAL INSTRUMENTS (continued)

	GROUP				COMPANY			
	2007		2006		2007		2006	
	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		278,8		115,0		69,3		162,4
Bank overdrafts and short-term portion of long-term borrowings		178,2		27,0		0,6		16,0
RCCF debtors guarantee given by Reunert		—		60,3		—		60,3
Contingent liabilities (refer to note 28)		—		3,7		15,8		25,0
	2 133,1	457,0	1 431,4	206,0	2 346,6	85,7	612,3	263,7

2007

The long-term borrowings are the amounts due to RCCF relating to discounted debtors (refer note 25).

2006

The long-term borrowings bear 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 earlier.

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

The borrowings of RCCF of R nil million (2006: R1 187,9 million) are not included in the above table. These borrowings were excluded from the group borrowing limits in terms of the articles of association.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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 approximated 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 is 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.

33. FINANCIAL INSTRUMENTS (continued)

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 approximated 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

Powerhouse/ATC transaction:

Refer to note 25 for more information on this transaction.

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

Upon the occurrence of certain events (for example, if Powerhouse ceases to be a black economic empowerment entity), Powerhouse will be deemed to have offered its equity for sale to RES (a wholly owned subsidiary of Reunert). The purchase consideration payable by RES is dependent on whether the loan between Powerhouse and Reunert has been repaid in full or not. RES, therefore, has the option to acquire the shares Powerhouse holds in ATC under these circumstances.

A fair value for this option cannot be reliably determined, since the equity instrument does not have a quoted market price in an active market and other methods of reasonably estimating the fair value are at this stage inappropriate or unworkable.

Quince:

The implementation agreement between Reunert Group, PSG and the Trustees of Kalander Trust contains the following option:

There is a put option exercisable by Reunert whereby if RCCF meets various targets (as defined in the agreement), Reunert may require the other shareholders to buy Reunert out of Quince at a pre-determined price of R375,0 million.

This option is exercisable for a period of five years from the effective date (1/12/2006).

As the business of Quince is continuously improving, this option has a negligible value. If the business performance declines, this option will have value.

Pansolutions:

Reunert has issued a derivative instrument to the BEE partner to buy back the shares in Pansolutions at 26% of net asset value. The value of this instrument will only become evident when Pansolutions starts to make profits. When the company starts to earn profits, in terms of IFRS 7 Reunert will have to raise an entry to debit expense and credit liability with 26% of the increase in the net asset value of Pansolutions.

34. UNCONSOLIDATED SUBSIDIARY

CAFCA

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

	%
Effective holding (held via ATC)	71,5
Attributable Reunert group holding	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:

	2007 Z\$m	2006* Z\$m
INCOME STATEMENT		
Revenue	437 571	79 565
Profit before interest and taxation	47 090	4 451
Interest (paid)/received	(97 905)	90
Profit on net monetary position	157 926	16 935
Profit before taxation	107 111	21 476
Taxation charge	(67 782)	(3 494)
Net profit	39 329	17 982
Profit attributable to Reunert shareholders (Rm)	1,0	0,5
BALANCE SHEET		
ASSETS		
Non-current assets		
Property, plant and equipment	39 711	36 073
	39 711	36 073
Current assets		
Inventory	152 712	25 007
Accounts receivable	56 783	41 666
Cash	7 041	1 295
	216 536	67 968
Total assets	256 247	104 041
EQUITY AND LIABILITIES		
Share capital and reserves	101 466	62 117
	101 466	62 117
Non-current liability		
Deferred tax liability	48 968	9 227
	48 968	9 227
Current liabilities		
Accounts payable	100 998	32 697
Short-term borrowings	4 815	—
	105 813	32 697
Total equity and liabilities	256 247	104 041

The auction rate at 30 June 2007 to the US\$ was approximately Z\$ 2 924 which approximated R1:Z\$ 20 144 (2006: R1:Z\$13 911).

The Zimbabwean inflation rate used to inflate the 2006 information to compare with 2007 is 7 669%.

*The 2006 information has been restated in terms of IAS 29 - Financial Reporting in Hyperinflationary Economies.

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35. ACQUISITION OF BUSINESSES

ATC/Aberdare Joint Venture

A new joint venture, CBI-electric Aberdare ATC Telecom Cables (Pty) Ltd, was formed between the telecom cable divisions of ATC and Aberdare, each holding a 50% share in the joint venture. ATC contributed all its property, plant and equipment (PPE) (R114 million) and intangible assets (R9 million) to the value of R123 million. Aberdare also contributed PPE (R106 million), intangible assets (R3 million) and cash (R14 million) to the value of R123 million. The balance sheet and income statement of the joint venture have been proportionately consolidated from the effective date (1 February 2007).

Acquisition of Nashua Franchises

With effect from 1 April 2007 Nashua Holdings Limited (Nashua) purchased 51% of the Eastern Cape Nashua franchise (Algoa Office Automation (Pty) Ltd), including the property from which it operates (Circular Drive Properties (Pty) Ltd). Nashua provided R11,8 million of loan finance to the other shareholders. The business was acquired with R10,7 million of existing goodwill and negative goodwill of R0,2 million arose on acquisition. In addition, effective from 1 June 2007, Nashua acquired 51% of the Tshwane franchise (Classic Number Trading 80 (Pty) Ltd). Existing goodwill of R14,5 million was already in the business and a further R0,7 million arose on acquisition. Nashua has provided loan finance of R10,8 million to the other shareholders.

Acquisition of Kgorong's shares in RRS

With effect from 1 November 2006 Kgorong's 10% shareholding in RRS was bought in proportion to their existing shareholding by Reunert and EADS. The effect was that Reunert bought an extra 6,5% of RRS's shares, taking its holding to 63,5% and EADS bought another 3,5%, resulting in it owning 36,5% of RRS. Reunert's investment cost R2,3 million, and resulted in negative goodwill of R0,9 million.

Acquisition of EADS's shares in RRS

With effect from 1 July 2007, Reunert bought the 36,5% shareholding EADS owned in RRS for R31,5 million, making it a 100% owned subsidiary. This gave rise to goodwill of R10,2 million.

Acquisition of Kgorong's shares in RDL

On 31 March 2007 Reunert bought Kgorong's 30% shareholding in RDL for the balance of the loan financing Kgorong's purchase of 20% of RDL.

	A	B	C	D	E	(A to E)	(D + E)
	Aberdare	Nashua	Nashua	RRS	RDL	Group	Company
	Rm	Tshwane	Eastern	Rm	Rm	Group	Company
	Rm	Rm	Cape	Rm	Rm	Rm	Rm
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Net assets acquired							
Property, plant and equipment	53,2	0,7	15,2	–	–	69,1	–
Intangible assets	1,6	–	–	–	–	1,6	–
Goodwill	10,7	15,2	10,5	9,3	–	45,7	9,3
Inventory	–	3,6	1,1	–	–	4,7	–
Accounts receivable	–	10,0	2,9	–	–	12,9	–
Net cash	6,8	–	1,4	–	–	8,2	–
Payables and provisions	–	(9,0)	(5,5)	–	–	(14,5)	–
Long-term loans	–	(10,9)	(13,2)	–	–	(24,1)	–
Taxation	–	–	(0,3)	–	–	(0,3)	–
Deferred tax	(10,7)	0,5	–	–	–	(10,2)	–
Outside shareholders' interest	–	0,7	(0,3)	24,5	2,0	26,9	26,5
Cost of investment	61,6	10,8	11,8	33,8	2,0	120,0	35,8
Profit since acquisition	–	3,2	0,4	–	–	3,6	–
Revenue for the full year ended 30 September 2007 as though the acquisition date had been 1 October 2006	–	77,2	31,4	–	–	108,6	–
Profit for the full year ended 30 September 2007 as though the acquisition date had been 1 October 2006	–	1,9	1,0	–	–	2,9	–

36. TRANSFER/DISPOSAL OF BUSINESSES

RCCF

With effect from 1 May 2007 RCCF became a wholly owned subsidiary of Quince. In terms of the deal Reunert sold the entire share capital of RCCF to Quince, a then wholly owned subsidiary of Reunert, at a value of R375 million in exchange for additional shares in Quince. Quince then issued further shares to PSG and individuals for cash which diluted the Reunert shareholding to 48%. Reunert had guaranteed the net asset value of RCCF at the date of sale. There was a shortfall and Reunert paid R5,2 million to make up the difference. This transaction has resulted in Reunert recognising a profit on dilution of its shareholding in Quince of R349,4 million and the group recognising a profit of R118,1 million. Quince is now regarded as an associate company and its results have been equity accounted for in Reunert's group results. Quince has been granted a bridging bank loan facility amounting to R1,4 billion and is finalising a securitisation facility of R5 billion. The bridging facility will lapse once the securitisation has been completed. Reunert has provided a guarantee to the bank for the bridging finance.

Pansolutions

On 1 October 2006 Reunert sold 26% of its shares in Pansolutions to a BEE partner for R260, being 26% of the net asset value at that time. Reunert still owns 74% of the shares. Immediately thereafter Reunert sold the net assets and the business of Pansolutions to Pansolutions (Pty) Ltd for R67,8 million, which Reunert lent to Pansolutions. Reunert realised a surplus of R39,9 million on the transaction.

Saco a division of Reunert Ltd (Saco)

On 1 January 2007 the net assets and business of Saco were transferred out of Reunert to RDL at net asset value.

Bargenel (refer to note 5)

Reunert sold its investment in the ordinary shares of Bargenel to Rebatona Investment Holdings (Pty) Ltd (Rebatona) for R100. Reunert made a loss on this sale of R23,0 million. Rebatona is 70% held by the Rebatona Education Trust and 30% by the family trusts of the founding members of Peotona. As explained in the circular posted to shareholders on 13 December 2006, since Reunert retains control of Bargenel, Bargenel will be consolidated in the Reunert results until the preference shares financing the transaction have been repaid.

	A	B	C	D	E	F	(A)	(B to F)
				Additional funds introduced	Disposal of			
Net assets transferred/ disposed	RCCF Rm	Pansolutions Rm	Saco Rm	RCCF Rm	RCCF Rm	Bargenel Rm	Group Rm	Company Rm
Property, plant and equipment	(1,2)	(3,4)	(1,8)	–	–	–	(1,2)	(5,2)
Intangible assets	–	–	(1,1)	–	–	–	–	(1,1)
Existing goodwill	–	(13,8)	–	–	–	–	–	(13,8)
Inventory	–	(9,6)	(1,9)	–	–	–	–	(11,5)
Accounts receivable	(1 704,5)	(28,4)	(9,2)	–	–	–	(1 704,5)	(37,6)
Net cash	(68,7)	–	(2,2)	–	–	–	(68,7)	(2,2)
Payables and provisions	5,8	27,3	2,3	–	–	–	5,8	29,6
Short term borrowings	1 575,1	–	–	–	–	–	1 575,1	–
Taxation	2,3	–	–	–	–	–	2,3	–
Deferred tax	41,4	–	–	–	–	–	41,4	–
Investment in subsidiaries	–	–	–	5,2	(25,6)	(23,0)	–	(43,4)
Attributable portion of goodwill arising in Quince on this transaction	(107,1)	–	–	–	–	–	(107,1)	–
Surplus on dilution/disposal	(118,1)	(39,9)	–	–	(349,4)	–	(118,1)	(389,3)
Loss on disposal	–	–	–	–	–	23,0	–	23,0
Transfer value/proceeds (received)/paid on disposal	(375,0)	(67,8)	(13,9)	5,2	(375,0)	–	(375,0)	(451,5)

PRINCIPAL SUBSIDIARIES – Annexure A

at 30 September 2007

	Issued capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company			
		2007 %	2006 %	Shares		Indebtedness	
				2007 Rm	2006 Rm	2007 Rm	2006 Rm
ELECTRICAL ENGINEERING							
Circuit Breaker Industries Limited	46	100	100	–	–	–	(3,0)
Heinemann Holdings Limited	35 000	100	100	16,4	16,4	14,7	–
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	57,2	–
CBI-electric Aberdare ATC Telecom Cables (Pty) Limited	378	37,5	100	–	–	77,9	–
OFFICE SYSTEMS							
Nashua Limited	947 794	100	100	6,3	6,3	(14,3)	(14,6)
Kopano Copier Company (Pty) Limited	100	74	74	1,5	1,5	15,0	14,4
Royce Imaging Industries (Pty) Limited	100	100	100	–	–	(2,0)	(3,8)
RC&C Finance Company (Pty) Limited*			16*	–	20,4	–	0,9
Nashua Connect (Pty) Limited	1 000	100	100	–	–	4,4	4,2
Nashua Holdings (Pty) Limited	2 000	100	100	–	–	17,9	(0,3)
Classic Number Trading 80 (Pty) Limited	100	51	–	–	–	–	–
Algoa Office Automation (Pty) Limited	200	51	–	–	–	1,8	–
Circular Drive Property (Pty) Limited	200	51	–	–	–	–	–
CONSUMER PRODUCTS AND SERVICES							
Nashua Mobile (Pty) Limited	9 741 983	100	100	267,8	267,8	3,2	3,1
Nashua Electronics Limited	100	100	100	45,0	45,0	(22,5)	(54,1)
NPC (Electronics) Limited	33 000	100	100	0,2	0,2	(3,9)	(2,8)
NPC (Airconditioning) Limited	200 000	100	100	2,2	2,2	(0,5)	–
Pansolutions (Pty) Limited	1 000	74	100	–	–	0,4	(3,1)
Futronic (Pty) Limited	100	100	100	–	–	(0,3)	(0,3)
RC&C Manufacturing Company (Pty) Limited	100	100	100	–	–	(5,6)	(2,4)
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	2,6
Saco Systems (Pty) Limited	96 000	100	100	–	–	0,1	(2,0)
TELECOMMUNICATIONS							
Acuo Technologies (Pty) Limited	4 000	100	100	–	–	8,4	0,7
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	0,4
RDL Technologies (Pty) Limited	2 000	100	70	14,6	–	10,1	–
Reutech Radar Systems (Pty) Limited	200	100	57	42,5	8,6	0,4	0,8
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	(381,1)	331,4
Bargenel Investments Limited		**	100	1 112,4	23,0	–	64,7
Reunert Management Services Limited	4 000	100	100	–	–	(0,1)	(0,1)
Sundry companies				5,0	5,0	(9,2)	(10,0)
Investment in terms of a broad based share-based payment transaction encompassing group employees***				44,5	–	–	–
				1 767,6	605,6	(160,2)	391,5
Owing by (net)				(160,2)	391,5		
Provision for losses				(127,3)	(116,5)		
Interest in subsidiaries				1 480,1	880,6		

*In 2006 Reunert owned 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.

**Reunert owns Bargenel's entire issued cumulative "A" preference shares (1 112 405 shares of R0,01 each, issued at a premium of R999,99 per share). Reunert sold its investment in Bargenel's ordinary shares during the year (refer to note 5 of the notes to annual financial statements).

***In terms of IFRIC 11 – "Group and Treasury Share Transactions", the share premium of R83,80 per share on the 530 900 shares issued (refer to note 23 of the notes to the annual financial statements and the directors' report) has been allocated to Reunert's investment in subsidiaries.

SHARE OWNERSHIP *analysis*

for the year ended 30 September 2007

Ordinary shares

	2007 %	2006 %
Major holdings through managers in excess of 5% (current and prior year)		
Old Mutual Asset Managers (SA)	12,3	14,0
Public Investment Commissioners (SA)	10,1	–
Polaris Capital (Pty) Ltd (SA)	5,9	5,2
Stanlib Asset Management (SA)	4,7	7,5

	Ordinary shares		5,5% cumulative preference shares	
	Number of shareholders	% shareholding	Number of shareholders	% shareholding
Shareholder spread				
Public shareholders	22 222	78,9	51	71,2
Non-public shareholders	5 375	21,1	2	28,8
– Total directors	1	–		
– Reunert Share Purchase Trust	63	1,3		
– Reunert Staff Share Trust	5 309	0,3		
– Bargenel*	1	9,4		
– Public Investment Commissioners (SA)	1	10,1		
– Old Sillery (Pty) Ltd			1	15,0
– G Boerstra			1	13,8
	27 597	100,0	53	100,0

	Ordinary shares (millions)	%	5,5% cumulative preference shares (thousands)	%
Beneficial holdings in excess of 5% of issued share capital				
Public Investment Commissioners (SA)	19,8	10,1		
Bargenel*	18,5	9,4		
Old Sillery (Pty) Limited			52,5	15,0
G Boerstra			48,4	13,8
Agulhas Nominees (Pty) Ltd			34,8	9,9
HF Richardson			31,9	9,1
DF Foster			24,5	7,0
J Fisher			19,9	5,7
JEG Wright			18,2	5,2

*Treasury shares (refer to note 23)

SHAREHOLDERS' *diary*

for the year ended 30 September 2007

REPORTING

Annual general meeting	5 February 2008
Financial year-end	30 September 2008
Announcement of interim results for 2008	14 May 2008
Announcement of final results for 2008	26 November 2008
Annual report posted by	24 December 2008

FINAL DIVIDENDS FOR 2007

Ordinary shares

Declared	Tuesday, 20 November 2007
Last date to trade (cum dividend)	Friday, 11 January 2008
First date of trading (ex dividend)	Monday, 14 January 2008
Record date	Friday, 18 January 2008
Payment date	Monday, 21 January 2008

Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 14 January 2008 and Friday, 18 January 2008, both days inclusive.

5,5% cumulative preference shares

Declared	28 December 2007 30 June 2008
Payable	31 January 2008 31 July 2008

Please note that the reporting dates are subject to change

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 2191
Sandton
South Africa

POSTAL ADDRESS

PO Box 784391
Sandton 2146
South Africa

GROUP SECRETARY AND ADMINISTRATION

Reunert Management Services Limited
Lincoln Wood Office Park
6 – 10 Woodlands Drive
Woodmead 2191
Sandton
South Africa

GE Field (56)

CA(SA)

Financial Director

Reunert Management Services Limited

e-mail: grahamf@reunert.co.za

JAF Simmonds (61)

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 2191
South Africa

Telephone: +27 11 806 5000

Telefax: +27 11 806 5003

SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

PRINCIPAL BANKERS

Nedbank Limited
Standard Corporate and Merchant Bank

INFORMATION AND INVESTOR RELATIONS

Carina de Klerk (46)

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

CURRENCY *conversion table*

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

	2007	2006
US dollar	0,1452	0,1297
Pound sterling	0,0710	0,0695
Swiss franc	0,1696	0,1617
Japanese yen	16,6900	15,3350
Euro	0,1020	0,1021

REUNERT LIMITED

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

Notice is hereby given that the ninety-fourth annual general meeting of shareholders of Reunert Limited will be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead on Tuesday, 5 February 2008 at 09:30 for the following purposes:

1. To receive and adopt the audited group annual financial statements for the year ended 30 September 2007.
2. To elect the following directors:
 - 2.1 Ms ND Orleyn who was appointed a non-executive director on 23 May 2007 is required to retire in terms of the company's articles of association and being eligible, offers herself for re-election.
 - 2.2 Mr BP Connellan who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.3 Mr BP Gallagher who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.4 Mr G Pretorius who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.5 Ms KC Morolo who retires in terms of the company's articles of association and being eligible, offers herself for re-election.

A brief curriculum vitae in respect of each director referred to above appears on pages 12 and 13 of the annual report.

3. To determine the remuneration of non-executive directors with effect from 1 October 2007 in accordance with the company's articles of association as follows:

	Current per annum	Proposed per annum
Chairman	R393 000	R425 000
Non-executive directors	R91 000	R98 000
Audit and risk committee chairman	R75 000	R90 000
Audit and risk committee member	R53 000	R64 000
Remuneration and nomination committee chairman	R43 000	R47 000
Remuneration and nomination committee member	R38 000	R41 000

4. ORDINARY RESOLUTION NO. 1

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

"That 3 400 000 (three 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."

5. SPECIAL RESOLUTION NO. 1

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

"That the company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act (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 unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- 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 percent) of the shares in issue and for every 3% (three percent) 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 percent) 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 percent) 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 percent) 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;

NOTICE of annual general meeting *continued*

- the sponsor to the company provides a letter on the adequacy of working capital in terms of section 2.12 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 repurchase, they will not undertake any such repurchases unless:
 - the company and the group will, after payment for such repurchase, be able to repay their debts in the ordinary course of business;
 - the company's and the group's assets, fairly valued according to International Financial Reporting Standards and on a basis consistent with the last financial year of the company, will, after payment for such repurchase, exceed the liabilities of the company and the group;
 - the company's and the group's share capital and reserves will, after payment for such repurchase, be adequate for ordinary business purposes; and
 - the working capital of the company and the group will, after payment for such repurchase, be adequate for ordinary business purposes.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 12 and 13 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 of which this notice forms part as set out below:

- Directors and management pages 12 and 15;
- Major shareholders of Reunert page 93;
- Directors' interests and securities page 43 and note 29;
- Share capital of the company note 23;
- Litigation statement page 40; and
- Material change page 40.

VOTING AND PROXIES

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company. For the convenience of registered shareholders of the company, a form of proxy is enclosed herewith. Proxy forms must be forwarded to reach the share transfer secretaries, Computershare Investor Services 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 shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

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

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

6 December 2007

CHANGE OF ADDRESS AND BANKING DETAILS

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