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Directors' responsibility > for the year ended 30 September 2008

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, 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 22 and 23 of the annual report of which this statement of directors' responsibility forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

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

The annual financial statements appearing on pages 46 to 109 were approved by the board of directors on 5 December 2008 and are signed on its behalf by:



M J SHAW
Chairman



G PRETORIUS
Chief Executive

Secretaries' certification > for the year ended 30 September 2008

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 2008 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
5 December 2008

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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 directors' report, the balance sheets as at 30 September 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 46 to 109 and the segmental analysis set out on pages 35 to 37.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2008, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



DELOITTE & TOUCHE

Per DH Uys

Partner

5 December 2008

Audit. Tax. Consulting. Financial Advisory. Corporate Finance.

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Tax & Legal and Financial Advisory L Geeringh Consulting L Bam Corporate Finance
CK Beukman Finance TJ Brown Clients & Markets NT Mtoba Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

Member of
Deloitte Touche Tohmatsu

Directors' report > for the year ended 30 September 2008

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged. During the year, nil (2007: 26 800) ordinary shares were issued at R5,45 per share, 10 000 (2007: 95 200) at R14,10 per share, 40 200 (2007: 110 400) at R15,80 per share, 66 800 (2007: 66 600) at R17,30 per share, 454 040 (2007:502 200) at R15,99 per share, 23 000 (2007: 20 400) at R17,70 per share and 154 600 (2007: 30 000) at R41,90 per share. Options exercised in terms of the Reunert 1985 Share Option Scheme accounted for this increase.

REVIEW OF OPERATIONS AND RESULTS

The performance of the divisions and the group's results are reviewed on pages 6 to 8 and the segmental analysis is set out on pages 35 to 37.

DIVIDENDS

An interim ordinary dividend No 164 of 78 cents (2007: No 162 of 73 cents) per share was declared on 13 May 2008, and a final ordinary dividend No 165 of 241 cents (2007: No 163 of 241) cents per share was declared on 24 November 2008.

A total distribution of 319 cents (2007: 314 cents) per ordinary share was declared relating to the 2008 financial year.

An interim 5,5% cumulative preference dividend No 46 was declared on 2 July 2008 and a final dividend No 47 will be declared on 31 December 2008.

SUBSIDIARY COMPANIES

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

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

SPECIAL RESOLUTIONS OF SUBSIDIARIES

During this financial year the following special resolutions were passed by subsidiaries of Reunert: ATC (Pty) Limited changed its articles of association. Nashua Electronics Limited changed its name to Pansolutions Holdings Limited. RDL Technologies (Pty) Limited changed its name to Reutech Solutions (Pty) Limited. RDI Communications (Pty) Limited changed its name to Reutech Communications (Pty) Limited. Fuchs Electronics (Pty) Limited changed its name to Reutech Precision Products (Pty) Limited. Full details of these resolutions may be viewed at the company's registered office.

DIRECTORATE AND COMPANY SECRETARY

Mr MJ Shaw has reached the usual retirement age of 70. However, at the request of the board, Mr Shaw has made himself available to be re-elected at the annual general meeting for another year. Messrs TJ Motsahi and TS Munday, having been appointed to the board of directors during the year, are required to retire at the next annual general meeting but, being eligible, offer themselves for re-election. Messrs KS Fuller, DJ Rawlinson and Dr JC van der Horst retire by rotation at the forthcoming annual general meeting and all offer themselves for re-election. Ms KC Morolo resigned during the year.

The names of the directors in office at 30 September 2008 and to the date of this report, are set out on pages 22 and 23.

The name and address of the company's secretary are set out on page 116.

INTERESTS OF DIRECTORS

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

	Direct beneficial		Indirect beneficial		Held by associates	
	2008	2007	2008	2007	2008	2007
BP Connellan	30 523	30 523	9 000	9 000	—	—
KS Fuller	—	—	—	—	—	—
BP Gallagher	331 713	298 313	—	—	—	—
SD Jagoe	—	—	—	18 000	—	—
KJ Makwetla	—	—	—	—	150	—
KC Morolo	—	—	—	—	—	—
TJ Motsosi	—	—	—	—	—	—
TS Munday	—	—	—	—	—	—
GJ Oosthuizen	66 700	33 300	—	—	—	—
ND Orleyn	—	—	—	—	—	—
G Pretorius	133 400	66 600	—	—	—	—
DJ Rawlinson	358 520	325 120	—	—	—	—
MJ Shaw	—	—	—	—	—	—
JC van der Horst	—	—	—	—	—	—
	920 856	753 856	9 000	27 000	150	—

These holdings have remained unchanged up to 5 December 2008.

Executive directors of the company held unexercised options to subscribe for 280 000 (2007: 447 000) ordinary shares in terms of the Reunert 1985 Share Option Scheme. These options are due to expire on 29 August 2015.

Executive directors of the company held unexercised options to subscribe for 250 000 (2007: nil) ordinary shares in terms of the Reunert 2006 Share Option Scheme. These options are due to expire as follows:

- 125 000 on 13 December 2017
- 125 000 on 18 February 2018.

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 21 of the annual financial statements.

SUBSEQUENT EVENTS

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

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2008 is:

	2008 Rm	2007 Rm
In the aggregate net income	760,1	704,1
In the aggregate net losses	(36,7)	(18,3)
	723,4	685,8

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 2008

ACCOUNTING POLICIES

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.

During the current financial year, the group has adopted IFRS 7 – *Financial Instruments: Disclosures* which is effective from 1 October 2007, and the consequential amendments to IAS 1 – *Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 has been to expand the disclosures regarding the group's financial instruments.

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

Standards and interpretations	Details of amendment	Effective for annual periods beginning on or after
IFRS 1 – First time Adoption of International Financial Reporting Standards	Measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time	1 January 2009
IFRS 2 – Share-based Payment	Amendments to vesting conditions and cancellations	1 January 2009
IFRS 3 – Business Combinations	Amendments to accounting for business combinations	1 July 2009
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	Plan to sell the controlling interest in a subsidiary	1 July 2009
IFRS 7 – Financial Instruments: Disclosures	Presentation of finance costs	1 January 2009
IFRS 8 – Operating Segments	New standard on segment reporting	1 January 2009
IAS 1 – Presentation of Financial Statements	Amendments to structure of financial statements Current/non-current classification of derivatives	1 January 2009
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	Status of implementation guidance	1 January 2009
IAS 10 – Events after the Reporting Period	Dividends declared after the end of the reporting period	1 January 2009
IAS 16 – Property, Plant and Equipment	Recoverable amount Sale of assets held for rental	1 January 2009
IAS 18 – Revenue	Costs of originating a loan	1 January 2009
IAS 19 – Employee Benefits	Curtailments and negative past service costs Plan administration costs Replacement of term 'fall due' Guidance on contingent liabilities	1 January 2009
IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	Government loans with a below-market rate of interest Consistency of terminology with other IFRSs	1 January 2009
IAS 23 – Borrowing Costs	Amendment requiring capitalisation model only Components of borrowing costs	1 January 2009
IAS 27 – Consolidated and Separate Financial Statements	Amendment dealing with measurement of the cost of investments when adopting IFRS for the first time Consequential amendments from changes to business combinations Measurement of subsidiary held for sale in separate financial statements	1 July 2009

Standards and interpretations		Details of amendment	Effective for annual periods beginning on or after
IAS 28 –	Investments in Associates	Consequential amendments from changes to business combinations Required disclosures when investments in associates are accounted for at fair value through profit or loss Impairment of investment in associate	1 January 2009
IAS 29 –	Financial Reporting in Hyperinflationary Economies	Description of measurement basis in financial statements Consistency of terminology with other IFRSs	1 January 2009
IAS 31 –	Interests in Joint Ventures	Consequential amendments from changes to business combinations Required disclosures when interest in jointly controlled entities are accounted for at fair value through profit or loss	1 January 2009
IAS 32 –	Financial Instruments: Presentation	Certain financial instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities	1 January 2009
IAS 34 –	Interim Financial Reporting	Earnings per share disclosures in interim financial reports	1 January 2009
IAS 36 –	Impairment of Assets	Disclosure of estimates used to determine recoverable amount	1 January 2009
IAS 38 –	Intangible Assets	Advertising and promotional activities Unit of production method of amortisation	1 January 2009
IAS 39 –	Financial Instruments: Recognition and Measurement	Reclassification of derivatives into or out of the classification at "fair value through profit or loss" Designation and documenting hedges at the segment level Applicable effective interest rate on cessation of fair value hedge accounting	1 January 2009
IAS 39 –	Financial Instruments: Recognition and Measurement	Clarifies hedge accounting issues: – Inflation in a financial hedged item – A one-sided risk in a hedged item	1 July 2009
IAS 40 –	Investment Property	Property under construction or development for future use as investment property Consistency of terminology with IAS 8 Investment property held under lease	1 January 2009
IFRIC 12 –	Service Concession Arrangements	Interpretation	1 January 2008
IFRIC 13 –	Customer Loyalty Programmes	Interpretation	1 July 2008
IFRIC 14 –	IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Interpretation	1 January 2008

The impact of the adoption of the above standards and interpretations has not yet been determined.

BASIS OF PREPARATION

The consolidated financial statements are presented in 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 or fair value bases under IFRS.

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

Accounting policies continued > for the year ended 30 September 2008

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

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

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

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

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 or 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 and adjusted for post-acquisition changes in the group's share of the net assets of the associates, less any impairment in the value of the individual investments.

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

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

Joint ventures

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

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

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 in accounting for intragroup transactions.

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 acquired, 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.

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

INVESTMENTS

All investments are initially recognised at 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 or losses arising from changes in fair value are recognised in the income statement for the period. For available-for-sale investments, gains or 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 fair value of the following categories of investments are measured at amortised cost using the effective interest rate method if they have a fixed maturity or at cost if there is no fixed maturity:

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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.

Accounting policies continued > for the year ended 30 September 2008

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 asset and the costs of the asset can be reliably measured. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in the income statement.

IMPAIRMENT OF ASSETS

The carrying amounts of the group's assets, other than deferred tax, are reviewed at 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 is raised.

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

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

Operating leases

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

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use, 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 differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities 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 assets, commission except from financial assets classified as available-for-sale and interest earned in the group's financing operations and excludes value added tax (VAT).

Accounting policies continued > for the year ended 30 September 2008

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

Revenue from the rendering of services is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the enterprise, the stage of completion at the 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 by the cellular service provider are disclosed at the amounts charged to subscribers.

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

OTHER INCOME

Included in other income is commission income from financial assets classified as available-for-sale which is dependent on the occurrence of sales on which the commission is payable.

DIVIDENDS

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

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Reunert group's 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 or losses arising from the settlement of such transactions are recognised in the income statement on a net basis unless the gains or losses are material, in which case they are reported separately.

Foreign currency balances

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

Unrealised differences on foreign monetary assets and liabilities are recognised in the income statement in the period in which they occur.

Foreign entities

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

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

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

On disposal of part or all of a consolidated foreign operation, the proportionate share of the related cumulative gains or 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

Financial assets

The group classifies its financial assets into the following categories:

- at fair value through profit or loss (at FVTPL)
- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial asset

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

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

Financial assets are recognised on transaction date when the group becomes party to the contract and obtains rights to receive economic benefits, and derecognises these financial assets when these rights no longer exist, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity. A financial asset is partially derecognised when the company is only entitled to a proportionate share of the future cash flows.

Financial assets are initially measured at cost, including transaction costs on transaction date except for items carried at fair value through profit or loss. Regular way purchases and sales of financial assets are accounted for at settlement date.

Financial assets at FVTPL

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

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

Held-to-maturity investments

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment.

Available-for-sale financial assets

Unlisted shares held by the group are classified as available-for-sale financial assets. On initial recognition, and subsequently at the balance sheet date, the available-for-sale assets are stated at fair value. Any unrealised gains or losses arising from the changes in fair value of

Accounting policies continued > for the year ended 30 September 2008

available-for-sale financial assets are recognised directly in equity. Where the investment is disposed of, the cumulative unrealised gain or loss previously recognised in equity is included in profit or loss for the period.

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

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

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

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

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire.

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are stated at their invoiced value as reduced by appropriate allowances for estimated irrecoverable amounts and cost of collection. An impairment is recognised when there is evidence that the group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is charged to the income statement.

Derivative instruments

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

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

Embedded derivatives

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

Hedge accounting

The group's criteria for a derivative instrument to be designated as a hedging instrument require that:

- the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;
- there is adequate documentation of the hedging relationship at the inception of the hedge; and
- for cash flow hedges, the forecasted transaction that is the subject of the hedge must be highly probable.

Fair value hedges

Changes in the fair value of derivatives are recorded in profit or loss, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

When forward exchange contracts are entered into as fair value hedges, all gains and losses on such contracts are charged to the income statement.

Cash flow hedges

The effective portion of the changes in the fair value of derivatives is deferred in equity. The gain or loss relating to the ineffective portion is recognised in profit or loss, and is included in the "other income" or "expenses" line of the income statement.

The effective portion of the gain or loss on the hedging instrument previously recognised in equity, is subsequently removed and included in profit or loss, in the same period or periods during which the hedged item affects profit or loss.

When a forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised in profit or loss.

Financial liabilities and equity instruments issued by the group

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

Debt instruments issued, which carry the right to convert to equity that is dependent on the outcome of uncertainties beyond the control of both the group and the holder, are classified as liabilities except where the possibility of conversion is certain. Financial liabilities include interest-bearing bank loans and overdrafts and trade and other payables.

Equity instruments

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

Financial guarantee contract

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

Financial guarantee contracts are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract; and
- the amount initially recognised less, where appropriate, cumulative amortisation.

Financial liabilities

Financial liabilities are either classified as:

- financial liabilities at fair value through profit or loss (at FVTPL); or
- other financial liabilities

Financial liabilities at FVTPL

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

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

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.

Other financial liabilities

Other financial liabilities, including interest-bearing bank loans and overdrafts, are initially recorded at the proceeds received, net of direct issue costs.

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

Trade and other payables are stated at their nominal value.

Derecognition

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

ABNORMAL ITEMS

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

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries, performance bonuses and annual leave represent the amounts which the group has a present obligation to pay as a result of 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% 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 has 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 significant judgements, estimates and assumptions:

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 25.

Impairments

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

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

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 29 to the annual financial statements.

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

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

Income statements > for the year ended 30 September 2008

	Notes	Group		Company	
		2008 Rm	2007 Rm	2008 Rm	2007 Rm
REVENUE	1	10 921,1	9 574,4	2 879,1	2 615,6
COST OF SALES		(7 915,4)	(6 763,1)	(1 845,9)	(1 696,5)
GROSS PROFIT		3 005,7	2 811,3	1 033,2	919,1
Other income		172,0	52,4	138,7	4,5
Other expenses		(1 605,1)	(1 545,0)	(569,1)	(566,2)
OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS	2	1 572,6	1 318,7	602,8	357,4
Interest and dividends received	3	103,5	112,0	446,9	1 771,6
Interest paid	4	(43,2)	(57,2)	(14,3)	(19,0)
PROFIT BEFORE ABNORMAL ITEMS		1 632,9	1 373,5	1 035,4	2 110,0
Abnormal items	5	1,5	(447,6)	2,4	(188,6)
PROFIT BEFORE TAXATION		1 634,4	925,9	1 037,8	1 921,4
Taxation	6	(486,8)	(427,4)	(206,8)	(160,9)
PROFIT AFTER TAXATION		1 147,6	498,5	831,0	1 760,5
Share of associate companies' profits	14	16,1	148,4		
PROFIT FOR THE YEAR		1 163,7	646,9	831,0	1 760,5
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Minority interest		7,1	7,6		
Equity holders of Reunert		1 156,6	639,3	831,0	1 760,5
		1 163,7	646,9	831,0	1 760,5
BASIC EARNINGS PER SHARE (CENTS)	7	650,1	361,7		
DILUTED BASIC EARNINGS PER SHARE (CENTS)	7	646,9	356,5		
CASH DIVIDEND DECLARED AND PAID PER SHARE (CENTS)					
- Interim	8	78,0	73,0		
CASH DIVIDEND DECLARED PER SHARE (CENTS)					
- Final	8	241,0	241,0		
TOTAL CASH DIVIDENDS DECLARED PER SHARE (CENTS)		319,0	314,0		

Balance sheets > at 30 September 2008

	Notes	Group		Company	
		2008 Rm	2007 Rm	2008 Rm	2007 Rm
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	569,6	565,7	215,4	216,8
Intangible assets	11	21,7	13,0	12,2	9,2
Goodwill	12	415,3	372,8	—	—
Interest in subsidiaries	13	—	—	2 207,0	1 480,1
Interest in associates	14	—	400,3	—	533,5
Other investments and loans	15	865,3	327,6	858,6	85,4
RCCF accounts receivable	16	1 274,8	—	—	—
Deferred taxation assets	17	32,0	37,9	—	—
		3 178,7	1 717,3	3 293,2	2 325,0
CURRENT ASSETS					
Derivative assets	32	30,2	3,9	6,0	—
Inventory and contracts in progress	18	979,7	915,1	392,0	395,1
RCCF accounts receivable	16	682,2	—	—	—
Other accounts receivable	16	1 905,1	1 712,2	452,0	358,6
Non-current assets held for sale	19	23,1	—	—	—
Taxation		—	—	—	14,3
Cash and cash equivalents	20	794,6	530,6	124,5	322,1
RCCF bank balances and cash	20	82,0	—	—	—
		4 496,9	3 161,8	974,5	1 090,1
TOTAL ASSETS		7 675,6	4 879,1	4 267,7	3 415,1
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	21	106,9	90,8	106,9	90,8
Share-based payment reserves	21	664,3	649,9	633,4	625,8
Treasury shares	21	(276,1)	(276,1)	—	—
Investment fair value reserve	22	621,1	—	608,3	—
Equity transaction with BEE partner	22	(35,3)	—	—	—
Non-distributable reserves	23	4,1	7,3	0,3	0,3
Retained earnings		2 590,4	1 997,1	2 262,1	2 057,3
Equity attributable to equity holders of Reunert		3 675,4	2 469,0	3 611,0	2 774,2
Minority interest		20,7	14,4	—	—
TOTAL EQUITY		3 696,1	2 483,4	3 611,0	2 774,2
NON-CURRENT LIABILITIES					
Deferred taxation liabilities	17	208,2	115,8	82,3	45,2
Long-term borrowings	24	12,8	278,8	45,9	69,3
RCCF long-term borrowings	24	699,9	—	—	—
		920,9	394,6	128,2	114,5
CURRENT LIABILITIES					
Derivative liabilities	32	7,0	9,0	2,7	5,8
Bank overdrafts and short-term portion of long-term borrowings		13,6	178,2	1,1	0,6
RCCF short-term borrowings	24	1 164,4	—	—	—
Provisions	25	59,8	59,2	4,9	8,7
Trade and other payables		1 729,4	1 742,6	483,3	511,3
Taxation		84,4	12,1	36,5	—
		3 058,6	2 001,1	528,5	526,4
TOTAL EQUITY AND LIABILITIES		7 675,6	4 879,1	4 267,7	3 415,1

Cash flow statements > for the year ended 30 September 2008

	Notes	GROUP		COMPANY	
		2008 Rm	2007 Rm	2008 Rm	2007 Rm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations before working capital changes	A	1 678,6	1 416,7	639,3	398,8
Increase in net working capital		(327,7)	(739,7)	(133,8)	(12,4)
Working capital changes (excluding RCCF)*	B	(295,2)	(439,0)	(133,8)	(12,4)
Movement in RCCF accounts receivable while a consolidated subsidiary (refer to note 34)		(32,5)	(300,7)		
Cash generated from operations		1 350,9	677,0	505,5	386,4
Interest received		99,3	104,3	30,5	47,4
Interest paid		(43,2)	(57,2)	(12,5)	(19,0)
Dividends received (including from associate)		91,1	153,7	416,4	1 724,2
Taxation paid	C	(410,8)	(568,6)	(158,1)	(223,1)
Net cash inflow from operating activities available to pay dividends		1 087,3	309,2	781,8	1 915,9
Dividends paid (including to outside shareholders in subsidiaries)	D	(569,0)	(879,3)	(626,2)	(990,8)
Net cash inflow/(outflow) from operating activities		518,3	(570,1)	155,6	925,1
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments to maintain operating capacity		235,4	(299,1)	21,6	(96,1)
– Repayment of non-current loans*		269,9	5,8	30,6	5,8
– Non-current loans granted*		(1,6)	(310,7)	(2,8)	(68,5)
– Replacement of property, plant and equipment		(44,3)	(62,1)	(15,4)	(34,7)
– Proceeds on disposal of property, plant and equipment, intangible assets, investments and other capital items		11,4	67,9	9,2	1,3
Investments to increase operating capacity		(1 156,7)	1 307,7	(479,2)	(1 089,7)
– Expansion of property, plant and equipment		(66,8)	(79,5)	(15,3)	(10,0)
– Additions of intangible assets		(6,0)	(7,4)	(0,4)	(5,8)
– Equity transaction with BEE partner		(35,3)	–	–	–
– (Increase)/decrease 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	(1 048,6)	(111,8)	(463,5)	(35,8)
Net cash (outflow)/inflow from investing activities		(921,3)	1 008,6	(457,6)	(1 185,8)

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
CASH FLOWS FROM FINANCING ACTIVITIES				
Funds provided by equity holders of Reunert	16,1	19,9	16,0	14,0
Long-term borrowings – raised*	0,1	370,4	–	7,8
– repaid*	(396,5)	(115,8)	(0,8)	(115,7)
Net loans to subsidiaries			89,2	551,7
Net cash (outflow)/inflow from financing activities	(380,3)	274,5	104,4	457,8
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(783,3)	713,0	(197,6)	197,1
NET CASH AND CASH EQUIVALENTS/(BORROWINGS) AT THE BEGINNING OF THE YEAR	482,8	(230,2)	322,1	125,0
NET (BORROWINGS)/CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**	(300,5)	482,8	124,5	322,1
**NET (BORROWINGS)/CASH AND CASH EQUIVALENTS ARE MADE UP OF:				
Cash and cash equivalents	794,6	530,6	124,5	322,1
Bank overdrafts	(12,7)	(47,8)	–	–
Net cash resources of the group/company excluding RCCF	781,9	482,8	124,5	322,1
	(1 082,4)	–		
RCCF bank balances and cash	82,0	–		
RCCF short-term borrowings	(1 164,4)	–		
Net (borrowings)/cash and cash equivalents	(300,5)	482,8	124,5	322,1
Net cash flows from operating activities before dividends paid and excluding movements in RCCF accounts receivable	1 119,8	609,9		
Operating cash flow per share (cents)	629,5	345,0		
<i>*In order to enhance disclosures the following amounts relating to discounted debtors with RCCF (refer to note 24), which did not entail a receipt or payment of cash and cash equivalents, have been included.</i>				
Decrease/(increase) in respect of short-term portion of accounts receivable (included in working capital changes (excluding RCCF))	145,3	(145,3)		
Decrease in respect of long-term portion of accounts receivable (included in repayment of non-current loans)	235,5	–		
Increase in respect of long-term portion of accounts receivable (included in non-current loans granted)	–	(235,5)		
Increase in respect of the borrowings (included in long-term borrowings – raised)	–	380,8		
Decrease in respect of the borrowings (included in long-term borrowings – repaid)	(380,8)	–		

Notes to the cash flow statements > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES				
Profit before taxation	1 634,4	925,9	1 037,8	1 921,4
Adjusted for:				
- Net interest received	(56,1)	(47,1)	(16,2)	(28,4)
- Dividends received	(4,2)	(7,7)	(416,4)	(1 724,2)
- Depreciation of property, plant and equipment	79,3	68,0	28,1	24,8
- Amortisation of intangible assets	7,3	6,3	3,5	3,7
- Negative goodwill	—	(1,1)	—	—
- Impairment of goodwill	—	0,8	—	—
- Net loss/(surplus) on disposal of property, plant and equipment	5,2	(0,5)	1,0	0,7
- Net surplus on disposal of intangible assets	—	(0,2)	—	—
- Other abnormal items	—	(34,5)	(2,4)	(1,7)
- Surplus on dilution in shareholding in investment in associate	(1,5)	—	—	—
- Surplus on disposal of businesses	—	(118,1)	—	(366,3)
- Share option expense	14,4	609,6	7,5	565,2
- Impairment of intangible assets	—	1,7	—	—
- Other non-cash movements	(0,2)	13,6	(3,6)	3,6
Cash generated from operations before working capital changes	1 678,6	1 416,7	639,3	398,8
B. WORKING CAPITAL CHANGES				
- Inventory and contracts in progress	(48,6)	(66,1)	14,2	3,5
- Accounts receivable, derivative assets and non-current assets held-for-sale	(192,6)	(240,3)	(106,6)	86,1
- Trade and other payables and derivative liabilities	(54,0)	(132,6)	(41,4)	(102,0)
Working capital changes	(295,2)	(439,0)	(133,8)	(12,4)
C. RECONCILIATION OF TAXATION PAID TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENT AS FOLLOWS:				
- Net amounts unpaid at beginning of year	(12,1)	(182,2)	14,3	(61,0)
- Current taxation per the income statement	(478,2)	(400,8)	(208,9)	(147,8)
- Translation reserve	—	0,3	—	—
- Taxation provisions of subsidiaries purchased	(4,9)	(0,3)	—	—
- Taxation provisions of subsidiaries sold	—	2,3	—	—
- Net amounts unpaid at end of year	84,4	12,1	36,5	(14,3)
Cash amounts paid	(410,8)	(568,6)	(158,1)	(223,1)
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	(567,2)	(484,1)	(626,2)	(600,1)
- Dividends paid to outside shareholders in subsidiaries	(1,8)	(4,5)	—	—
Cash amounts paid	(569,0)	(879,3)	(626,2)	(990,8)

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 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
Surplus on transfer/disposal	–	118,1	–	389,3
Attributable portion of goodwill arising in Quince on this transaction	–	107,1	–	–
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	(16,0)	(4,7)	(11,1)	–
Accounts receivable	(245,6)	(12,9)	(12,8)	–
Accounts receivable – RCCF	(1 924,5)	–	–	–
Trade and other payables and provisions	40,0	14,5	10,3	–
Taxation	4,9	0,3	–	–
Amounts due to bankers and short-term loans	858,4	–	–	–
Property, plant and equipment	(11,5)	(69,1)	(6,2)	–
Intangible assets	(10,0)	(1,6)	(6,0)	–
Deferred taxation	50,6	10,2	–	–
Net cash on hand at time of the acquisition	(73,7)	(8,2)	–	–
Long-term liabilities	700,7	24,1	0,2	–
Goodwill on previous acquisitions	–	(25,2)	–	–
Outside shareholders' interest	–	(26,9)	–	–
Goodwill on acquisitions	(137,1)	(20,5)	–	–
Attributable share of net assets at date of acquisition (decrease in investment in associates)	279,9	–	–	–
Shares purchased	–	–	(437,9)	(35,8)
Cost of investment	(483,9)	(120,0)	(463,5)	(35,8)
Net cash on hand at time of the acquisition	73,7	8,2	–	–
Amounts due to bankers and short term loans at time of acquisition	(858,4)	–	–	–
Loan taken over from the seller	219,0	–	–	–
Loans contributed by non-controlling shareholder	1,0	–	–	–
Net cash paid	(1 048,6)	(111,8)	(463,5)	(35,8)

Statement of changes in equity > for the year ended 30 September 2008

	GROUP										
	Notes	Share capital and premium Rm	Share-based payment reserves Rm	Treasury shares Rm	Investment fair value reserve Rm	Equity transaction with BEE partner Rm	Non-distributable reserves Rm	Retained earnings Rm	Attributable to equity holders of Reunert Ltd Rm	Minority interest Rm	Total Rm
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	23						(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; 21		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	21		2,1						2,1		2,1
Dividends declared and paid	8						(462,5)	(462,5)	(4,5)		(467,0)
Dividends declared to BEE partners	9.3						(15,8)	(15,8)			(15,8)
Issue of shares – share capital	21	0,2							0,2		0,2
– share premium	21	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	21										
– 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
Reunert share of equity accounted associate's actuarially valued surplus of medical aid provision transferred to retained income							(3,9)	3,9	–		–
Translation reserve reversing	23						0,7		0,7		0,7
Fair valuation of financial instrument – investment in NSN	14; 15; 22				660,3				660,3		660,3
Deferred taxation on fair value gain	14; 15; 22				(39,2)				(39,2)		(39,2)
Purchase of a portion of BEE partner's interest in a subsidiary	22					(35,3)			(35,3)		(35,3)
Net income recognised directly in equity		–	–	–	621,1	(35,3)	(3,2)	3,9	586,5	–	586,5
Profit for the year							1 156,6	1 156,6	7,1		1 163,7
Total recognised income and expense for the year		–	–	–	621,1	(35,3)	(3,2)	1 160,5	1 743,1	7,1	1 750,2
Share-based payment expense	2; 5; 21		14,4						14,4		14,4
Dividends declared and paid	8						(567,2)	(567,2)	(1,8)		(569,0)
Issue of shares – share capital	21	0,1							0,1		0,1
– share premium	21	16,0							16,0		16,0
Minority interest introduced										1,0	1,0
Balance at 30 September 2008		106,9	664,3	(276,1)	621,1	(35,3)	4,1	2 590,4	3 675,4	20,7	3 696,1

COMPANY

	Notes	Share capital and premium Rm	Share-based payment reserves Rm	Investment fair value reserve Rm	Non-distributable reserves Rm	Retained earnings Rm	Total Rm
Balance at 30 September 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	2; 5; 21		565,2				565,2
Dividends declared and paid	8					(554,1)	(554,1)
Issue of shares – share capital	21	0,2	44,3				44,5
– share premium	21	13,8					13,8
Shares cancelled in terms of the buy back of a portion of the treasury shares held by a subsidiary	21						
– 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
Fair valuation of financial instrument – investment in NSN				647,5			647,5
Deferred taxation on fair value gain				(39,2)			(39,2)
Net income recognised directly in equity				608,3	–	–	608,3
Net profit for the year						831,0	831,0
Total recognised income and expense for the year		–	–	608,3	–	831,0	1 439,3
Share-based payment expense	2; 5; 21		7,6				7,6
Dividends declared and paid	8					(626,2)	(626,2)
Issue of shares – share capital	21	0,1					0,1
– share premium	21	16,0					16,0
Balance at 30 September 2008		106,9	633,4	608,3	0,3	2 262,1	3 611,0

Notes to the annual financial statements > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
1. REVENUE				
Revenue excludes revenue of associate companies and includes export revenue of R791,3 million (2007: R619,0 million) and interest received of R101,2 million (2007: R129,0 million) by RCCF from the date of acquiring a 100% stake in Quince (refer to note 34).				
2. OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS				
Operating profit before interest, dividends and abnormal items is stated after:				
Administration, management and other fees	38,7	34,3	28,2	23,1
Auditors' remuneration:				
Audit fees	10,4	9,2	4,8	3,9
Other fees	1,4	2,1	0,7	0,8
Expenses	0,1	0,1	—	—
	11,9	11,4	5,5	4,7
Depreciation:				
Buildings	5,7	4,8	3,8	3,0
Plant and equipment	67,5	58,5	22,2	19,8
Vehicles	6,1	4,7	2,1	2,0
	79,3	68,0	28,1	24,8
Amortisation:				
Intangible assets	7,3	6,3	3,5	3,7
Impairments in respect of the group relating to goodwill of Rnil (R0,8 million) have been included in abnormal items (refer to note 5).				
Bad debt expense	55,6	16,2	2,6	0,5
Rental income from investment properties (included in revenue)	(2,3)	(1,4)	—	—
Direct operating expenses arising from investment properties that generated rental income	1,4	1,8	—	—
Investment revenue from available-for-sale financial assets (included in other income)	(139,0)	—	(139,0)	—
The commission income is in respect of commission earned from the NSN Group based on the sales revenue for the subregion of which South Africa forms part. The commission is related to Reunert's investment in NSN. The current year's share of associate companies' profit does not include any income in respect of NSN due to the change in the nature of the investment (refer to note 15).				
Net realised (gains)/losses on currency exchange differences	(13,0)	40,9	11,7	34,9
Net unrealised (gains)/losses on currency exchange differences	(23,8)	5,0	(6,1)	(6,1)
Net realised (gains)/losses on fair value adjustments to derivative instruments	(7,6)	66,0	(0,5)	24,1
Net unrealised losses/(gains) on fair value adjustments to derivative instruments	1,6	(11,0)	(3,4)	(4,6)
	(42,8)	100,9	1,7	48,3

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
2. OPERATING PROFIT BEFORE INTEREST, DIVIDENDS AND ABNORMAL ITEMS continued				
Net (gains)/losses on financial assets and liabilities at FVTPL				
– designated as at FVTPL	(0,6)	–	–	–
– held for trading	(7,6)	1,1	–	–
Income from subsidiaries:				
Fees			5,1	6,6
Rental (included in revenue)			9,1	7,6
			14,2	14,2
Operating lease charges:				
Land and buildings	40,6	25,9	22,2	10,2
Vehicles and other	1,3	1,7	0,5	0,5
	41,9	27,6	22,7	10,7
Research and development expenditure:				
Financed by revenue from customers	10,9	24,0	–	–
Not financed by revenue from customers	48,8	46,7	34,6	35,5
	59,7	70,7	34,6	35,5
Net loss/(surplus) on disposal of plant, equipment and intangible assets	5,2	(0,7)	1,0	0,7
Government grants	(1,5)	(1,0)	–	(0,3)
Staff costs:				
Salaries and wages	1 101,9	951,3	–	–
Pension fund contributions	8,1	13,2	–	–
Provident fund contributions	67,7	62,6	–	–
Other staff costs	57,1	57,5	–	–
	1 234,8	1 084,6	–	–
Share-based payment expense in respect of the group's share option scheme (refer to note 21)	14,4	8,6	7,6	8,6
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	36,0	36,9	–	–
Post-employment benefits	3,1	2,8	–	–
Share-based payments	13,3	31,5	–	–
	52,4	71,2	–	–
The remuneration of directors and key management personnel is determined by the remuneration committee, which is based on market trends and the performance of individuals.				
Write-down of inventory (refer to note 18)	19,0	8,0	16,0	8,0

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
3. INTEREST AND DIVIDENDS RECEIVED				
Dividends received:				
– Unlisted subsidiaries			325,3	1 570,5
– Unlisted associates			86,9	146,0
– Other	4,2	7,7	4,2	7,7
	4,2	7,7	416,4	1 724,2
Interest received:				
– Subsidiaries			7,6	26,6
– From RCCF (as a consolidated subsidiary, refer to note 34)	20,7	43,5		
– Other	78,6	60,8	22,9	20,8
	99,3	104,3	30,5	47,4
	103,5	112,0	446,9	1 771,6
Interest earned on financial assets analysed by category of asset:				
Bank deposits	62,2	33,6	16,2	6,4
Loans and receivables	15,7	26,8	6,0	14,1
Held-to-maturity investments	0,4	0,1	0,4	0,1
	78,3	60,5	22,6	20,6
Interest earned on non-financial assets	21,0	43,8	7,9	26,8
	99,3	104,3	30,5	47,4
4. INTEREST PAID				
Subsidiaries			8,1	1,3
Long-term borrowings	0,4	16,1	–	12,6
Short-term loans and bank overdrafts	42,8	41,1	6,2	5,1
	43,2	57,2	14,3	19,0
Interest paid by RCCF (included in cost of sales)	68,7	71,2		
5. ABNORMAL ITEMS				
Reversal of provision for losses in subsidiaries			2,4	1,7
Net surplus on dilution in and disposal of businesses	1,5	118,1	–	366,3
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 21)	–	(556,6)	–	(556,6)
Impairment of goodwill	–	(0,8)	–	–
Impairment of intangible assets	–	(1,7)	–	–
Negative goodwill taken to profit in terms of IFRS 3 (refer to note 12)	–	1,1	–	–
Share-based payments expense in terms of broad-based scheme to group employees (refer to note 21)	–	(42,2)	–	–
Gross abnormal items	1,5	(447,6)	2,4	(188,6)
Taxation	–	14,7	–	–
Minority interest	–	0,2	–	–
Net abnormal items after minority interest	1,5	(432,7)	2,4	(188,6)

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
6. TAXATION				
South African current taxation:				
- Current year	442,2	350,6	176,0	117,4
- Prior year	(5,8)	0,3	(2,6)	(0,6)
Deferred taxation:				
- Current year (refer to note 17)	8,8	17,9	(0,3)	(1,3)
- Prior year (refer to note 17)	2,4	8,7	(0,2)	14,4
- Rate change (refer to note 17)	(2,6)	-	(1,6)	-
Secondary tax on companies:				
- Current year	37,6	48,1	35,5	31,0
	482,6	425,6	206,8	160,9
Foreign normal taxation:				
- Current year	4,2	1,8	-	-
	486,8	427,4	206,8	160,9
Reconciliation of rate of taxation	%	%	%	%
Effective rate of taxation	29,8	46,2	19,9	8,4
Movement in rate of taxation due to:				
- Dividends received	0,1	0,2	11,2	26,0
- Disallowable expenses	(0,3)	(11,2)	(0,2)	(3,1)
- Secondary tax on companies	(2,3)	(5,2)	(3,4)	(1,6)
- Capital gains tax	-	(0,1)	-	-
- Adjustments from prior year	0,2	(1,0)	0,3	(0,7)
- Temporary differences not recognised	-	(0,4)	-	-
- Tax losses utilised not recognised previously	-	0,7	-	-
- Foreign tax rate differential	0,5	-	-	-
- Tax losses not recognised	(0,2)	(0,2)	-	-
- Tax rate change	0,2	-	0,2	-
South African normal tax rate	28,0	29,0	28,0	29,0
The group has total estimated tax losses available to be offset against future taxable income of R31,3 million (2007: R27,0 million). Deferred tax assets have not been raised unless future taxable income is probable.				
The group has capital gains tax losses of R34,2 million (2007: R26,5 million) which can be offset against future capital gains. Deferred tax assets have not been raised due to the uncertainty of any future capital gains.				

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008	2007	2008	2007
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)	177,9	176,7		
Adjusted by the dilutive effect of:				
– Unexercised share options granted (millions of shares)	0,9	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)	178,8	179,3		
*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 (R57,49) (2007: 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).				
	Rm	Rm	Rm	Rm
8. CASH DIVIDENDS				
Ordinary dividends paid:				
Final 2007 – 241 cents per share (2006: 210 cents per share)	472,8	410,9	472,8	410,9
Interim 2008 – 78 cents per share (2007: 73 cents per share)	153,4	142,7	153,4	142,7
Under-accrued 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	(59,0)	(91,6)		
	567,2	468,3	626,2	600,1
Final ordinary dividend declared:				
241 cents per share (2007: 241 cents per share)	474,6	472,8	474,6	472,8
Attributable to Reunert shares held by a subsidiary	(44,6)	(44,6)		
	430,0	428,2	474,6	472,8

	Notes	GROUP		COMPANY	
		2008 Rm	2007 Rm	2008 Rm	2007 Rm
9. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS					
HEADLINE EARNINGS PER SHARE (CENTS)	9.1	651,9	272,4		
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	9.1	648,7	268,4		
NORMALISED HEADLINE EARNINGS PER SHARE (CENTS)	9.2	630,1	570,3		
NORMALISED DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	9.2	626,9	562,0		
9.1 HEADLINE EARNINGS					
Profit attributable to equity holders of Reunert – IAS 33 basic earnings		1 156,6	639,3		
Headline earnings are determined by eliminating the effect of the following items in attributable earnings:					
		3,2	(158,0)		
Net surplus on dilution in and disposal of business		(1,5)	(118,1)		
Loss/(surplus) on disposal of property, plant and equipment and intangible assets		5,2	(35,2)		
Net impairments		–	1,4		
Taxation effect of adjustments		(0,5)	(6,1)		
Headline earnings attributable to equity holders of Reunert		1 159,8	481,3		
9.2 NORMALISED HEADLINE EARNINGS					
Headline earnings attributable to equity holders of Reunert (basic and diluted) (refer to note 9.1)		1 159,8	481,3		
Normalised headline earnings are determined by eliminating the effect of the following items in attributable headline earnings:					
		(0,4)	599,9		
BEE share of headline and normalised headline earnings adjustments		(0,4)	8,2		
BEE expense – share-based payment		–	556,6		
Share-based payment expense in terms of broad-based scheme to group employees		–	42,2		
Contribution by Reunert to employees of joint venture and associate		–	2,1		
Taxation effect of adjustments		–	(9,1)		
Minority effect of adjustments		–	(0,1)		
		1 159,4	1 081,2		
Net economic interest in profit attributable to BEE partners (refer to note 9.3)		(38,5)	(73,5)		
Normalised headline earnings attributable to equity holders of Reunert (basic and diluted)		1 120,9	1 007,7		

9. HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS continued

9.3 BLACK ECONOMIC EMPOWERMENT TRANSACTIONS

Interest in profit that is economically attributable to BEE partners

As referred to in note 24 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.

BEE expense – share-based payment

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 R556,6 million was recognised. The sale of Bargenel, which holds 18,5 million shares in Reunert, was done at a 10% discount on the Reunert share price. IFRS requires that this disposal not be 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 was 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 was raised as a result of the future tax deduction.

	GROUP	
	2008 Rm	2007 Rm
The effect of this has been to not recognise the following:		
Net economic interest in current year profit attributable to BEE partners (refer to note 9.2)	38,5	73,5
Balance sheet interest that is economically attributable to BEE partners	95,3	161,8

	GROUP			COMPANY		
	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
10. PROPERTY, PLANT AND EQUIPMENT						
2008						
Freehold land – investment	21,1		21,1	13,4		13,4
– owner-occupied	21,0		21,0	5,9		5,9
Freehold buildings – investment	3,9	0,5	3,4	16,5	–	16,5
– owner-occupied	79,5	15,0	64,5	27,9	9,4	18,5
Leasehold buildings – owner-occupied	64,9	12,6	52,3	49,5	5,9	43,6
Plant and equipment	880,7	494,1	386,6	292,1	180,0	112,1
Vehicles	40,8	20,1	20,7	11,1	5,7	5,4
	1 111,9	542,3	569,6	416,4	201,0	215,4
2007						
Freehold land – investment	22,9		22,9	13,4		13,4
– owner-occupied	22,1		22,1	5,9		5,9
Freehold buildings – investment	8,4	0,4	8,0	16,5	–	16,5
– owner-occupied	89,5	13,8	75,7	19,5	8,2	11,3
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

	Land		Buildings				2008 Total Rm	2007 Total Rm
	Investment Rm	Owner- occupied Rm	Investment Rm	Owner- occupied Rm	Plant and equipment Rm	Vehicles Rm		
10. PROPERTY, PLANT AND EQUIPMENT continued								
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – GROUP								
Net book value at the beginning of the year	22,9	22,1	8,1	126,2	368,8	17,6	565,7	455,4
Acquisition of businesses	–	–	–	5,6	5,2	0,7	11,5	69,1
Additions	–	–	–	5,8	94,2	11,1	111,1	141,6
Disposals of businesses	–	–	–	–	–	–	–	(1,2)
Disposals	–	–	–	–	(13,7)	(2,6)	(16,3)	(31,2)
Classified as owner occupied	(1,8)	1,8	(4,6)	4,6	–	–	–	–
Classified as held-for-sale	–	(2,9)	–	(19,8)	(0,4)	–	(23,1)	–
Depreciation	21,1	21,0	3,5 (0,1)	122,4 (5,6)	454,1 (67,5)	26,8 (6,1)	648,9 (79,3)	633,7 (68,0)
Net book value at the end of the year	21,1	21,0	3,4	116,8	386,6	20,7	569,6	565,7
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT – COMPANY								
Net book value at the beginning of the year	13,4	5,9	16,5	56,2	118,0	6,8	216,8	204,0
Acquisition of businesses	–	–	–	5,6	0,3	0,3	6,2	–
Additions	–	–	–	4,1	24,7	1,9	30,7	44,7
Disposals of businesses	–	–	–	–	–	–	–	(5,2)
Disposals	–	–	–	–	(8,7)	(1,5)	(10,2)	(1,9)
Depreciation	13,4	5,9	16,5 –	65,9 (3,8)	134,3 (22,2)	7,5 (2,1)	243,5 (28,1)	241,6 (24,8)
Net book value at the end of the year	13,4	5,9	16,5	62,1	112,1	5,4	215,4	216,8

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 R35,5 million (2007: R33,3 million).
The open-market values were determined in 2007 by independent valuers who hold recognised and relevant qualifications and who have recent experience in the locations and categories of the investment properties being valued and adjusted to 2008 values using relevant building price indices to determine value increases.
- Useful lives used for the following categories:
Buildings 12 – 50 years
Plant 5 – 33,3 years
Office equipment 5 – 20 years
Computer equipment 3,3 – 10 years
Furniture 5 – 20 years
Vehicles 3 – 12 years
- The insurable value of the group's property, plant and equipment as at 30 September 2008 amounted to R4,1 billion (2007: R3,5 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.
- During the year under review the classification of investment property changed from investment property to owner-occupied property when companies within the group started to utilise the property.

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
6. Operating leases receivable				
Total future minimum lease payments receivable for all non-cancellable leases on land and buildings				
< 1 year	–	–	4,7	4,7
1 – 5 years	–	–	7,1	11,8
	–	–	11,8	16,5
Gross carrying amount of assets leased under operating leases	–	–	26,8	26,3
Accumulated depreciation	–	–	(1,6)	(1,4)
	–	–	25,3	24,9

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP			COMPANY		
	Cost Rm	Accumulated amortisation and impairments Rm	Net book value Rm	Cost Rm	Accumulated amortisation and impairments Rm	Net book value Rm
11. INTANGIBLE ASSETS						
2008						
Computer software	48,8	36,7	12,1	10,7	7,8	2,9
Customer list, restraint of trade and order book	16,6	7,0	9,6	11,0	1,7	9,3
	65,4	43,7	21,7	21,7	9,5	12,2
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

	Computer software Rm	Customer list, restraint of trade and order book Rm	2008 Total Rm	2007 Total Rm
MOVEMENT IN INTANGIBLE ASSETS – GROUP				
Net book value at beginning of the year	7,5	5,5	13,0	11,9
Acquisition of businesses	4,0	6,0	10,0	1,6
Additions	5,9	0,1	6,0	7,4
	17,4	11,6	29,0	20,9
Amortisation	(5,3)	(2,0)	(7,3)	(6,3)
Impairment	–	–	–	(1,6)
Net book value at end of the year	12,1	9,6	21,7	13,0
MOVEMENT IN INTANGIBLE ASSETS – COMPANY				
Net book value at beginning of the year	4,8	4,4	9,2	8,2
Acquisition of businesses	–	6,0	6,0	–
Additions	0,5	–	0,5	5,8
Disposals of businesses	–	–	–	(1,1)
	5,3	10,4	15,7	12,9
Amortisation	(2,4)	(1,1)	(3,5)	(3,7)
Net book value at end of the year	2,9	9,3	12,2	9,2

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	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
12. GOODWILL				
Carrying value at the beginning of the year	372,8	326,8	—	13,8
Acquisition of businesses, associates and subsidiaries	137,1	45,7	—	—
Transfer of goodwill in respect of NSN to financial instrument – investment in NSN – at fair value (refer to note 15)	(94,6)	—	—	—
Disposal of businesses	—	—	—	(13,8)
Negative goodwill taken to profit in terms of IFRS 3 (refer to note 5)	—	1,1	—	—
Impairments	—	(0,8)	—	—
Carrying value at the end of the year	415,3	372,8	—	—
Goodwill	419,5	377,0	—	—
Accumulated impairments	(4,2)	(4,2)	—	—
	415,3	372,8	—	—
Carrying value attributable to:				
– Associates	—	94,6	—	—
– Joint ventures	10,7	10,7	—	—
– Subsidiaries	404,6	252,8	—	—
– Other businesses	—	14,7	—	—
	415,3	372,8	—	—

The recoverable amounts of the cash generating units (CGUs) are determined from fair value less costs to sell. Discounted cash flow calculations 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		
	Quince	Nashua Mobile	CBI-electric: african cables
Carrying amount of goodwill allocated to the CGU (Rm)	124,4	158,2	59,3
Pre-tax discount rates (%)	16,6	16,6	16,6
Sustainable growth rates (%)	7	7	7
The balance of goodwill of R73,4 million (2007: R60,7 million) has been allocated to other CGUs, none of which is considered significant in relation to total goodwill.			

	COMPANY	
	2008 Rm	2007 Rm
13. INTEREST IN SUBSIDIARIES		
(Refer to Annexure A)		
Shares at cost less impairments	2 498,3	1 767,6
Amounts owing by subsidiaries	595,3	310,1
Provision for losses	(124,9)	(127,3)
	2 968,7	1 950,4
Amounts owing to subsidiaries	(761,7)	(470,3)
	2 207,0	1 480,1

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
14. INTEREST IN ASSOCIATES				
Shares at cost	–	533,5	–	533,5
Less: Transfer to goodwill on consolidation	–	(133,6)		
Attributable interest in retained earnings	–	103,5		
Retained earnings at beginning of the year	103,5	101,1		
Profit after tax and abnormal items	16,1	148,4		
Dividends	(18,4)	(146,0)		
Transferred to financial instrument – investment in NSN – at fair value (refer to note 15)	(90,9)	–		
Quince transferred to interest in subsidiary (refer to note 13)	(10,3)	–		
Surplus on dilution of Reunert's investment in Quince	2,6	1,1		
Quince transferred to interest in subsidiary	(2,6)	–		
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	–	533,5
Directors' valuation – unlisted associate companies				
– NSN	–	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 30.				

Details of investments	Place of incorporation	GROUP			
		Number of shares held		Percentage interest	
		2008	2007	2008 %	2007 %
ASSOCIATE COMPANIES					
NSN (supplier of fixed and mobile voice and data networks) (refer to note 15)	RSA	–	56 000	–	40
Quince (provider of asset-backed financing) (refer note 34)	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

	Year-end	Carrying value	
		2008 Rm	2007 Rm
ASSOCIATE COMPANIES			
NSN (refer to note 15)	31 December	–	119,7
Quince (refer note 34)	30 September	–	280,6
Electric Products International (Pty) Limited	30 September	–*	–*
		–	400,3

*Nil due to rounding.

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
15. OTHER INVESTMENTS AND LOANS				
Reunert 1988 Share Purchase Trust loans – held at cost	15,1	13,9	15,1	13,9
Other loans – held at cost	37,2	40,6	37,2	40,6
Financial instrument – investment in NSN – at fair value*	806,0	–	806,0	–
Other unlisted investments – at cost	7,0	7,0	0,3	0,3
Long-term accounts receivable (refer to note 24)	–	266,1	–	30,6
Total investments and loans	865,3	327,6	858,6	85,4
Directors' valuation – other unlisted investments	813,0	7,0	806,3	0,3
Loans granted by Reunert Limited in respect of the share option scheme (the scheme)				
Option holders are obliged to pay 1 cent per share for shares purchased under the option scheme. Thereafter, Reunert may lend the shareholder the remainder of the funds required to purchase the shares at the option price. The loan is granted for a maximum of seven years. The interest rate applicable to the loan is determined in March and September each year for the following six months, based on a formula which takes the last dividend declared prior to granting the option divided by the option price, subject to a maximum of the official interest rate as set by the South African Revenue Services from time to time.				
Value of loans granted during the year to all scheme participants			6,3	5,3
Loans to the scheme include loans to Reunert executive directors:				
– Balance at the beginning of the year			1,5	3,8
– Advanced during the year			2,9	2,7
– Repaid during the year			(2,3)	(5,0)
Balance at the end of the year			2,1	1,5

*The nature of the investment in NSN and the income received from this investment (refer to note 2) has changed, following post-merger restructuring within the NSN group, with effect from 1 October 2007. Significant influence ceased as Reunert no longer has representation on the board of directors, even though Reunert retained a 40% legal ownership. The investment in NSN has consequently been reclassified as a financial instrument, and designated as "available-for-sale", as defined in IAS 39 – Financial Instruments: Recognition and Measurement.

Due to a change in the shareholders agreement, Reunert now earns commission on sales of NSN products. Future commissions are expected to replace dividend flows.

Previously income relating to the investment in NSN was recognised in terms of the equity method and included in share of associate companies' profits in the income statement.

The fair value of the investment is the discounted cash flow of the minimum amount specified in the shareholders' agreement in the event of the sale to NSN group, together with an estimation of future commissions. A constant growth rate of 5% in the commission income has been assumed.

An option exists whereby Reunert may put its investment in NSN to the other shareholders of NSN for a minimum price of R806 million. Similarly, the other shareholders of NSN may call on Reunert to sell its shares in NSN for a maximum of R960 million. The first time the options may be exercised is on 31 December 2010 and, if not exercised then, another opportunity exists for either party to exercise its option on 31 December 2012. Based on the constant growth rate discussed above the value of the option at 30 September 2008 is immaterial. If the commission were to decline by 5%, the value of the option would result in a financial asset of R109,0 million to be recognised. In this event the fair value of the investment would be R728,4 million. No sensitivity assuming a growth rate of more than 5% has been disclosed as the directors do not believe growth in excess of 5% is likely in the current economic environment.

For information regarding the maturity profile relating to other investments refer to note 32.

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
16. RCCF AND OTHER ACCOUNTS RECEIVABLE				
16.1 RCCF ACCOUNTS RECEIVABLE				
Discounted deals:				
Collectable within one year	698,2	—		
Provision for doubtful debts	(16,0)	—		
	682,2	—		
Collectable after one year	1 274,8	—		
	1 957,0	—		
The discounted deals comprise the present value of discounted rental agreements which are repayable over varying periods up to a maximum of five years from the balance sheet date. RCCF once again became a consolidated subsidiary with effect from 1 June 2008 (refer to note 34).				
16.2 ACCOUNTS RECEIVABLE				
Trade receivables	1 494,2	1 352,9	388,7	323,6
Contract receivables	77,2	68,0	—	—
Retention receivables	5,0	4,2	—	—
Claims, prepayments and other receivables	384,9	329,0	79,1	46,0
Provision for doubtful debts	(56,2)	(41,9)	(15,8)	(11,0)
	1 905,1	1 712,2	452,0	358,6
Trade receivables to the value of R182,5 million (2007: R169,7 million) have been ceded as security for liabilities.				

	Insured debtors Rm	Individuals/ contractors and small business Rm	Mines/large business/ government – national and regional Rm	Total Rm
16. RCCF AND OTHER ACCOUNTS RECEIVABLE continued				
16.3 MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS CLASSIFIED INTO MAJOR RISK TYPES (INCLUDING RCCF)				
GROUP 2008				
Balance at the beginning of the year	(2,9)	(29,1)	(9,9)	(41,9)
Increase in allowance	(1,3)	(77,3)	(6,8)	(85,4)
Amounts written off during the year (against provision)	0,4	58,3	1,6	60,3
Other	0,1	(5,2)	(0,1)	(5,2)
Balance at end of year	(3,7)	(53,3)	(15,2)	(72,2)
GROUP 2007				
Balance at the beginning of the year	(5,3)	(19,3)	(8,9)	(33,5)
Decrease/(increase) in allowance	1,4	(39,1)	(1,0)	(38,7)
Amounts written off during the year (against provision)	1,0	29,9	–	30,9
Other	–	(0,6)	–	(0,6)
Balance at end of year	(2,9)	(29,1)	(9,9)	(41,9)
COMPANY 2008				
Balance at the beginning of the year	–	(3,4)	(7,6)	(11,0)
Decrease/(increase) in allowance	–	0,2	(6,8)	(6,6)
Amounts written off during the year (against provision)	–	0,2	1,6	1,8
Other	–	0,1	(0,1)	–
Balance at end of year	–	(2,9)	(12,9)	(15,8)
COMPANY 2007				
Balance at the beginning of the year	–	(2,9)	(7,6)	(10,5)
Increase in allowance	–	(0,1)	–	(0,1)
Amounts written off during the year (against provision)	–	0,3	–	0,3
Other	–	(0,7)	–	(0,7)
Balance at end of year	–	(3,4)	(7,6)	(11,0)

Notes to the annual financial statements continued > for the year ended 30 September 2008

	Insured debtors Rm	Individuals/ contractors and small business Rm	Mines/large business/ government – national and regional Rm	Total Rm
16. RCCF AND OTHER ACCOUNTS RECEIVABLE continued				
16.4 AGEING OF PAST DUE BUT NOT IMPAIRED ACCOUNTS RECEIVABLE CLASSIFIED INTO MAJOR RISK TYPES (INCLUDING RCCF)				
GROUP 2008				
0 – 30 days	48,7	29,9	91,0	169,6
31 – 60 days	25,6	19,7	24,2	69,5
61 – 90 days	6,9	13,3	12,2	32,4
90+ days	3,9	5,5	25,2	34,6
Total	85,1	68,4	152,6	306,1
GROUP 2007				
0 – 30 days	23,7	24,0	56,6	104,3
31 – 60 days	4,4	13,5	30,8	48,7
61 – 90 days	2,4	10,6	11,8	24,8
90+ days	18,0	8,4	12,0	38,4
Total	48,5	56,5	111,2	216,2
COMPANY 2008				
0 – 30 days	2,2	10,7	10,0	22,9
31 – 60 days	13,7	11,8	2,1	27,6
61 – 90 days	–	5,7	1,7	7,4
90+ days	1,5	0,6	0,4	2,5
Total	17,4	28,8	14,2	60,4
COMPANY 2007				
0 – 30 days	–	–	–	–
31 – 60 days	–	6,4	15,1	21,5
61 – 90 days	–	4,3	0,8	5,1
90+ days	12,2	3,6	4,9	20,7
Total	12,2	14,3	20,8	47,3
16.5 ANALYSIS OF ACCOUNTS RECEIVABLE THAT ARE INDIVIDUALLY DETERMINED TO BE IMPAIRED CLASSIFIED INTO MAJOR RISK TYPES (INCLUDING RCCF)				
GROUP				
2008	2,6	20,1	11,7	34,4
2007	2,2	1,8	1,0	5,0
COMPANY				
2008	1,1	3,8	10,6	15,5
2007	–	1,8	–	1,8

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

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

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

In determining the recoverability of trade receivables, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being fairly large and unrelated. Where the recoverability of accounts receivable is considered doubtful, provision is made so that the carrying values reflect the estimated recoverable amount.

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
17. DEFERRED TAXATION ASSETS/LIABILITIES				
Movement of group deferred taxation				
Balance at the beginning of the year	(77,9)	(82,5)	(45,2)	(32,1)
Tax rate change	2,6		1,6	
Current year charge (refer to note 6)	(8,8)	(17,9)	0,3	1,3
Deferred tax directly in equity (refer to note 22)	(39,2)	–	(39,2)	–
Adjustment for prior years (refer to note 6)	(2,4)	(8,7)	0,2	(14,4)
Subsidiaries acquired	(50,5)	(10,2)		
Subsidiaries sold	–	41,4		
	(176,2)	(77,9)	(82,3)	(45,2)
Deferred taxation liabilities	208,2	115,8	82,3	45,2
Deferred taxation assets	32,0	37,9	–	–
Analysis of deferred taxation				
Capital allowances	(115,5)	(54,6)	(15,9)	(16,1)
Provisions and accruals	(18,5)	(11,6)	(31,2)	(29,5)
Advance income offset by allowed future expenditure	2,3	5,1	4,0	0,7
Effect of tax losses	(5,5)	(9,4)	–	–
Capital gains tax on fair valuation of financial asset	(39,2)	–	(39,2)	–
Other (net)	0,2	(7,4)	–	(0,3)
	(176,2)	(77,9)	(82,3)	(45,2)
18. INVENTORY AND CONTRACTS IN PROGRESS				
Raw materials and components	171,0	202,5*	59,5	72,9
Finished goods	288,3	201,3	65,4	51,5
Merchandise	291,4	293,7	264,4	269,4
Consumable stores	6,6	3,4	1,0	1,0
Contracts and other work-in-progress	222,4	214,2	1,7	0,3
	979,7	915,1	392,0	395,1
The value of inventory has been determined on the following bases :				
First-in first-out	541,9	518,7*	379,8	382,6
Weighted average cost	116,7	129,1	–	–
Net realisable value	10,4	3,8	3,9	1,7
Standard cost	310,7	263,5	8,3	10,8
	979,7	915,1	392,0	395,1
Write-down of inventory recognised in the income statement (refer to note 2)	19,0	8,0	16,0	8,0

*In the prior year raw materials and components were shown net of advance payments received from customers amounting to R35,3 million which had been utilised to finance the development, production and purchase of inventory. These utilised advanced payments are now disclosed in trade and other payables.

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
19. NON-CURRENT ASSETS HELD-FOR-SALE				
A property in Port Elizabeth owned by Telecom Cables, that is no longer required for production purposes has been classified as a non-current asset held-for-sale in the current year.				
Property, plant and equipment	23,1	–	–	–
20. RCCF AND OTHER CASH AND CASH EQUIVALENTS				
20.1 CASH AND CASH EQUIVALENTS				
Bank balances and cash	794,6	430,6	124,5	222,1
Redeemable preference shares (redeemed during 2008)	–	100,0	–	100,0
	794,6	530,6	124,5	322,1
20.2 RCCF BANK BALANCES AND CASH				
Bank balances and cash	82,0	–		
21. 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 2008	Number of shares 2007
ISSUED SHARE CAPITAL				
Ordinary shares of 10 cents each				
At the beginning of the year			196 173 545	195 354 676
Shares issued during the year in terms of Reunert 1985 share option scheme			748 640	851 600
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			196 922 185	196 173 545
	Rm	Rm	Rm	Rm
Ordinary shares of 10 cents each	19,7	19,6	19,7	19,6
350 000 5,5% cumulative preference shares of R2 each	0,7	0,7	0,7	0,7
	20,4	20,3	20,4	20,3
SHARE PREMIUM				
At the beginning of the year	70,5	56,7	70,5	56,7
Arising on the issue of ordinary shares	16,0	13,8	16,0	13,8
At the end of the year	86,5	70,5	86,5	70,5
Total issued share capital and premium	106,9	90,8	106,9	90,8

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
21. SHARE CAPITAL AND PREMIUM continued				
SHARE-BASED PAYMENT RESERVES				
As a result of IFRS 2				
At the beginning of the year	649,9	40,4	625,8	16,3
Share option reserve arising on the expensing of executive share options (refer to note 2)	14,4	8,6	7,6	8,6
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 venture and associate company	—	2,1	—	—
At the end of the year	664,3	649,9	633,4	625,8
TREASURY SHARES				
Reunert shares bought back and held by Bargenel 18 500 000 (2007: 18 500 000)	(276,1)	(276,1)		
			Number of shares 2008	Number of shares 2007
UNISSUED ORDINARY SHARES				
Total shares reserved to meet the requirements of the Reunert 1985 Share Option Scheme and the Reunert 1988 Share Purchase Scheme			3 400 000	4 400 000
The directors have general authority over these shares until the next annual general meeting.				

Notes to the annual financial statements continued > for the year ended 30 September 2008

21. SHARE CAPITAL AND PREMIUM continued

Executive Share Option Schemes

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

The terms of both schemes allow the recipient of the options to exercise one third after three years, and a further one third each in years four and five. Any options unexercised lapse after 10 years from the date of initial issue or the moment an option holder 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/ forfeited during the year (Thousands)	Number of options unexercised at the end of the year (Thousands)	Amount received for options exercised Rm
2008						
Exercise price						
R14,10	62	—	(10)	—	52	0,1
R15,80	124	—	(40)	(30)	54	0,6
R17,70	43	—	(23)	—	20	0,4
R15,99	731	—	(454)	(13)	264	7,3
R17,30	67	—	(67)	—	—	1,2
R41,90	2 335	—	(155)	(105)	2 075	6,5
R71,30	—	1 108	—	(10)	1 098	—
R53,50	—	1 207	—	(30)	1 177	—
	3 362	2 315	(749)	(188)	4 740	16,1
2007						
Exercise price						
R5,45	27	—	(27)	—	—	0,1
R14,10	157	—	(95)	—	62	1,3
R15,80	234	—	(110)	—	124	1,7
R17,70	64	—	(21)	—	43	0,4
R15,99	1 277	—	(503)	(43)	731	8,0
R17,30	133	—	(66)	—	67	1,2
R41,90	2 410	—	(30)	(45)	2 335	1,3
	4 302	—	(852)	(88)	3 362	14,0

The weighted average share price at the dates of exercise for share options exercised during the year was R56,72.

Estimated fair value of options granted after 7 November 2002:

	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
Share option					
R15,99	4,67	8,9	8,6	0,3	—
R17,30	4,95	1,0	0,9	0,1	—
R41,90	11,06	28,2	15,4	7,1	5,7
R71,30	17,41	19,3	—	4,0	15,3
R53,50	14,60	17,6	—	2,9	14,7
		75,0	24,9	14,4	35,7

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

21. SHARE CAPITAL AND PREMIUM continued

The inputs into the model were as follows:

	R15,99 Share option	R17,30 Share option	R41,90 Share option	R71,30 Share option	R53,50 Share option
Share price at issue (R)	15,99	17,30	41,90	71,30	53,50
Exercise price (R)	15,99	17,30	41,90	71,30	53,50
Expected volatility	25,14%	25,29%	25,25%	22,69%	25,34%
Expected option life	8 years	8 years	10 years	10 years	10 years
Expected dividend yield	5,93%	5,93%	5,67%	4,37%	4,51%
Risk-free interest rate	11,75%	10,32%	7,74%	9,70%	9,20%

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

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

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

R71,30 and R53,50 options

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

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

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
22. TRANSACTIONS RECOGNISED DIRECTLY IN EQUITY INVESTMENT FAIR VALUE RESERVE				
At the beginning of the year	—	—	—	—
Arising on the fair valuation of a financial instrument – investment in NSN (refer to note 15)	660,3	—	647,5	—
Deferred taxation on fair value gain	(39,2)	—	(39,2)	—
At the end of the year	621,1	—	608,3	—
EQUITY TRANSACTION WITH BEE PARTNER				
Payment to BEE partner in excess of amount owed by them (refer to statement of changes in equity and notes 24 and 34)	(35,3)	—	—	—
23. NON-DISTRIBUTABLE RESERVES				
Statutory and other reserves				
At the beginning of the year	4,4	0,8	—	—
Movement	(3,2)	3,6	—	—
At the end of the year	1,2	4,4	—	—
Capital redemption reserve at the end of the year	2,9	2,9	0,3	0,3
Total non-distributable reserves	4,1	7,3	0,3	0,3

Notes to the annual financial statements continued > for the year ended 30 September 2008

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
24. LONG-TERM BORROWINGS				
Secured – at amortised cost				
Long-term loans	0,2	386,7	–	–
Less: Short-term portion	–	(130,2)	–	–
	0,2	256,5	–	–
Finance leases	0,2	0,2	47,0	47,6
Less: Short-term portion	(0,1)	(0,2)	(1,1)	(0,6)
Total secured	0,3	256,5	45,9	47,0
Unsecured – at amortised cost				
Long-term loans	13,3	–	–	–
Less: Short-term portion	(0,8)	–	–	–
Loan repaid by BEE partner*	–	22,3	–	22,3
Total unsecured	12,5	22,3	–	22,3
Total long-term borrowings	12,8	278,8	45,9	69,3

*Loan repaid by the BEE partner represented a portion of dividends paid by ATC to Powerhouse, which were used to repay a 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. With effect from 1 April 2008 Reunert bought back 15,0% of ATC's A shares from Powerhouse for R117 million leaving Powerhouse with a 10,1% shareholding (refer to statement of changes in equity and note 22 and note 34).

The long-term borrowing in the previous year was an obligation to RCCF which is now a consolidated subsidiary (refer to note 34). Various operations in the group dealing in office equipment discounted debtors with RCCF on the basis that the risk of bad debts was carried by the Reunert operations. In terms of current accounting practice, these debtors could not be derecognised by the Reunert operations. Accordingly the long-term portion of the debtors were included in long-term accounts receivable (refer to note 15), the short-term portion in accounts receivable and the outstanding balance of cash received from RCCF in long-term borrowings.

The increase in borrowings arose due to Quince becoming a consolidated subsidiary (refer to note 34). Previously it was an equity accounted associate. It is difficult to quantify the exact effect on earnings per share and headline earnings per share, however, since Quince became a subsidiary it has made a positive contribution to earnings.

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.

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Amounts payable under finance leases				
Total minimum lease payments	0,2	0,1	78,8	84,4
< 1 year	0,1	0,1	6,0	5,6
1 – 5 years	0,1	–	28,8	26,8
> 5 years	–	–	44,0	52,0
Less: Future finance charges	–	–	(31,8)	(36,8)
< 1 year	–	–	(4,9)	(5,0)
1 – 5 years	–	–	(17,4)	(18,4)
> 5 years	–	–	(9,5)	(13,4)
Present value of minimum lease payments	0,2	0,1	47,0	47,6
< 1 year	0,1	0,1	1,1	0,6
1 – 5 years	0,1	–	11,4	8,4
> 5 years	–	–	34,5	38,6

Reunert entered into a lease agreement with RCCF, taken over by RFCL on 1 September 2007, whereby the new Nashua building is leased over a period of 12 years at an interest rate of 10,5% per annum. 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 relate to minor equipment with average lease terms of three to five years. The group has options to purchase the equipment for nominal amounts at the conclusion of the lease agreement. The group's obligations under finance leases are secured by the lessors' title to the leased assets.

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

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
25. PROVISIONS					
GROUP					
Warranty	39,5	6,0	–	–	45,5
Contract completion	–	4,4	–	–	4,4
Unfunded pension obligations	1,6	–	(1,6)	–	–
Other	18,1	9,6	(12,4)	(5,4)	9,9
	59,2	20,0	(14,0)	(5,4)	59,8
COMPANY					
Warranty	0,6	0,2	(0,1)	(0,1)	0,6
Other	8,1	1,6	–	(5,4)	4,3
	8,7	1,8	(0,1)	(5,5)	4,9

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 utilisation relating to the warranty provisions. It has been assumed that the provisions are short-term in nature.

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
26. COMMITMENTS				
Expenditure on property, plant and equipment				
– Contracted	9,0	54,5	1,5	38,1
– Authorised not yet contracted	65,2	25,7	10,4	14,5
Total expenditure on property, plant and equipment	74,2	80,2	11,9	52,6
The above expenditure, to occur in 2009 and 2010 will be financed from existing group resources.				
Operating lease commitments in respect of land and buildings, motor vehicles and other assets				
< 1 year	30,3	24,6	11,6	11,0
1 – 5 years	56,1	68,3	35,2	51,1
> 5 years	4,5	4,2	4,4	4,2
Total operating lease commitments	90,9	97,1	51,2	66,3
Comprising				
Land and buildings	90,0	95,5	51,1	66,3
Motor vehicles and other assets	0,9	1,6	0,1	–
Total operating lease commitments	90,9	97,1	51,2	66,3
27. CONTINGENT LIABILITIES				
Guarantees on behalf of subsidiary companies			26,1	15,8
			26,1	15,8

Notes to the annual financial statements continued > for the year ended 30 September 2008

28. 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
2008						
G Pretorius	2 593	3 396	312	473	18	6 792
BP Gallagher	1 409	1 829	139	263	18	3 658
GJ Oosthuizen	1 265	1 629	125	222	18	3 259
DJ Rawlinson	1 348	1 786	144	243	51	3 572
	6 615	8 640	720	1 201	105	17 281
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

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

NON-EXECUTIVE DIRECTORS	COMPANY	
	2008	2007
	Total paid for the year (all directors' and committee fees)	
	R'000	R'000
MJ Shaw	425	393
BP Connellan	162	144
KS Fuller	188	166
SD Jagoe	209	187
KJ Makwetla	98	91
KC Morolo (resigned 1 February 2008)	33	91
TJ Motsahi (appointed 1 June 2008)	33	—
TS Munday (appointed 1 June 2008)	36	—
ND Orleyn (appointed 23 May 2007)	98	33
JC van der Horst	139	129
	1 421	1 234

28. DIRECTORS' REMUNERATION AND INTERESTS continued
SHARE OPTIONS

EXECUTIVE DIRECTORS	Balance of unexercised share options as at 1 October 2007	Number of options granted during the year	Number of options exercised during the year	Balance of unexercised share options as at 30 September 2008	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	66 800		(66 800)	–	15,99	55,65	14/5/2008	2 649	13/5/2003	13/5/2006
	120 000			120 000	41,90				29/8/2005	29/8/2008
		50 000		50 000	71,30				13/12/2007	13/12/2010
BP Gallagher		50 000		50 000	53,50				18/2/2008	18/2/2011
	33 400		(33 400)*	–	15,99	55,65	14/5/2008	1 325	13/5/2003	13/5/2006
	50 000			50 000	41,90				29/8/2005	29/8/2008
GJ Oosthuizen		25 000		25 000	71,30				13/12/2007	13/12/2010
		25 000		25 000	53,50				18/2/2008	18/2/2011
	33 400		(33 400)*	–	15,99	55,65	14/5/2008	1 325	13/5/2003	13/5/2006
DJ Rawlinson	50 000			50 000	41,90				29/8/2005	29/8/2008
		25 000		25 000	71,30				13/12/2007	13/12/2010
		25 000		25 000	53,50				18/2/2008	18/2/2011
	447 000	250 000	(167 000)	530 000				6 624		

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

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

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

29. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits to its employees, 72% (2007: 89%) of the group's employees belong to various retirement schemes.

Industrial legislation requires that certain employees be members of designated industry schemes. At year-end 14% (2007: 29%) 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 R7,9 million (2007: R8,4 million).

Of the group's total employees, 34% (2007: 37%) 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 2007 and found to be in a sound financial position. The total employer contribution to this fund amounted to R43,1 million (2007: R35,7 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 R2,2 million (2007: R2,4 million). The fund was actuarially valued in terms of the Pension Funds Second Amendments Act, 2001 at February 2008, at which date the fund was found to be in a sound financial position. A further actuarial valuation was done in terms of IAS 19 and an unfunded pension obligation of Rnil at 30 September 2008 (2007: R1,6 million) arose.

The remaining 24% (2007: 23%) 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. All of these funds are subject to the Pension Funds Act, 1956. The total employer contributions to these funds amounted to R22,8 million (2007: R29,3 million).

In 2007 1,7% of the group's employees belonged to defined benefit funds, most of whom belonged to the Engineering Industries' Pension Fund, which was in surplus at the end of last year. 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:

	2008 Rm	2007 Rm
Current service cost	4,0	4,3
Interest costs	8,2	8,2
Expected return on plan assets	(11,6)	(9,7)
Amount charged to income	0,6	2,8
The charge for the year has been included in other expenses.		
Actual return on plan assets	(10,8)	(26,6)
The amount included in the balance sheet arising from the group's obligation in respect of defined benefit retirement plans is as follows:		
Present value of funded obligations	104,6	95,9
Unrecognised actuarial gains	22,0	23,8
Unrecognised due to limit according to paragraph 58 of IAS 19	3,5	—
Fair value of plan assets	(130,1)	(118,1)
Unfunded pension obligations	—	1,6
Analysed as follows		
At the beginning of the year	1,6	1,7
Amounts charged to income	0,6	2,8
Deemed contributions	(2,2)	(2,9)
At the end of the year	—	1,6
	%	%
Key assumptions used:		
Discount rate	9,3	8,3
Inflation rate	6,3	4,8
Expected return on plan assets	8,0	9,8
Expected rate of salary increases	6,3	8,0
Future pension increases	4,1	3,1
The fund is expected to be liquidated during the 2009 financial year.		

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

	ASSOCIATES				JOINT VENTURES			
	2008		2007		2008		2007	
	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm	Total Rm	Reunert share Rm
INCOME STATEMENT								
Revenue	208,5	98,3	4 379,0	1 760,4	761,1	380,6	699,9	350,0
Profit after taxation	34,1	16,1	365,6	148,4	55,0	27,5	48,8	24,4
Dividends	—	—	365,0	146,0	—	—	—	—
BALANCE SHEET								
Non-current assets	—	—	2 164,6	1 032,5	214,8	107,4	282,6	141,3
Current assets (excluding cash)	—	—	929,3	376,7	316,1	158,1	307,8	153,9
Cash and cash equivalents	—	—	374,1	156,9	50,0	25,0	52,7	26,4
Current liabilities	—	—	(2 251,6)	(1 010,7)	(162,4)	(81,2)	(219,8)	(109,9)
Non-current liabilities	—	—	(107,2)	(46,9)	(64,7)	(32,4)	(124,5)	(62,3)
Equity	—	—	(1 109,2)	(508,5)	(353,8)	(176,9)	(298,8)	(149,4)

	Reunert controlled interest	
	2008 %	2007 %
ASSOCIATE COMPANIES		
NSN (2007 only, refer to note 14 and 15)	40,0	40,0
Quince (until 31 May 2008, now 100% held subsidiary, refer to note 34)	—	48,0
JOINT VENTURES		
Lexshell 661 Investments (Pty) Limited	50,0	50,0
Telecom Cables	50,0	50,0

Notes to the annual financial statements continued > for the year ended 30 September 2008

31. RELATED PARTY TRANSACTIONS

Counterparty	Relationship	Sales Rm	Purchases Rm	Com- mission income Rm	Accounts receivable Rm	Accounts payable Rm	Long- term borrow- ings Rm	Short- term borrow- ings Rm	Net interest paid/ (received) Rm	Treasury shares Rm
GROUP 2008										
CAFCA	ATC owns 72% of CAFCA	2,2	5,7	—	—	—	—	—	—	—
Quince	Reunert owned 48% of Quince (Now 100%)	82,6	—	—	—	—	—	—	—	—
Telecom Cables	A joint venture	5,9	3,8	—	—	—	—	13,2	(3,9)	—
NSN	Reunert owns 40% of NSN	—	—	139,0	—	—	—	—	—	—
Bargenel	Owns 18,5 million Reunert shares	—	—	—	—	—	—	—	—	276,1
GROUP 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 owns 40% of NSN	—	0,9	—	—	—	—	—	—	—
Quince	Reunert owned 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
Telecom Cables	A joint venture	96,3	—	—	—	—	—	—	—	—
Counterparty		Sales Rm	Purchases Rm	Com- mission income Rm	Lease payments made Rm	Lease payments received Rm	Admini- stration fees paid Rm	Admini- stration fees received Rm	Other paid/ (received) Rm	
COMPANY 2008										
Subsidiaries of Reunert		355,1	176,9	—	0,4	—	377,1	5,1	—	
NSN	Reunert owns 40% of NSN	—	—	139,0	—	—	—	—	—	
COMPANY 2007										
Subsidiaries of Reunert		290,5	70,6	—	0,3	—	377,2	6,6	(1,9)	
Quince	Reunert owned 48% of Quince	—	—	—	5,0	—	—	—	—	
Transactions with key management personnel									2008 Rm	2007 Rm
– Payments to a post-employment benefit plan									3,1	2,7
– Services rendered (cellphone contracts)									0,3	0,2
– Loans from key management personnel									3,5	12,6
Refer to note 2 for information on compensation of key management personnel.										

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008 Rm	2007 Rm
Financial assets		
Fair value through profit or loss (FVTPL)		
Held-for-trading (included in derivative assets)	14,7	3,9
Designated as at FVTPL (RCCF hedge accounting) (included in derivative asset and long and short-term RCCF accounts receivable)	534,0	—
Held-to-maturity investments (included in investments)	6,8	6,8
Loans and receivables (including cash and cash equivalents, accounts receivable (including RCCF) and other investments and loans)	4 146,7	2 931,5
Available-for-sale financial assets (included in investments)	806,0	—
Derivative assets	30,2	3,9
FECs	12,3	1,7
Interest rate swaps – non-RCCF	2,4	2,2
Fair value through profit or loss (as above)	14,7	3,9
Interest rate swaps – RCCF	15,5	—
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held-for-trading (included in derivative liabilities)	(5,8)	(9,0)
Designated as at FVTPL (included in derivative liabilities)	(1,2)	—
Amortised costs (included in long-term borrowings, bank overdraft and short-term portion of long-term borrowings and accounts payable)	(3 326,5)	(2 002,1)
Derivative liabilities	(7,0)	(9,0)
FECs	(2,8)	(9,0)
Interest rate swaps – RCCF	(1,2)	—
Other	(3,0)	—

RISK MANAGEMENT

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

LIQUIDITY RISK

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations in respect of financial liabilities when they become due. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecast and actual cash flows. All of the group's short-term borrowings or excess cash is directed through RFCL, which is managed by senior management from the head office of the group.

The overnight call market is mainly used for short-term borrowings, with three to six-month borrowings used when deemed appropriate. Excess cash is only deposited with reputable banks and is spread over more than one bank to reduce exposures to any one institution.

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

	0 to 30 days Rm	31 to 180 days Rm	181 days to 1 year Rm	1 to 5 years Rm	> 5 years Rm	Total Rm
2008						
Financial liabilities included in trade and other payables	(927,7)	(489,2)	(18,8)	—	—	(1 435,7)
Bank overdrafts and short-term portion of long-term borrowings (non-RCCF)	(1,2)	(11,5)	(0,9)	—	—	(13,6)
Long-term borrowings (non-RCCF)	—	—	—	(12,8)	—	(12,8)
RCCF borrowings	(375,1)	—	(789,3)	—	(699,9)	(1 864,3)
Loan commitments	—	(2,3)	—	—	—	(2,3)
Derivative instruments						
FECs (gross settled)	(2,8)	—	—	—	—	(2,8)
Interest rate swaps – RCCF	—	—	—	(1,2)	—	(1,2)
Other derivative instruments (net settled)	(3,0)	—	—	—	—	(3,0)
	(1 309,8)	(503,0)	(809,0)	(14,0)	(699,9)	(3 335,7)
2007						
Financial liabilities included in trade and other payables	(804,8)	(648,7)	(64,4)	—	—	(1 517,9)
Bank overdrafts and short-term portion of long-term liabilities	(121,5)	(36,2)	(20,5)	—	—	(178,2)
Long-term borrowings	—	—	—	(142,1)	(136,7)	(278,8)
Derivative instruments						
FECs (gross settled)	(6,0)	(3,0)	—	—	—	(9,0)
	(932,3)	(687,9)	(84,9)	(142,1)	(136,7)	(1 983,9)

Notes to the annual financial statements continued > for the year ended 30 September 2008

32. FINANCIAL INSTRUMENTS continued

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

	<1 year Rm	1 to 5 years Rm	> 5 years Rm	Total Rm
2008				
Cash and cash equivalents	876,6	—	—	876,6
Financial assets included in accounts receivable (non-RCCF)	1 804,3	—	—	1 804,3
RCCF accounts receivable	682,2	1 274,8	—	1 957,0
Other investments and loans	—	855,1	10,2	865,3
Derivative instruments				
FECs	12,3	—	—	12,3
Interest rate swaps (non-RCCF)	2,4	—	—	2,4
Interest rate swaps (RCCF)	1,1	14,4	—	15,5
	3 378,9	2 144,3	10,2	5 533,4
2007				
Cash and cash equivalents	530,6	—	—	530,6
Financial assets included in accounts receivable	1 661,2	—	—	1 661,2
Other investments and loans	—	320,6	7,0	327,6
Derivative instruments				
Interest rate swaps	—	—	2,2	2,2
Other derivative instruments	1,7	—	—	1,7
	2 193,5	320,6	9,2	2 523,3

BORROWING CAPACITY

THE BORROWINGS OF THE GROUP ARE LIMITED IN TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION

	GROUP		COMPANY	
	2008 Actual Rm	2007 Actual Rm	2008 Actual Rm	2007 Actual Rm
Long-term borrowings	712,7	278,8	45,9	69,3
Bank overdrafts and short-term portion of long-term borrowings	1 178,0	178,2	1,1	0,6
Contingent liabilities (refer to note 27)	—	—	26,1	15,8
	1 890,7	457,0	73,1	85,7

The group's maximum borrowings in terms of the articles of association are R3 442,3 million (2007: R2 133,1 million).

The company's maximum borrowings in terms of the articles of association are R3 218,7 million (2007: R2 346,6 million).

2007

The long-term borrowings are the amounts due to RCCF relating to discounted debtors (refer note 24).

32. FINANCIAL INSTRUMENTS continued

CREDIT RISK

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

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

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

	GROUP		COMPANY	
	2008 %	2007 %	2008 %	2007 %
South Africa	92,5	90,9	90,3	97,7
Rest of Africa	2,1	1,9	7,7	1,0
Europe	3,2	5,1	1,1	0,6
Australasia	0,5	1,4	—	0,4
USA	0,4	0,4	—	0,2
Other	1,3	0,3	0,9	0,1
	100,0	100,0	100,0	100,0
The maximum exposure to credit risk of financial assets included in trade and other receivables before any impairment losses or credit enhancements and excluding any collateral held, classified into major risk types:				
	Rm	Rm	Rm	Rm
Trade and other receivables (including RCCF)	2 558,6	1 699,9	422,5	352,0
Insured debtors	419,8	342,8	180,4	141,9
Contractors	3,8	1,3	0,9	—
Individuals/small businesses	405,2	351,9	124,0	94,7
Mines/large businesses/government and parastatals	1 620,4	901,3	110,2	114,9
Municipalities	109,4	102,6	7,0	0,5
Derivative contracts	30,2	3,9	6,0	—
Insured debtors	6,7	—	6,0	—
Individuals/small businesses	—	2,2	—	—
Mines/large businesses/government and parastatals	23,5	1,7	—	—
	2 588,8	1 703,8	428,5	352,0

Notes to the annual financial statements continued > for the year ended 30 September 2008

32. FINANCIAL INSTRUMENTS continued

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The group has appointed a foreign currency management firm to manage its major currency exposures. A mandate is agreed with the firm from time to time which then manages the exposure within this mandate.

Forward exchange contracts at 30 September 2008 and 2007 are summarised below:

	GROUP			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised (gains)/losses Rm
2008				
Imports – trade				
USD	(21,3)	(177,1)	(168,3)	(8,8)
Euro	(15,5)	(184,9)	(187,9)	3,0
GBP	(1,4)	(21,3)	(21,4)	0,1
Yen	(706,7)	(56,6)	(53,3)	(3,3)
CHF	(1,3)	(9,9)	(9,7)	(0,2)
AUD	(0,2)	(1,3)	(1,4)	0,1
Imports – capital				
Euro	(0,2)	(2,5)	(2,5)	–
		(453,6)	(444,5)	(9,1)
Exports – trade				
USD	4,2	34,8	35,2	(0,4)
Euro	0,2	2,8	2,8	–
Yen	3,1	0,2	0,2	–
		37,8	38,2	(0,4)
Total net forward exchange contracts		(415,8)	(406,3)	(9,5)
				Rm
Accounts payable in foreign currencies				(343,8)
Of which covered by forward exchange contracts				332,2
Accounts receivable in foreign currencies				106,0
Of which covered by forward exchange contracts				(17,9)
				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
Total net forward exchange contracts		(474,3)	(483,3)	9,0
				Rm
Accounts payable in foreign currencies				(375,9)
Of which covered by forward exchange contracts				364,2
Accounts receivable in foreign currencies				68,3
Of which covered by forward exchange contracts				–

32. FINANCIAL INSTRUMENTS continued
FOREIGN CURRENCY RISK continued

Forward exchange contracts at 30 September 2008 and 2007 are summarised below:

	COMPANY			
	Foreign amount million	Fair value Rm	Contract value Rm	Unrealised (gains)/losses Rm
2008				
Imports – trade				
USD	(9,9)	(82,7)	(79,9)	(2,8)
Euro	(13,8)	(164,1)	(166,7)	2,6
GBP	(0,6)	(8,2)	(8,3)	0,1
Yen	(702,4)	(56,3)	(52,9)	(3,4)
CHF	(0,3)	(2,5)	(2,5)	–
AUD	(0,2)	(1,3)	(1,4)	0,1
		(315,1)	(311,7)	(3,4)
				Rm
Accounts payable in foreign currencies				(294,2)
Of which covered by forward exchange contracts				283,2
	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

32. FINANCIAL INSTRUMENTS continued

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the group's sensitivity to a 10% weakening (2007: 5% weakening) in the rand against the relevant foreign currencies. A 10% (2007: 5%) decrease represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and FECs, and adjusts their translation at the year-end for a 10% change in foreign currency rates.

	GROUP		COMPANY	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Before tax impact on (profit)/loss				
USD	(11,7)	1,5	(7,6)	4,7
Euro	(16,7)	(2,2)	(7,6)	(0,6)
GBP	(2,1)	(0,9)	(0,8)	0,2
Yen	–	0,8	–	0,8
CHF	(1,0)	–	(0,2)	–
AUD	(3,0)	–	(3,0)	–
(Profit)/loss before tax	(34,5)	(0,8)	(19,2)	5,1
Taxation	9,7	0,2	5,4	(1,5)
(Profit)/loss after taxation impact	(24,8)	(0,6)	(13,8)	3,6

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group, excluding RCCF, is exposed to interest rate risk as it operates on a net cash basis. RCCF is financed out of this net cash and external borrowings at variable rates. RCCF receivables may be either fixed or variable rate instruments. When deemed necessary, RCCF may enter into various interest rate instruments to mitigate the risk posed by financing fixed rate receivables with variable rate borrowings.

The company has not entered into any interest rate hedging instruments.

Details of the interest rate hedging instruments are:

	GROUP			
	Contracts expiring in:			Total Rm
	<1 year Rm	1 to 5 years Rm	> 5 years Rm	
2008				
Contract value	100,0	500,0	48,0	648,0
Derivative asset	1,1	13,2	2,4	16,7
Derivative asset (RCCF)	–	–	2,4	2,4
Derivative liabilities (RCCF)	1,1	14,4	–	15,5
Derivative liabilities (RCCF)	–	(1,2)	–	(1,2)
Average fixed interest rate	8,9%	11,1%	10,5%	
The interest rate hedges settle on a quarterly basis. The floating rate on the interest rate hedge is the three-month JIBAR. The group will settle the difference between the fixed and floating interest rate on a net basis.				
2007				
Contract value	–	–	48,0	48,0
Derivative asset	–	–	2,2	2,2
Average fixed interest rate	–	–	10,5%	

32. FINANCIAL INSTRUMENTS continued

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. The analyses are prepared assuming the amount of net assets outstanding at the balance sheet date was outstanding for the whole year. A 2% increase is used for both the current and prior year and represents management's assessment of the reasonable possible change in interest rates. A 2% decrease would have the opposite effect on net profit after tax.

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

	GROUP				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
2008					
Assets					
Cash and cash equivalents	10,0	872,9	—	3,7	876,6
Financial assets included in accounts receivable (non-RCCF)	13,0	100,5	—	1 665,9	1 766,4
RCCF accounts receivable	15,6	682,2	1 274,8	—	1 957,0
Other investments and loans	15,0	21,6	—	843,7	865,3
		1 677,2	1 274,8	2 513,3	5 465,3
Liabilities					
Financial liabilities included in trade and other payables	15,0	(12,1)	—	(1 423,6)	(1 435,7)
Bank overdrafts and short-term portion of long-term borrowings (non-RCCF)	14,5	(13,6)	—	—	(13,6)
Long-term borrowings (non-RCCF)	13,8	(12,8)	—	—	(12,8)
RCCF borrowings – long term	12,6	(699,9)	—	—	(699,9)
RCCF borrowings – short term	13,9	(1 164,4)	—	—	(1 164,4)
		(1 902,8)	—	(1 423,6)	(3 326,4)
Net financial (liabilities)/assets		(225,6)	1 274,8	1 089,7	2 138,9
2007					
Assets					
Cash and cash equivalents	9,2	522,8	—	7,8	530,6
Financial assets included in accounts receivable	11,3	237,6	188,8	1 489,4	1 915,8
Other investments and loans	11,6	47,6	266,1	13,9	327,6
		808,0	454,9	1 511,1	2 774,0
Liabilities					
Financial liabilities included in 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/(liabilities)		608,7	266,1	(40,4)	834,4

If the group's interest rate had been 2% higher and all other variables remained constant, the group's profit after tax for the year ended 30 September 2008 would decrease by R3,2 million (2007: increase by R8,6 million). This is mainly attributable to the group's exposure to interest rates on its variable rate deposits.

Notes to the annual financial statements continued > for the year ended 30 September 2008

32. FINANCIAL INSTRUMENTS continued

INTEREST RATE SENSITIVITY ANALYSIS continued

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

	COMPANY				
	Weighted average effective interest rate %	Floating interest rate Rm	Fixed interest rate Rm	Non-interest-bearing Rm	Total Rm
2008					
Assets					
Cash and cash equivalents	10,0	124,5	—	—	124,5
Financial assets included in accounts receivable	—	—	—	406,7	406,7
Other investments and loans	15,0	21,6	—	837,0	858,6
		146,1	—	1 243,7	1 389,8
Liabilities					
Financial liabilities included in trade and other payables	15,0	—	—	(425,6)	(425,6)
Bank overdrafts and short-term portion of long-term borrowings	14,5	—	(1,1)	—	(1,1)
Long-term borrowings	13,9	—	(45,9)	—	(45,9)
		—	(47,0)	(425,6)	(472,6)
Net financial assets/(liabilities)		146,1	(47,0)	818,1	917,2
2007					
Assets					
Cash and cash equivalents	9,2	321,8	—	0,3	322,1
Financial assets included in accounts receivable	—	—	—	333,4	333,4
Other investments and loans	11,6	62,3	—	556,6	618,9
		384,1	—	890,3	1 274,4
Liabilities					
Financial liabilities included in trade and other payables	9,4	—	—	(486,0)	(486,0)
Bank overdrafts and short-term portion of long-term borrowings	13,1	—	(0,6)	—	(0,6)
Long-term borrowings	13,9	—	(47,0)	(22,3)	(69,3)
		—	(47,6)	(508,3)	(555,9)
Net financial assets/(liabilities)		384,1	(47,6)	382,0	718,5

If the company's interest rates had been 2% higher and all other variables remained constant, the company's profit after tax for the year ended 30 September 2008 would increase by R2,1 million (2007: increase by R5,5 million). This is mainly attributable to the company's exposure to interest rates on its variable rate deposits.

32. FINANCIAL INSTRUMENTS continued

COMMODITY PRICE RISK (GROUP AND COMPANY)

The group makes use of copper, lead and aluminium hedges of short duration, when we have fixed price contracts, as a means of mitigating the price risks on these commodity purchases. The decision to hedge is made at operational level by senior management.

Should the commodity price increase by 10% and the rand weaken by 10%, the group's profit after tax would increase by R4,1 million.

Should the commodity price decrease by 10% and the rand strengthen by 10%, the group's profit after tax would decrease by an equivalent amount.

This sensitivity analysis is based on management's best assessment of the possible change in the commodity price and the rand/USD exchange rate.

FAIR VALUE OF FINANCIAL INSTRUMENTS (GROUP AND COMPANY)

The fair value of financial assets and liabilities are based on the following methods and assumptions and are determined as follows:

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

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

The carrying amounts of foreign currency denominated receivables have been converted at the rate of exchange ruling on the last day of the financial year. These amounts approximate fair value because of the short-term nature of these instruments.

The carrying amount of the RCCF long-term accounts receivable and discounted deals approximate fair value because the rates inherent in the deals are market related, and are the same rates used to discount back to their carrying values.

OTHER INVESTMENTS AND LOANS

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

TRADE AND OTHER PAYABLES

The carrying amounts of accounts payable denominated in rand approximate fair value because of the short-term nature of these liabilities. The carrying values of accounts payable denominated in foreign currencies have been converted at the rate of exchange ruling on the last day of the financial year. These amounts approximate fair value because of the short-term nature of these instruments.

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

FORWARD EXCHANGE CONTRACTS

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

INTEREST RATE SWAPS

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

OPTIONS (GROUP AND COMPANY)

NSN

(Refer to note 15.)

Powerhouse/ATC transaction

Refer to note 24 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.

Pansolutions

Reunert has entered into a derivative instrument with the BEE partners to buy back their shares in Pansolutions at 26% of net asset value, should they wish to dispose of their shares. The value of this instrument will only become evident when Pansolutions starts to earn profits. When the company starts to earn profits, in terms of IFRS 2 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.

33. 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	64,3
	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:

	2008 Z\$tr	2007* Z\$tr
INCOME STATEMENT		
Revenue	47 558,7	49 014,4
Operating profit	14 049,2	5 274,1
Interest paid	(26 183,3)	(10 965,5)
Fair value gain	2 159,6	–
Profit on net monetary position	20 065,8	17 689,7
Profit before taxation	10 091,3	11 998,3
Taxation charge	1 997,6	(7 592,9)
Net profit	12 088,9	4 405,4
Profit attributable to Reunert shareholders (Rm)	–	–
BALANCE SHEET		
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	5 930,0	4 449,0
Deferred tax asset	184,0	–
	6 114,0	4 449,0
<i>Current assets</i>		
Available-for-sale assets	3 720,0	–
Inventory	9 969,0	17 107,0
Accounts receivable	36 673,0	6 361,0
Cash	2 484,0	789,0
	52 846,0	24 257,0
Total assets	58 960,0	28 706,0
EQUITY AND LIABILITIES		
Share capital and reserves	23 009,0	11 366,0
	23 009,0	11 366,0
<i>Current liabilities</i>		
Accounts payable	35 930,0	16 800,0
Short-term borrowings	21,0	540,0
	35 951,0	17 340,0
Total equity and liabilities	58 960,0	28 706,0

The Zimbabwean inflation rate used to inflate the 2007 information to compare with 2008 is 112 688%.

*The 2007 information has been restated in terms of IAS 29 – *Financial Reporting in Hyperinflationary Economies*.

34. ACQUISITION OF BUSINESSES

2008

Acquisition of Nashua franchise

With effect from 1 November 2007 Nashua Holdings purchased 51% of the Nashua West Rand franchise. Nashua Holdings provided R20,4 million in loan finance to the other shareholders. The minority shareholders provided R1,0 million of equity.

Acquisition of Moeller

With effect from 1 April 2008 the business and net assets of Moeller were purchased by CBI-electric: low voltage division of Reunert Limited for R25,6 million.

Acquisition of Quince

With effect from 1 June 2008 Reunert Limited bought the 53% of Quince's share capital not previously owned by it. Simultaneously Quince sold its investments in ZS Rational and Scripfin to PSG.

Quince retained its 100% ownership of RCCF. The values placed on the respective businesses were the same as those used when the businesses were sold to Quince.

Reunert paid cash of R218,9 million to the previous shareholders and took over a loan obligation of R219 million from PSG.

	A Nashua franchises Rm	B Moeller Rm	C Quince (Group) Rm	D Quince (Company) Rm	(A to C) Group Rm	(B and D) Company Rm
Net assets acquired						
Property, plant and equipment	2,2	6,2	3,1	–	11,5	6,2
Intangible assets	–	6,0	4,0	–	10,0	6,0
Goodwill	12,7	–	124,4	–	137,1	–
Inventory	4,9	11,1	–	–	16,0	11,1
Accounts receivable	5,0	12,8	227,8	–	245,6	12,8
RCCF accounts receivable	–	–	1 924,5	–	1 924,5	–
Net cash	–	–	73,7	–	73,7	–
Payables and provisions	(4,2)	(10,3)	(25,5)	–	(40,0)	(10,3)
Amounts due to bankers and short-term loans	–	–	(858,4)	–	(858,4)	–
Long-term loans	(0,2)	(0,2)	(700,3)	–	(700,7)	(0,2)
Taxation	–	–	(4,9)	–	(4,9)	–
Deferred tax	–	–	(50,6)	–	(50,6)	–
Attributable share of net assets at date of acquisition (decrease in investment in associates)	–	–	(279,9)	–	(279,9)	–
Shares purchased in Quince	–	–	–	437,9	–	437,9
Cost of investment	20,4	25,6	437,9	437,9	483,9	463,5
(Loss)/profit since acquisition	(1,3)	1,5	16,5	–	16,7	1,5
Revenue for the full year ended 30 September 2008 as though the acquisition date had been 1 October 2007	58,7	80,4	295,6	–	434,7	80,4
(Loss)/profit for the full year ended 30 September 2008 as though the acquisition date had been 1 October 2007	(1,3)	1,4	39,5	–	39,6	1,4

Acquisition of 15% in ATC

With effect from 1 April 2008, Reunert purchased 15,0% of ATC's share capital from Powerhouse for R117,0 million, which resulted in R35,3 million charge to equity (refer to notes 22 and 24).

34. ACQUISITION OF BUSINESSES continued
2007
Telecom Cables

A new joint venture, CBI-electric Aberdare ATC Telecom Cables (Pty) Limited, 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) Limited), including the property from which it operates (Circular Drive Property (Pty) Limited). Nashua provided R11,8 million of loan finance to the other shareholders. The business was acquired with R10,7 million of existing goodwill. 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) Limited). 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' 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' 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 and E)
	Aberdare	Nashua	Nashua	RRS	RDL	Group	Company
	Rm	Tshwane	Eastern Cape	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	—

35. TRANSFER/DISPOSAL OF BUSINESSES

2007

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 former 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 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 (Pty) Limited 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, a division of Reunert to Pansolutions (Pty) Limited for R67,8 million, which Reunert lent to Pansolutions (Pty) Limited. Reunert realised a surplus of R39,9 million on the transaction.

Saco a division of Reunert Limited (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) Limited (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 explaining this transaction, Bargenel will be consolidated in the Reunert results until the preference shares financing the transaction have been repaid, since Reunert retains control of Bargenel.

	A	B	C	D	E	F	(A)	(B to F)
Net assets transferred/ disposed	RCCF Rm	Pan- solutions Rm	Saco Rm	Additional funds introduced RCCF Rm	Disposal of 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 2008

	Issued capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company			
		2008 %	2007 %	Shares		Indebtedness	
				2008 Rm	2007 Rm	2008 Rm	2007 Rm
CBI-electric							
CBI-electric: energy cables							
Afcab Holdings (Pty) Limited	4 000	100	100	67,7	67,7	64,8	64,8
African Cables Limited	9 886 098	100	100	—	—	—	—
ATC (Pty) Limited	751 197	89,9	74,9	48,0	130,0	—	—
Reutech Engineering Services (Pty) Limited	64 000	100	100	1,7	1,7	174,2	57,2
CBI-electric: low and medium voltage							
Circuit Breaker Industries GmbH (incorporated in Germany)	€25 565	100	100	—	—	4,4	2,2
Circuit Breaker Industries Inc. (incorporated in USA)	\$50 000	100	100	—	—	8,9	7,5
Circuit Breaker Industries Limited	46	100	100	—	—	(45,1)	(41,6)
Heinemann Electric (incorporated in Australia)	AUD 2	100	100	—	—	59,7	55,9
Heinemann Holdings Limited	35 000	100	100	16,4	16,4	(3,8)	(3,8)
CBI-electric: telecom cables							
CBI-electric Aberdare ATC Telecom Cables (Pty) Limited	378	44,95	37,5	—	—	23,0	77,9
Nashua							
Nashua Electronics							
Futronic (Pty) Limited	100	100	100	—	—	(0,3)	(0,3)
NPC (Airconditioning) Limited	200 000	100	100	2,2	2,2	—	(0,5)
NPC (Electronics) Limited	33 000	100	100	0,2	0,2	(5,0)	(3,9)
Pansolutions (Pty) Limited	1 000	74	74	—	—	2,5	0,4
Pansolutions Holdings Limited	100	100	100	45,0	45,0	(47,4)	(22,5)
RC&C (Parow Factory) Properties (Pty) Limited	2	100	100	0,5	0,5	—	—
RC&C Manufacturing Company (Pty) Limited	100	100	100	—	—	(14,8)	(5,6)
Nashua Mobile							
Nashua Mobile (Pty) Limited	9 741 983	100	100	267,8	267,8	2,6	3,2
Nashua Office Automation							
Acuo Technologies (Pty) Limited	4 000	100	100	—	—	19,8	8,4
Algoa Office Automation (Pty) Limited	200	51	51	—	—	3,7	1,8
Circular Drive Property (Pty) Limited	200	51	51	—	—	—	—
Classic Number Trading 80 (Pty) Limited	100	51	51	—	—	—	—
Kopano Copier Company (Pty) Limited	100	74	74	1,5	1,5	12,5	15,0
Nashua Connect (Pty) Limited	1 000	100	100	—	—	9,8	4,4
Nashua Holdings (Pty) Limited	2 000	100	100	—	—	33,7	17,9
Nashua Limited	947 794	100	100	6,3	6,3	(14,6)	(14,3)
Royce Imaging Industries (Pty) Limited	100	100	100	—	—	(4,5)	(2,0)
Zevoli 151 (Pty) Limited	100	51	—	—	—	4,6	—
RC&C Finance Company/ Quince Capital Holdings							
Quince Capital Holdings Limited	79 491 911	100	48	812,7	—	(431,5)	—
RC&C Finance Company (Pty) Limited	694	100	48	—	—	0,1	—

	Issued capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company			
		2008 %	2007 %	Shares		Indebtedness	
				2008 Rm	2007 Rm	2008 Rm	2007 Rm
REUTECH							
Reutech Communications							
Reutech Communications (Pty) Limited	2	100	100	—	—	—	—
Reutech Precision Products							
Reutech Defence Industries (Pty) Limited	600 000	100	100	0,3	0,3	0,4	0,4
Reutech Precision Products (Pty) Limited	50 000	100	100	—	—	—	—
Reutech Radar Systems							
Reutech Radar Systems (Pty) Limited	200	100	100	42,5	42,5	—	0,4
Reutech Solutions							
Reutech Solutions (Pty) Limited	2 000	100	100	14,6	14,6	—	10,1
Saco Systems (Pty) Limited	96 000	100	100	—	—	(0,1)	0,1
Saco Systems Limited (incorporated in UK)	£16 556	100	100	—	—	—	2,6
Reutech Limited	30 000 000	100	100	5,0	5,0	—	—
INVESTMENTS AND SERVICES							
Bargenel Investments Limited*		*	*	1 112,4	1 112,4	—	—
Reunert Finance Company Limited	4 000 000	100	100	4,0	4,0	(7,5)	(381,1)
Reunert Management Services Limited	4 000	100	100	—	—	(0,8)	(0,1)
Sundry companies				5,0	5,0	(15,7)	(14,7)
Investment in terms of a broad-based share-based payment transaction encompassing group employees**				44,5	44,5		
				2 498,3	1 767,6	(166,4)	(160,2)
Owing by (net)				(166,4)	(160,2)		
Provision for losses				(124,9)	(127,3)		
Interest in subsidiaries				2 207,0	1 480,1		

*Reunert owns Bargenel's entire issued cumulative "A" preference shares (1 112 405 shares of R0,01 each, issued at a premium of R999,99 per share). Reunert sold its investment in Bargenel's ordinary shares in 2007 (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 21 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 2008

	Ordinary shares			
	2008		2007	
	Number of shares (millions)	%	Number of shares (millions)	%
Major holdings through managers in excess of 5% (current and prior year)				
Old Mutual Investment Group SA	27,6	14,0	24,1	12,3
Public Investment Commissioners (SA)	19,6	9,9	19,8	10,1
Investec Asset Management	13,6	6,9	–	–
Polaris Capital (Pty) Limited (SA)	13,2	6,7	11,6	5,9

	Ordinary shares		5,5% cumulative preference shares	
	Number of shareholders	% shareholding	Number of shareholders	% shareholding
Shareholder spread				
Public shareholders	17 640	88,7	48	71,2
Non-public shareholders	4	11,3	2	28,8
– Total directors	1	–		
– Reunert Share Purchase Trust	1	1,7		
– Reunert Staff Share Trust	1	0,2		
– Bargenel*	1	9,4		
– Old Sillery (Pty) Limited			1	15,0
– G Boerstra			1	13,8
	17 644	100,0	50	100,0

	Ordinary shares		5,5% cumulative preference shares	
	(millions)	%	(thousands)	%
Beneficial holdings in excess of 5% of issued share capital				
Public Investment Commissioners (SA)	21,1	10,7		
Bargenel*	18,5	9,4		
Old Mutual Life Assurance Company Limited	11,6	5,9		
Old Sillery (Pty) Limited			52,5	15,0
G Boerstra			48,4	13,8
Agulhas Nominees (Pty) Limited			32,2	9,2
The Richardson Trust			31,9	9,1
DF Foster			24,4	7,0
J Fisher			19,9	5,7
JEG Wright			18,2	5,2

* Treasury shares (refer to note 21).

Shareholders' diary

REPORTING	
Annual general meeting	4 February 2009
Financial year-end	30 September 2009
Announcement of interim results for 2009	14 May 2009
Announcement of final results for 2009	18 November 2009
Annual report posted by	24 December 2009
FINAL DIVIDENDS FOR 2008	
<i>Ordinary shares</i>	
Declared	Monday, 24 November 2008
Last date to trade (cum dividend)	Friday, 9 January 2009
First date of trading (ex dividend)	Monday, 12 January 2009
Record date	Friday, 16 January 2009
Payment date	Monday, 19 January 2009
Shareholders may not dematerialise or rematerialise their holdings of Reunert shares between Monday, 12 January 2009 and Friday, 16 January 2009, both days inclusive.	
<i>5,5% cumulative preference shares</i>	
Declared	31 December 2008
	30 June 2009
Payable	30 January 2009
	31 July 2009
<i>Please note that the reporting dates are subject to change.</i>	

Currency conversion table

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

	2008	2007
US dollar	0,1210	0,1452
Pound sterling	0,0680	0,0710
Swiss franc	0,1355	0,1696
Japanese yen	12,8242	16,6900
Euro	0,0857	0,1020
Australian dollar	0,1514	0,1631

Notice of annual general meeting

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 95th 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 Wednesday, 4 February 2009 at 09:30 for the following purposes:

1. To receive and adopt the audited group annual financial statements for the year ended 30 September 2008.
2. To elect the following directors:
 - 2.1 Mr TJ Motsohi who was appointed a non-executive director on 1 June 2008 is required to retire in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.2 Mr TS Munday who was appointed a non-executive director on 1 June 2008 is required to retire in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.3 Mr KS Fuller who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.4 Mr DJ Rawlinson who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.5 Dr JC van der Horst who retires in terms of the company's articles of association and being eligible, offers himself for re-election.
 - 2.6 Mr MJ Shaw who retires in terms of the company's articles of association and being eligible, offers himself for re-election.

A brief curriculum vitae in respect of each director referred to above appears on pages 22 and 23 of the annual report.

3. To determine the remuneration of non-executive directors with effect from 1 October 2008 in accordance with the company's articles of association as follows:

	Current per annum	Proposed per annum
Chairman (includes director and committee fees)	R425 000	R468 000
Non-executive directors	R98 000	R108 000
Audit and risk committee chairman	R90 000	R100 000
Audit and risk committee member	R64 000	R71 000
Remuneration and nomination committee chairman	R47 000	R52 000
Remuneration and nomination committee member	R41 000	R46 000

4. ORDINARY RESOLUTION NO 1

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

"That 2 620 000 (two million six hundred and twenty 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 is effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counterparty (reported trades are prohibited);

Notice of annual general meeting continued

- this authority shall not extend beyond 15 (fifteen) months from the date of passing of this resolution or the date of the next annual general meeting, whichever is the earlier date;
- 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;
- an announcement providing such details as may be required in terms of the Listings Requirements of the JSE be published when the company or its subsidiaries have cumulatively repurchased 3% (three per cent) of the shares in issue and for every 3% (three per cent) in aggregate of the initial number of that class acquired thereafter;
- the general repurchase(s) may not in the aggregate in any one financial year exceed 20% (twenty per cent) of the number of shares in the company's issued share capital at the beginning of the financial year provided that a subsidiary of the company may not hold at any one time more than 10% (ten per cent) of the number of issued shares of the company;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the sponsor to the company provides a letter on the adequacy of working capital in terms of section 2.12 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 22 and 23 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 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 disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

- Directors and management pages 22 to 25;
- Major shareholders of Reunert page 110;
- Directors' interests and securities pages 22, 47 and note 28;
- Share capital of the company note 21;
- Litigation statement page 44; and
- Material change page 44.

VOTING AND PROXIES

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

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

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

By order of the board

Reunert Management Services Limited

Company secretary

Sandton

5 December 2008

CHANGE OF ADDRESS AND BANKING DETAILS

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

Corporate administration and information

REUNERT LIMITED

(Incorporated in the Republic of South Africa)
ISIN: ZAE000057428
Short name: REUNERT
JSE code: RLO
Currency: ZAR
Registration number: 1913/004355/06
Founded: 1888
Listed: 1948
Sector: Electronic and electrical equipment

BUSINESS ADDRESS AND REGISTERED OFFICE

Lincoln Wood Office Park
6 -10 Woodlands Drive
Woodmead 2191
Sandton
South Africa

POSTAL ADDRESS

PO Box 784391
Sandton 2146
South Africa

GROUP SECRETARY AND ADMINISTRATION

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

GE Field (57)
CA(SA)

Financial Director
Reunert Management Services Limited
E-mail: grahamf@reunert.co.za

JAF Simmonds (62)
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 (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 Et 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 (47)
BA Comm
Communication and investor relations manager

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

Proxy form

REUNERT LIMITED

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



- Only to be completed by those shareholders who are:
- holding Reunert ordinary shares in certificated form; or
 - are recorded on the electronic subregister in "own name" dematerialised form.

I/We (full names) _____

of (address) _____

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

1. _____ or failing him/her
2. _____ or failing him/her
3. _____ or failing him/her

the chairman of the meeting as my/our proxy to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the annual general meeting of the company to be held in the Reunert boardroom, Lincoln Wood Office Park, 6 – 10 Woodlands Drive, Woodmead, Sandton, on 4 February 2009 at 09:30 or at any adjournment thereof.

I/We desire to vote as follows:

	For*	Against*	Abstain*
1. Adopt annual financial statements			
2. Election of directors:			
2.1 – Mr TJ Motsohi			
2.2 – Mr TS Munday			
2.3 – Mr KS Fuller			
2.4 – Mr DJ Rawlinson			
2.5 – Dr JC van der Horst			
2.6 – Mr MJ Shaw			
3. Directors remuneration			
4. Ordinary resolution No 1 Reservation of shares for the purposes of the 1985 Reunert Share Option Scheme			
5. Special resolution No 1 General authority to repurchase shares			

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

Signed this _____ day of _____ 20____

Signature _____ Number of shares _____

Notes to the proxy

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