

REUNERT

REUNERT LIMITED



NOTICE OF ANNUAL GENERAL MEETING 2016

CONTENTS

Notice of annual general meeting	1
Notice of annual general meeting – Annexure A	10
Curricula vitae	12
Remuneration Committee report	14
Social, Ethics and Transformation Committee report	28
Summarised financial statements	30
Cash dividend	45
Shareholders' diary	46
Corporate information and administration	48
Form of proxy – annual general meeting	Insert

TO THE SHAREHOLDERS

This document contains the detailed notice of Reunert Limited's annual general meeting which will be held on Monday, 13 February 2017.

Reunert's 2016 integrated report and financial statements are available for viewing and download on the company's website www.reunert.co.za



Integrated report

<http://www.reunert.co.za/downloads/reports/2016/reunert-integrated-annual-report-2016.pdf>



Annual financial statements

<http://www.reunert.co.za/downloads/reports/2016/reunert-annual-financial-statements-2016.pdf>



Notice of annual general meeting

<http://www.reunert.co.za/downloads/reports/2016/reunert-notice-of-agm-2017.pdf>

Carbon footprint report and King III application register

<http://www.reunert.co.za/sustainability.php>

A printed integrated report will only be mailed to interested parties on request.

Please contact Carina de Klerk on +27 11 517 9033 or Karen Louw +27 11 517 9044

Email: invest@reunert.co.za

NOTICE OF ANNUAL GENERAL MEETING

REUNERT LIMITED

(Registration number: 1913/004355/06)

Share code: RLO

ISIN code: ZAE000057428

("Reunert" or "the company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the hundred and third annual general meeting of the holders of ordinary shares of Reunert Limited. The annual general meeting will be held at:

Reunert Boardroom

Nashua Building

Woodmead North Office Park

54 Maxwell Drive

Woodmead

Johannesburg

on **Monday, 13 February 2017, at 09h00**

Directions to the venue for the annual general meeting are available at:

<http://www.reunert.co.za/contact-reunert-limited.php>

In terms of section 59(1) of the Companies Act, 71 of 2008 (the Companies Act), the record date for the purpose of determining which shareholders of the company are entitled to receive notice of the annual general meeting is **Friday, 9 December 2016**, and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is **Friday, 3 February 2017**. Accordingly, the last date to trade in order to be registered in the register of members of the company and therefore be eligible to participate in and vote at the annual general meeting is **Tuesday, 31 January 2017**.

RELEVANT INFORMATION

Who may attend?

If you hold dematerialised shares that are registered in your name, or if you are the registered holder of certificated shares, you may:

- attend the annual general meeting in person; alternatively
- appoint a proxy or proxies to represent you at the annual general meeting and to attend, participate in, speak and vote in your stead by completing the enclosed proxy form (*blue*) in accordance with the instructions it contains.

If you hold dematerialised shares that are not registered in your name:

- and you wish to attend the annual general meeting in person, or to appoint a proxy to attend in your stead, you must obtain the requisite letter of representation from your participant (previously "CSDP"), broker or nominee, as the case may be;
- and you do not wish to attend the annual general meeting, but would like your vote to be recorded, you should contact your participant, broker or nominee and furnish them with your voting instructions; and
- you must not complete the proxy form.

Shareholders must verify the cut-off date for the submission of voting instructions with their participants, brokers or nominees.

Who may vote?

Shareholders of ordinary shares are entitled to vote. Resolutions will be put to vote on a poll, unless the chairman of the meeting decides otherwise. Each shareholder will have one vote for each share held. Every shareholder present in person or represented by proxy and, if the person is a body corporate, its representative, shall have that proportion of the total votes being cast, which the number of shares bears to the aggregate number of all the shares, present in person or represented by proxy, entitled to vote at the annual general meeting.

On a show of hands, every shareholder present in person or represented by proxy, and if a member is a body corporate, its representative/s, shall have one vote, irrespective of the number of shares held.

Voting and proxies

Each 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 shareholders of the company, a form of proxy is enclosed herewith (*blue*). Proxy forms must be forwarded to reach the share transfer secretaries, Computershare Investor Services Proprietary Limited, no later than **09h00 on Thursday, 9 February 2017**.

NOTICE OF ANNUAL GENERAL MEETING continued

Contact information for the share transfer secretaries:

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196,
South Africa
Postal address: PO Box 61051,
Marshalltown, 2107
Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: proxy@computershare.co.za
Website: www.computershare.com

Electronic participation

As required in terms of section 61(10) of the Companies Act, the company will make provision for shareholders or their proxies to participate in the annual general meeting by way of electronic communication. Such shareholder (or proxy) will need to contact the company at +27 11 517 9044 by no later than **09h00 on Thursday, 9 February 2017**, so that the company can provide for a teleconference dial-in facility. Shareholders must ensure that, when such shareholder intends to participate in the annual general meeting via teleconference, the voting proxies are sent to the share transfer secretaries, Computershare Investor Services Proprietary Limited (see contact information provided under "*Voting and Proxies*") to be received by them no later than **09h00 on Thursday, 9 February 2017**.

The company will not levy any fee or recover its costs from any shareholder making use of this service. Shareholders may, however, be billed separately by their own telephone or data service providers for their call to participate in the annual general meeting.

Change of address and banking details

Shareholders are requested to communicate any change of address or banking details to the share transfer secretaries, Computershare Investor Services Proprietary Limited (see contact information provided under "*Voting and Proxies*") no later than **09h00 on Thursday, 9 February 2017**.

Proof of identification required

Section 63(1) of the Companies Act requires that any person who wishes to attend, participate in, and vote at the annual general meeting, must present

reasonably satisfactory identification at the meeting. A smart ID card or green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as satisfactory identification by the chairman of the annual general meeting.

Shares not entitled to vote

Shares held by a share trust or scheme will not have their votes at the annual general meeting taken into account for the purposes of the resolutions proposed in terms of the Listings Requirements of the JSE Limited (JSE Listings Requirements). Unlisted securities and treasury shares also do not carry any voting rights.

Guidance to obtain a copy of the complete audited financial statements

A copy of the company's complete audited annual financial statements may be obtained from the company's website: www.reunert.co.za or by requesting a printed version from the company secretariat.

General purpose of the annual general meeting

The general purpose of this annual general meeting is to:

- present information on the company to shareholders;
- deal with matters required to be dealt with at an annual general meeting in terms of the Companies Act and the JSE Listings Requirements; and
- deal with matters raised by shareholders, with or without advance notice.

Recommendation

The Board of directors of the company (**the Board**) believes that the resolutions to be considered at the annual general meeting are in the best interest of the company. The Board unanimously recommends that the shareholders vote in favour of the proposed resolutions, as the directors who are also shareholders intend to do.

Voting percentage required to pass resolutions

Resolution no 1 to 11 and 19 require the support of more than **50%** (fifty per cent) of the voting rights exercised on each of them by the shareholders, whether present in person, or represented by proxy.

Resolution no 12 and 13 are non-binding advisory votes.

Resolution no 14 to 18 require the support of at least **75%** (seventy five per cent) of the voting rights exercised on each of them by the shareholders, whether present in person, or represented by proxy.

PROPOSED AGENDA

1. Presentation of information

The following documents will be available or presented at the annual general meeting:

- the directors' report (see [pages 5 and 6](#) of the audited annual financial statements for the year ended 30 September 2016);
- the audited annual financial statements for the financial year ended 30 September 2016;
- the Audit Committee report (see [pages 3 and 4](#) of the audited annual financial statements for the year ended 30 September 2016); and
- the report of the Social, Ethics and Transformation Committee* (see [pages 28 and 29](#) of this notice).

(*Note: The Social, Ethics and Transformation Committee has been mandated to perform the statutory functions of the Social and Ethics Committee as contemplated by the Companies Act and its regulations and its chairman will be available at the meeting to provide feedback to shareholders on matters within its mandate.)

The Board has summarised important aspects of the financial statements and incorporated the information in this notice. The complete audited financial statements for the financial year ended 30 September 2016 is available at www.reunert.co.za

2. Ordinary resolutions

The following ordinary resolutions will be proposed and, if deemed fit, passed, with or without amendments.

Re-election of retiring directors

Resolution no 1

Re-election of TS Munday as an independent non-executive director of the company

"Resolved that TS Munday be and is hereby re-elected as an independent non-executive director of the company."

Resolution no 2

Re-election of T Abdool-Samad as an independent non-executive director of the company

"Resolved that T Abdool-Samad be and is hereby re-elected as an independent non-executive director of the company."

Resolution no 3

Re-election of AE Dickson as an executive director of the company

"Resolved that AE Dickson be and is hereby re-elected as an executive director of the company."

Resolution no 4

Re-election of TJ Motsphi as an independent non-executive director of the company

"Resolved that TJ Motsphi be and is hereby re-elected as an independent non-executive director of the company."

Resolution no 5

Re-election of R van Rooyen as an independent non-executive director of the company

"Resolved that R van Rooyen be and is hereby re-elected as an independent non-executive director of the company."

Information pertinent to resolutions no 1 to 5

In terms of the company's Memorandum of Incorporation, one third of the Board is required to retire at each annual general meeting. All retiring directors have made themselves available for re-election. The Board has evaluated its performance and that of the retiring directors and are of the view that these directors contribute to the overall balance of skills and experience which contributed to the effectiveness of the Board.

A brief *curriculum vitae* of each of the directors standing for re-election, as outlined in resolutions no 1 to 5 above, appears on [pages 12 to 13](#) of this notice. Detailed *curricula vitae* are provided online at <http://www.reunert.co.za/board-of-directors.php>

Re-election of Audit Committee members

Resolution no 6

Re-election of R van Rooyen to the Audit Committee of the company

"Resolved that, subject to the passing of resolution no 5, R van Rooyen, a director of the company who fulfils the requirements contemplated in section 94(4)

NOTICE OF ANNUAL GENERAL MEETING continued

of the Companies Act, be and is hereby re-elected as a member of the Audit Committee of the company, to hold office until the conclusion of the next annual general meeting of the company.”

Resolution no 7

Re-election of T Abdool-Samad to the Audit Committee of the company

“Resolved that T Abdool-Samad, a director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act, be and is hereby re-elected as a member of the Audit Committee of the company, to hold office until the conclusion of the next annual general meeting of the company.”

Resolution no 8

Re-election of P Mahanyeke to the Audit Committee of the company

“Resolved that P Mahanyeke, a director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act, be and is hereby re-elected as a member of the Audit Committee of the company, to hold office until the conclusion of the next annual general meeting of the company.”

Resolution no 9

Re-election of S Martin to the Audit Committee of the company

“Resolved that S Martin, a director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act, be and is hereby re-elected as a member of the Audit Committee of the company, to hold office until the conclusion of the next annual general meeting of the company.”

Information pertinent to resolution no 6 to 9

The Board has evaluated the effectiveness of the Audit Committee and is of the view that the collective skills and experience of the members proposed for re-election to the Audit Committee are appropriate in light of the Audit Committee’s mandate. All of the proposed members of the Audit Committee are independent non-executive directors of the company.

A brief *curriculum vitae* of each of the directors standing for re-election to the Audit Committee, as outlined in resolutions no 6 to 9 above, appears on [page 12](#) of this notice.

Resolution no 10

Re-appointment of external auditors

“Resolved that Deloitte & Touche (Deloitte) is hereby re-elected as the independent external auditor of the company and that JAR Welch is hereby appointed as the individual designated auditor (that is the audit partner representing Deloitte) to hold office for the audit relating to the financial year ending 30 September 2017, subject to Deloitte and the Audit Committee agreeing on the fees and terms of engagement on behalf of Reunert.”

Information pertinent to resolution no 10

The Audit Committee recommends the re-election of Deloitte as the independent external auditor and the election of JAR Welch as the individual designated external auditor of the company, to hold office for the audit relating to the financial year ending 30 September 2017.

The Audit Committee has evaluated the independence, experience and performance of both Deloitte and Mr Welch and has concluded that both comply with the requirements of section 94 of the Companies Act and with the principles of King III. JAR Welch, first appointed as the individual designated auditor responsible for the audit of the annual financial statements for the financial year ended 30 September 2016, is not yet subject to compulsory rotation in terms of section 92 of the Companies Act.

Resolution no 11

Ratification relating to personal financial interest arising from multiple offices in the Reunert group

“Resolved that any resolutions or agreements of executive directors and prescribed officers of the company in contravention of section 75 of the Companies Act are hereby ratified, but only to the extent that the relevant resolutions or agreements fell within the ambit of section 75 of the Companies Act

as a result of the deeming of the relevant executive director and/or prescribed officer as a “related person” to another company in the Reunert group, of which the relevant executive director and/or prescribed officer is also a director or prescribed officer.”

Information pertinent to resolution no 11

Section 75 of the Companies Act prohibits a director or prescribed officer from participating in or voting on any Board resolutions or entering into any agreements if such director or prescribed officer has a personal financial interest in the matter. This prohibition also applies if that director is related to another person that has a personal financial interest in that matter. Section 75 of the Companies Act extends the definition of “related person” to other companies for which the director/prescribed officer is a director/prescribed officer.

As the executive directors and prescribed officers of the company may serve more than one company in the Reunert group, the above resolution is intended to ensure that any resolutions or agreements by the Board are valid, despite the fact that it may have involved multiple group companies, served by the same individuals as directors or prescribed officers. The above resolution does not ratify any other actions of directors or prescribed officers that contravened section 75 of the Companies Act for any other reason. Resolution no 11 does not limit any other statutory or common-law duties that apply to directors/prescribed officers.

3. Non-binding advisory resolutions

Non-binding advisory resolution no 12

Endorsement of the Reunert remuneration policy
“Resolved that, other than the components of remuneration dealt with separately in resolution 13 below, the company’s remuneration policy, as set out in the Remuneration Committee Report on [pages 14 to 26](#) of this notice, is hereby approved.”

Information pertinent to resolution no 12

The King Code of Governance Principles (King III) recommends that the company’s remuneration policy be tabled to shareholders for a non-binding advisory vote.

The Remuneration Committee, in consultation with management and external professionals, has carefully considered the company’s remuneration policy and recommended same to the Board. As the Deferred Bonus Plan is the subject of a separate non-binding resolution (resolution no 13), this resolution no 12 excludes the Deferred Bonus Plan.

The non-binding resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal or other consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering future implementation of the company’s remuneration policy.

Non-binding advisory resolution no 13

Approval of proposed Reunert Deferred Bonus Plan

“Resolved that the Reunert Deferred Bonus Plan, the salient features of which are discussed in the remuneration report, is hereby approved.”

Information pertinent to resolution no 13

The Remuneration Committee carefully considered the company’s senior executive incentive mechanisms and considered similar practices implemented by its peers. This committee supports strengthening the performance culture in the Reunert group, and aligning senior executives’ interests in the company with those of shareholders, by way of the Reunert Deferred Bonus Plan. The salient features of the Deferred Bonus Plan are explained in the Remuneration Committee Report on [pages 22 to 23](#) of this notice).

4. Special resolutions

The following special resolutions will be proposed and, if deemed fit, passed, with or without amendments:

Resolution no 14

Approval of issue of shares in terms of the Reunert 1985 Share Option Scheme, Reunert 1988 Share Purchase Scheme and the Reunert 2006 Share Option Scheme

“Resolved that, as required by section 41(1) of the Companies Act, the issue of up to 1 700 000 authorised but unissued shares, to any:

NOTICE OF ANNUAL GENERAL MEETING *continued*

- director, future director, prescribed officer, or future prescribed officer of the company;
- person related or inter-related to the company, or to a director or prescribed officer of the company; or
- nominee of a person contemplated above,

pursuant to Reunert's anticipated obligations in terms of the Reunert 1985 Share Option Scheme, Reunert 1988 Share Purchase Scheme and the Reunert 2006 Share Option Scheme is hereby approved.

This resolution shall endure until the earlier of a superseding resolution being passed by shareholders or two years from the date of passing of this resolution."

Information pertinent to resolution no 14

Resolution no 14 is proposed to enable the company to settle its potential obligations in respect of the exercise of options previously issued in terms of historic long-term incentive schemes. The company has not made any new allocations under the long-term incentive schemes mentioned in this resolution from the financial year ended 30 September 2012, and the Board undertakes not to make any further allocations in terms of these schemes.

Any issue of shares to directors, future directors, prescribed officers, future prescribed officers and persons related or inter-related to the company must first be approved by way of a special resolution in terms of section 41 of the Companies Act, as requested above.

To the extent that the issue of shares in respect of the schemes mentioned in resolution no 14 is not required, the Board will not otherwise use its authority in terms of this resolution to issue shares to related parties.

Resolution no 15

General authority to repurchase shares

"Resolved that the company hereby approves, as a general authority, the repurchase by the company,

and/or any subsidiary of the company (subject to such subsidiary's Memorandum of Incorporation and passing of the necessary special resolution by that subsidiary), a repurchase of the issued 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, subject to any other approvals required in terms of the law and the JSE Listings Requirements and provided that such repurchase shall not exceed 5% of the issued shares as at the date of this annual general meeting (approximately 9,2 million shares as at the date of this notice); such authority to endure until the earlier of a superseding resolution being passed by shareholders, the company's next annual general meeting or 15 months from the date of passing of this resolution."

Required disclosures

The information required to be disclosed in terms of the Listings Requirements is contained in **Annexure A** hereto.

Further information pertinent to resolution no 15

The directors are of the opinion that it would be in the best interests of the company to ensure that the company is in a position to repurchase issued shares through the order book of the JSE, should the market conditions and price justify such action, subject to the provisions of sections 46 and 48 of the Companies Act having been met. This general authority sought is limited to 5% of the issued shares as at the date of the annual general meeting (being Monday, 13 February 2017).

Resolution no 16

Directors' remuneration

"Resolved that the remuneration proposed hereunder in respect of the non-executive directors of the company, for their services as directors (as contemplated in section 66(8) read with section 66(9) of the Companies Act), be and is hereby approved, effective from 1 March 2017:

Proposal by the Reunert executive for non executive director fees – 2017

	Current fee per annum	Note	Proposed increase	Proposed fee per annum	Number of meetings	Current fee per additional meeting	Proposed fee per additional meeting
Chairman	1 239 000	1	6%	1 313 340	4	41 853	44 364
Non-executive directors	193 694		6%	205 316	4	21 567	22 861
Audit Committee chairman	209 192		6%	221 744	3	20 339	21 559
Audit Committee member	119 543		6%	126 716	3	20 339	21 559
Remuneration Committee chairman	133 917		6%	141 952	2	20 339	21 559
Remuneration Committee member	76 514		6%	81 105	2	20 339	21 559
Nomination and Governance Committee chairman	–	2	6%	–	2	20 339	21 559
Nomination and Governance Committee member	76 514		6%	81 105	2	20 339	21 559
Risk Committee chairman	133 917		6%	141 952	2	20 339	21 559
Risk Committee member	76 514		6%	81 105	2	20 339	21 559
Social, Ethics and Transformation Committee chairman	133 917		6%	141 952	2	20 339	21 559
Social, Ethics and Transformation Committee member	76 514		6%	81 105	2	20 339	21 559
Investment Committee chairman	–		6%	–	Ad hoc	26 250	27 825
Investment Committee member	–		6%	–	Ad hoc	15 000	15 900

¹ The chairman's fee is on an all-inclusive basis, including attendance at all scheduled Board and committee meetings and is rounded to the nearest R'000. This chairman's fee, however, excludes attendance at Investment Committee meetings, which are paid on a 'per meeting' basis.

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

NOTICE OF ANNUAL GENERAL MEETING *continued*

This authority shall endure until the earlier of a superseding resolution being passed by shareholders or two years from the date of passing of this resolution.”

Information pertinent to resolution no 16

Section 66 of the Companies Act provides that, in order for directors to be remunerated for their services as directors, the remuneration must be in accordance with a special resolution approved by shareholders within the previous two years.

Executive management has considered the non-executive remuneration currently being paid by the company’s peers, the skills and experience and the time commitment that will be required of the relevant non-executive directors. Executive management considers the remuneration proposed in this resolution no 16 to be reasonable.

The proposed non-executive directors’ fees increase by 6% compared to the previous approval, which is equal to the average annual increase in employees’ remuneration in the group.

Resolution no 17

Directors’ remuneration for ad hoc assignments

“Resolved that the chairmen of the Board and the Remuneration Committee are hereby authorised to jointly exercise discretion to pay additional fees to non-executive directors, of no more than R50 000 per director per annum, in the event that any non-executive director is involved in an ad hoc committee or other assignment on behalf of Reunert that significantly exceeds the time commitments typically required from non-executive directors in the exercise of their duties to the Board and the standing committees on which they serve. Resolved further that, should either or both these chairmen have an interest in the matter, the above discretion will be exercised by the Remuneration Committee, excluding the interested individual or individuals.

The authority granted herewith shall commence on 1 March 2017, and shall endure until the earlier of a superseding resolution being passed by shareholders, or two years from the date of passing of this resolution.”

Information pertinent to resolution no 17

As indicated under resolution no 16 above, directors may not receive fees for their services as directors without prior approval from shareholders. This constrains the ability of the Board to fairly remunerate directors for unforeseen matters that arise during the course of the year and that necessitates significant additional effort from particular directors. The purpose of this resolution no 17 is to provide the chairmen of the Board and the Remuneration Committee with limited discretion to pay additional remuneration to non-executive directors, where warranted by the circumstances. In the event that either or both the chairman of the Board or the chairman of the Remuneration Committee is or are being considered for this additional remuneration, the Remuneration Committee, excluding the individuals concerned, will exercise this limited discretion.

Any remuneration paid to non-executive directors in terms of this resolution no 17 will be disclosed to shareholders as required by section 30 of the Companies Act.

The fees proposed in this resolution 17 is limited to services as directors and do not allow for consulting or other services to be provided to the group. The Board has adopted a policy regulating non-executive directors’ fees, which is available under Board policies at <http://www.reunert.co.za/sustainability.php>. Among other things, the policy stipulates that Board and Board committee fees do not pertain only to the preparation for and attendance of meetings, but also assumes that the particular director will be reasonably available to consider matters that may arise during the course of the year. The payment of additional fees to non-executive directors can be made only in the limited circumstances provided for in the policy.

Resolution no 18

Financial assistance to entities related or inter-related to the company

“Resolved that, as a general approval, the company may provide direct or indirect financial assistance (“financial assistance” will herein have the meaning attributed to it in sections 44(1) and 45(1) of the Companies Act respectively) to any:

- (i) director or a prescribed officer of the company, but only in respect of the long-term or share incentive schemes of the company in place from time to time, or;
- (ii) to any related or inter-related companies;

and further subject to compliance with the remainder of Sections 44 and 45 of the Companies Act, as the Board of the company may deem fit and on the terms and conditions, to the recipient/s, in the form, nature and extent and for the amounts that the Board of the company may determine from time to time.

This authority shall endure until the earlier of a superseding resolution being passed by shareholders or two years from the date of passing of this resolution."

Information pertinent to resolution no 18

Sections 44 and 45 of the Companies Act provide, *inter alia*, that financial assistance to the Board, prescribed officers and subsidiaries of the company must be approved by a special resolution of the shareholders, adopted within the previous two years. Following the passing of such special resolution, the directors may authorise financial assistance, but only if they are satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

In the ordinary course of business, the company is required to grant financial assistance to subsidiaries, such as various forms of performance and pre-payment guarantees, subordination of existing debt of subsidiaries, as well as the "financial assistance" which results from the cash management system of the company and its subsidiaries. This resolution will enable the company (provided that the additional requirements relating to solvency and liquidity and the terms of the financial assistance are also met) to provide financial assistance to subsidiaries in the group as is required from time to time.

This resolution no 18 also allows the company to provide financial assistance to its directors and prescribed officers pursuant to the company's approved long-term or share incentive schemes in place from time to time. This resolution does not allow the company to provide any other form of financial assistance, such as loans or sureties, to directors and prescribed officers.

5. Authorising resolution (ordinary)

Resolution no 19

Signature of documents and authority for implementation of resolutions

"Resolved that any one executive director or the company secretary of the company, be and is hereby authorised to do all such things and sign all such documents and agreements and procure the doing of all such things and signature of all documents and take all such action as he or she considers necessary for or incidental to the implementation of the resolutions set out in this notice and passed at the annual general meeting of the company."

Information pertinent to resolution no 19

In order to implement the resolutions passed at the annual general meeting of the company, resolution no 19 grants any director or the company secretary of the company the authority to implement the resolutions passed at the annual general meeting.

6. Matters raised by shareholders

Matters raised by shareholders shall be dealt with in the manner determined by the chairman of the meeting.

By order of the Board



Karen Louw

on behalf of Reunert Management Services Limited
Company secretary
Sandton

21 November 2016

NOTICE OF ANNUAL GENERAL MEETING – ANNEXURE A

RESOLUTION NO 15: DISCLOSURE OF INFORMATION RELEVANT TO GENERAL REPURCHASE OF SHARES

In respect of the general authority to re-purchase ordinary shares in issue (Shares) requested by the Board from shareholders and in terms of Article 6 of the company's Memorandum of Incorporation, the following additional information is disclosed:

1. It is recorded that the company or any subsidiary of the company, may and will only make a general repurchase of Shares if:
 - 1.1 The repurchase of Shares is effected through the order book operated by the JSE trading system and is done without any prior understanding or arrangement between the company, or the relevant subsidiary, and any counterparty (reported trades are prohibited);
 - 1.2 The relevant subsidiary, if applicable, is authorised thereto by its Memorandum of Incorporation;
 - 1.3 The relevant subsidiary, if applicable, is authorised thereto by its shareholders in terms of a special resolution of that relevant subsidiary;
 - 1.4 An announcement containing full details of the repurchase of Shares is published as soon as the company and/or any of its subsidiaries shall have acquired Shares which constitute, on a cumulative basis, 3% of the company's issued Shares on the date on which this approval is granted (the initial number) and for each subsequent 3% (on a cumulative basis) of the initial number acquired thereafter, in accordance with paragraph 11.27 of the JSE Limited Listings Requirements;
 - 1.5 This general authority is valid only until the next annual general meeting of the company, or 15 months from the date of passing of this special resolution, whichever is the earlier;
 - 1.6 Repurchases will be made at a price no greater than 10% above the volume weighted average of the market value for the Shares for the five business days immediately preceding the date on which the repurchase(s) is/are effected;
 - 1.7 At any point in time, the company, or the relevant subsidiary, will appoint only one agent to effect any repurchase on the company's or subsidiary's behalf;
 - 1.8 The number of Shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number Shares at the relevant times;
 - 1.9 The company, or the relevant subsidiary, will not repurchase securities during a prohibited period as defined in the Listings Requirements, unless the company has 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 has been submitted to the JSE in writing. The company shall instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
 - 1.10 A resolution will be passed by the Board of the company and/or the board of the relevant subsidiary authorising the repurchase, acknowledging that the company and or the relevant subsidiary passed the solvency and liquidity test as required by section 48 of the Companies Act and that, since the test was done, there have been no material changes to the financial position of the group; and
 - 1.11 The general repurchase of any Shares, in aggregate (notwithstanding the 20% limit in the Listings Requirements), is limited to a maximum of 5% of the company's Shares in issue as at the date of the annual general meeting to which this notice relates.

2. Any acquisition of ordinary shares shall be subject to:
 - 2.1 The Companies Act;
 - 2.2 The JSE Limited Listings Requirements;
 - 2.3 Exchange control regulations and approvals at that point in time, as may be applicable; and
 - 2.4 The sanction of any other relevant authority where approval is required in law.
3. After having considered the effect of any repurchases of ordinary shares pursuant to this general authority, the Board confirms that it will not undertake a repurchase of Shares unless:
 - 3.1 The company and the consolidated position of the company and its subsidiaries (the group) would be able to repay its/their debts in the ordinary course of business for the period of 12 (twelve) months after the date of the repurchase;
 - 3.2 The assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and the group's accounting policies used in the latest audited group financial statements, will be in excess of the liabilities of the company and the group for the period of 12 (twelve) months after the date of the repurchase;
 - 3.3 The company and the group will have adequate capital and reserves for ordinary business purposes for the period of 12 (twelve) months after the date of the repurchase; and
 - 3.4 The working capital of the company and the group will be adequate for ordinary business purposes for the period of 12 (twelve) months after the date of the repurchase.
4. For the purposes of considering the special resolution and in compliance with paragraph 11.26 of the JSE Limited Listings Requirements, certain information is either listed below or has been included in the audited annual financial statements or integrated report for the financial year ended 30 September 2016:
 - 4.1 Major shareholders – refer to [page 131](#) of the integrated report.
 - 4.2 Share capital of the company – refer to [page 50](#) of the annual financial statements.
 - 4.3 Directors' responsibility – The directors, whose names are set out on [page 95](#) of the integrated report, collectively and individually accept full responsibility for the accuracy of the information contained in the notice of the annual general meeting to which this Annexure is attached and the integrated report, and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard, and further that the notice of annual general meeting to which this annexure is attached and this annexure contain all information required by law and the Listings Requirements.
 - 4.4 No material changes – Other than the facts and developments reported on in the annual financial statements and the integrated report, there have been no material changes in the financial position of the company since the date of the audit report.

CURRICULA VITAE

NON-EXECUTIVE DIRECTORS

TREVOR MUNDAY (67)

Chairman, independent non-executive director

Appointed to the Board:

1 June 2008

Appointed chairman:

1 June 2009

Qualification:

BCom

TASNEEM ABDOOL-SAMAD (42)

Independent non-executive director

Appointed to the Board:

1 July 2014

Qualification:

CA(SA)

SEAN JAGOE (65)

Independent non-executive director

Appointed to the Board:

20 April 2000

Qualifications:

BSc (Eng), MBA

SARITA MARTIN (44)

Independent non-executive director

Appointed to the Board:

1 December 2013

Qualifications:

BProc, LLB, MBA

PHUTI MAHANYELE (45)

Independent non-executive director

Appointed to the Board:

1 October 2015

Qualifications:

BA Econ, MBA, EDP

THABANG MOTSOHI (68)

Independent non-executive director

Appointed to the Board:

1 June 2008

Qualification:

BSc

THANDI ORLEYN (60)

Non-executive director

Appointed to the Board:

23 May 2007

Qualifications:

BJuris, BProc, LLB

BRAND PRETORIUS (68)

Independent non-executive director

Appointed to the Board:

22 February 2011

Qualification:

MCom (Business Economics)

RYNHARDT VAN ROOYEN (67)

Independent non-executive director

Appointed to the Board:

1 November 2009

Qualification:

CA(SA)

EXECUTIVE DIRECTORS

ALAN DICKSON (45)

Group chief executive officer

Appointed to the Board:

21 November 2013 and appointed group chief executive officer effective 1 October 2014

Appointed to Reunert:

1 January 1997

Qualifications:

BSc (Eng), MSc (Eng), MBA

NICK THOMSON (57)

Chief financial officer

Appointed to the Board:

15 June 2015

Appointed to Reunert:

15 June 2015

Qualification:

CA(SA)

MOHINI MOODLEY (41)

Group human resources and transformation executive director

Appointed to the Board:

31 March 2015

Appointed to Reunert:

1 September 2013

Qualifications:

BA, LLB

MARK TAYLOR (53)

Executive director

Appointed to the Board:

21 November 2013

Appointed to Reunert:

1 October 2012

Qualifications:

EDP, SEP

REMUNERATION COMMITTEE REPORT

Reunert is committed to market competitive remuneration that is driven by sound governance principles.

Reunert's remuneration policy aims to ensure that executives and senior management are remunerated in a manner that supports the achievement of the financial and strategic objectives of the group, attracting and retaining scarce skills and rewarding high levels of performance. The remuneration policy is designed to achieve alignment between Reunert's business performance, the behaviour of senior executives and the interests of shareholders. The policy is regularly reviewed to ensure it is appropriate and relevant for the purpose for which it was designed.

The committee's purpose is to facilitate the attraction, retention and motivation of high-calibre employees and senior executives, while remaining compliant with regulatory and governance requirements. It plays an important role in supporting the transformation strategy of the group and remains cognisant of its responsibility to ensure that remuneration practices in the group deliver shareholder value.

The mandate of the committee includes the matters contemplated in Principle 2.27 of King III and such related recommended practices, as the Board, on recommendation by the committee, deems appropriate to adopt. The information contained in this report was approved by the Board on the recommendation of the Remuneration Committee. The governance section ([refer to page 96](#) of the integrated report) provides information on the structure of the committee and its members.

This report provides information on the 2016 financial year and presents information for the 2017 financial year. The Remuneration Committee has taken cognisance of the performance of the group including the creation of value for its shareholders and updated the remuneration policy to reflect alignment with group strategy and shareholder expectations.

This report is divided into the following sections:



REUNERT'S REMUNERATION PHILOSOPHY AND STRUCTURE

Reunert's remuneration policy supports the group's drive for performance. The remuneration policy aims to promote sustainable long-term growth by supporting the development of a culture that drives the execution of the group strategy and enables superior operational performance. Guaranteed pay and variable pay incentives are used to meet the strategic objectives of the company. Short- and long-term incentives are available to employees at top and senior management level, and are based on the achievement of defined performance criteria and strategic execution that relate to the group's performance.

In accordance with the group's overall reward philosophy, the remuneration structure is designed to:

- attract, retain and motivate exceptional and effective individuals;
- be flexible enough to adjust to changing economic conditions and to the group's needs; and
- foster individual performance and teamwork.

The remuneration structure is achieved by establishing practices that are fair, reasonable and market-related, while maintaining an appropriate balance between employee and shareholder interests. Remuneration is structured to recognise individual contributions and collective results. There is a clear differentiation between executives and employees based on line-of-sight responsibility, accountability, competencies, work performance and scarcity of skills.

The remuneration philosophy translates into a remuneration structure that comprises three core elements.

Guaranteed package (GP): Base remuneration plus benefits.

Annual short-term incentives (STIs): Designed to instil a high-performance culture and to motivate and reward the attainment of short-term objectives.

Long-term incentives (LTIs): To retain employees and ensure that long-term behaviour and performance are aligned to shareholder interest.

The combination of these three elements is intended to ensure remuneration is directly linked to performance. To drive a pay-for-performance methodology, there is an increasing element of variable pay at senior management levels. For executive management, the targeted pay mix over a business cycle is made up as follows: GP:50%, STI:25% and LTI:25%.

This targeted pay mix is intended to create a significant degree of alignment with shareholder interests, with the aim of driving sustainable value creation over a longer term.

REUNERT'S REMUNERATION PHILOSOPHY AND STRUCTURE

continued

ELEMENTS AND PURPOSE

Guaranteed package (GP)

The group aims to attract and retain individuals with talent, critical skills and an innovative and entrepreneurial bias. Benchmarking exercises are conducted to ensure that GP is competitive and market-related.

Short-term incentive (STI)

STIs are discretionary and structured to reward the delivery of annual financial performance balanced with the achievement of strategic objectives.

To ensure that the achievement of short-term financial performance is not at the expense of future growth opportunities or sustainability.

PERFORMANCE PERIOD AND MEASURES

GP is reviewed annually and is based on individual performance, company performance, prevailing economic conditions and benchmarks.

The average increase for all salaried employees was 5%.

Performance is evaluated annually against set objectives.

The financial KPI for executive directors is an earnings-per-share measure and, for all other executives, it is based on achieving business unit-specific operating profit targets.

PARTICIPANTS

All employees.

Executives and nominated senior level managers.

At the executive level, the maximum bonus that can potentially be earned is 140% of GP for executive directors, 130% of GP for business unit managing directors and 100% of GP for business unit executive teams. These percentages include the allocation of both financial targets and strategic KPIs.

Senior level management and below are paid incentives at lower percentages of GP.

COMPOSITION AND PAYMENT

GP consists of base salary and company contributions toward retirement funding and health benefits. It is a fixed cost for the company and is set at up to the median of relevant market data, i.e., up to the 50th percentile.

Payment is made annually.

STIs are based on:

- > achieving the financial targets of the group; and
- > achieving the strategic objectives of the company.

Financial targets constitute 70% of the STIs and strategic KPIs constitute 30% of the STIs.

Incentives are not guaranteed – the full incentive payment is dependent on the achievement of predetermined financial targets and strategic objectives and measures.

Employment equity (EE) targets and external EE appointments are used as modifiers. Failure to achieve the required targets of the EE modifiers results in a downward modification of the incentive payout.

Incentives are internally funded through increased profits from central and business unit pools (for group employees and business unit employees respectively).

REUNERT'S REMUNERATION PHILOSOPHY AND STRUCTURE

continued

ELEMENTS AND PURPOSE

Long-term incentive performance scheme

The long-term incentive scheme for the Reunert group is a Conditional Share Plan (CSP).

LTIs are an integral part of the group's approach to competitive performance-based pay, and are aligned with shareholder returns.

PERFORMANCE PERIOD AND MEASURES

Performance is evaluated annually, but vesting takes place over a four-year measurement period.

There are two performance conditions:

1. Normalised headline earnings per share for continuing operations (NHEPS CO).
2. Total shareholder return (TSR) relative to Reunert's position in the JSE Electrical and Electronics Index.

Each performance criterion carries a 50% weighting and is evaluated against set measures that are determined annually by the Remuneration Committee.

Long-term incentive retention scheme

Retention of key employees is critical for business continuity.

The retention scheme vests over four and five years, with remaining in the employment of the group being the only criteria.

Participants in the LTI can only benefit from either the performance scheme or the retention scheme. Participation in all schemes is at the discretion of the Remuneration Committee and is generally limited to employees whose role or contribution significantly influences the performance of the group.

The performance conditions of the CSP are as follows:

Performance condition 1: Growth in NHEPS¹

Measured against growth in NHEPS from continuing operations.

For details, refer to <http://www.reunert.co.za/agm-and-financial-calendar.php>

¹ NHEPS Continuing Operations (CO) is the financial NHEPS calculation, minus the notional interest on residual Nashua Mobile proceeds. The Nashua Mobile proceeds is net of any investments made and new projects invested into.

PARTICIPANTS

Participants are members of senior management that are able to directly impact the financial performance of businesses in the group through the development and implementation of operational strategy.

COMPOSITION AND PAYMENT

Allocations are made annually, based on defined criteria (seniority of position, size of business unit and contribution of employee).

The size of the allocation aims to maintain an appropriate level of employee incentives.

Annual allocation may not exceed two times annual GP. Vesting occurs after four years if performance criteria are met.

Participants in the retention scheme are those employees who are key to the success of the group, such as technical specialists, high-potential EE candidates and key succession candidates.

Allocations are made annually and may not exceed 20% of annual GP. Vesting occurs after four years (50%) and five years (50%).

Performance condition 2: Relative TSR

POSITION IN INDEX ²	% VESTING
1	100
2	75
3	55
4	40
5	30
6	20
7	12,5
8	7,5
9	2,5

² JSE Electrical and Electronics Index (J273).

REUNERT'S REMUNERATION PHILOSOPHY AND STRUCTURE

continued

LIFE OF SCHEME

The scheme will terminate after eight years from date of inception (2012).

Maximum participants and allocations for CSP:

Participants	Performance vesting	80
	Retention vesting	80
Number of units to be issued	Maximum annual allocations	1 250 000 units
	Scheme maximum allocations (over eight years)	10 000 000 units
% units allocated (to date)		36%

Note: The CSP units allocated at the Remuneration Committee meetings in November 2012 and 2013 are, at this stage, not expected to vest.

The Remuneration Committee has the discretion to maintain/increase alignment between management and shareholders. In the event of a corporate action that may be in the interest of shareholders but prejudicial to management under the conditional share plan (CSP) (for example, the payment of a special dividend), the Remuneration Committee will exercise this discretion to ensure continued alignment. Any such change will be motivated by the Remuneration Committee and reported to shareholders in the next remuneration report.

OVERVIEW OF 2016 AND THE ASSOCIATED AWARDS

FEEDBACK ON 2016 FOCUS AREAS

STRATEGIC PILLARS

KEY OBJECTIVES FOR 2016

Customers	Drive market leadership through customer-centricity by providing value-adding, integrated customer solutions.
People	To build an organisation that recognises and adds value to employees, because success is based on results-driven people who create value through continuous improvement. Reunert aims to develop a high-performance culture.
Efficiency	Improve efficiencies by continuing to refine business models.
Diversification	Diversify current revenue streams by: <ul style="list-style-type: none"> > the addition of new, early life cycle products and services; > improving geographic diversification; and > increasing solutions-based customer offerings.
Innovation	Design new and advanced products and services.
Transformation	Improve credibility and legitimacy with stakeholders by driving group transformation.

The progress on the key objectives for 2016 is disclosed in the strategy overview (refer to page 34 of the integrated report), in the segmental performance reviews (refer to pages 51 to 77 of the integrated report) and the transformation strategy review (refer to page 78 of the integrated report).

2016 SHORT-TERM INCENTIVE AWARDS

Individual business units within each segment qualified for incentive payments by meeting targets set for the 2016 financial year.

Incentives awarded

	2016	2015
STIs earned	Rm	Rm
Electrical Engineering	18,6	12,3
ICT	6,8	10,9
Applied Electronics	9,7	8,0
Head Office	12,9	7,5
Total STIs earned	48,0	38,7

OVERVIEW OF 2016 AND THE ASSOCIATED AWARDS continued

The 2016 STIs can be settled in cash or restricted shares, in accordance with the rules of a new plan called a Deferred Bonus Plan (DBP). Context and the salient features of the DBP are contained below.

DEFERRED BONUS PLAN

During the financial years ended 30 September 2015 and 30 September 2016, the Remuneration Committee conducted a review of the current long-term share incentive scheme, the Reunert Limited Conditional Share Plan 2012 (CSP) to determine if the incentive scheme was appropriate and relevant. The CSP was assessed against best practice (locally) and current market trends. This entailed a comprehensive comparison of the CSP against the LTI plans of companies similar in size to, and/or within the same sector as, Reunert. The information to conduct the review was obtained from external expert service providers, from internal research and the analysis of remuneration reports of JSE listed companies.

Feedback received from shareholders during stakeholder engagement recommended that Reunert executives invest their own capital in Reunert shares. To address this matter Reunert, with the endorsement of the Remuneration Committee, proposes to shareholders the implementation of a Deferred Bonus Plan. [Refer to resolution no 13 on page 5.](#)

The DBP will increase executive and shareholder alignment by encouraging executives to invest in Reunert shares. The DBP will also enhance the incentivisation, motivation and retention of executives and other employees identified by the Remuneration Committee.

Each year, the Remuneration Committee will determine the financial and strategic KPI targets for the STI. To the extent that these targets are achieved or exceeded, relevant individuals qualify for STIs.

The individuals who qualify for STIs will be offered the opportunity to participate in the DBP. Qualifying individuals who elect to participate in the DBP will receive their elected portion in the form of restricted shares in the company. The shares are classified as restricted shares because the qualifying individual will not be permitted to dispose of the restricted shares for the duration of the DBP. As a result of the shares being restricted, taxation is only paid at the end of the deferred period and when the restriction is lifted. The taxation table will be based on the market value of the shares at the time that they become unrestricted. Participants will be entitled to receive dividends during this period.

The Remuneration Committee will, in its discretion, decide on the period for which the restricted shares must be retained by participants. The duration period for the DBP will be reviewed on an annual basis with the minimum period being three years, up to a maximum of five years. For the first DBP, the duration will be for a period of three years from the end of the financial year in respect of which the participant qualified for an STI. When offering individuals the choice to participate in the DBP, the Remuneration Committee will also determine the quantum of the deferred bonus award for which participants will qualify for at the end of this period. This percentage may not exceed 100%.

At the end of the relevant period, the participant will be entitled to receive a cash award, which will be calculated as follows: the number of restricted shares held by the participant on the deferred bonus date multiplied by the 30-day volume weighted average share price for Reunert's shares on the deferred bonus date multiplied by the deferred bonus percentage.

As indicated on [page 22](#), employees will only qualify for STIs (and accordingly to participate in the DBP) to the extent that they have met the relevant stringent performance conditions set by the Remuneration Committee (i.e. “pay for performance”-principle). Participants will be motivated to drive future performance to maximise both the growth in share price and the annual dividends, therefore aligning to shareholders’ interest. The proposed DBP will not be dilutive. The restricted shares will be purchased on-market and the Deferred Bonus Award will be settled in cash. The DBP should be seen in conjunction with the CSP. It is the intention to utilise the DBP as part of the whole remuneration policy, particularly when the CSP has a reduced retention element. It is anticipated that the extent to which the DBP is used will reduce as the value that is potentially available to management under the CSP increases.

Reunert believes that performance is an integral element of the proposed DBP and further that the investment of employees’ capital will ensure that the performance culture is maintained.

2016 LONG-TERM INCENTIVE AWARDS

The Remuneration Committee, in accordance with the rules of the CSP, allocated the following long-term incentive awards on 21 November 2016. These incentive awards will be measured against performance for financial years 2017 to 2020. The performance metrics for this allocation are available on the website at <http://www.reunert.co.za/agm-and-financial-calendar.php>

SCHEME	PERFORMANCE VESTING (CSP)	RETENTION VESTING (CSP)
Participants	54	60
Number of units to be issued	1 059 421	112 901

SERVICE CONTRACTS AND EARNINGS

EXECUTIVE DIRECTORS

Remuneration policies affecting executive directors

All executive directors are compensated according to the remuneration policy of the company. Employment contracts of executive directors are in accordance with the group's standard terms and conditions of employment and includes a notice period of six months. Executive directors do not receive extended employment contracts or special termination benefits. Executive directors do not receive additional remuneration for their attendance at Board or committee meetings.

Remuneration and interests

The remuneration of executive directors for the past two financial years is reflected in the tables below.

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

R'000	Salary	Bonus and performance-related payments ¹	Travel allowances	Retirement contributions	Medical contributions	Sub total	Deferred shares and other ²	Total	Fair value of options received at grant date ⁴
2016									
AE Dickson	4 517	–	132	344	47	5 040	6 585	11 625	3 932
M Moodley	2 159	814	–	209	48	3 229	1 898	5 128	1 238
MAR Taylor	3 130	–	–	225	110	3 465	1 622	5 087	1 802
NA Thomson	3 636	674	–	250	114	4 674	3 818	8 492	2 237
	13 442	1 488	132	1 028	319	16 408	13 923	30 331	9 209
2015									
AE Dickson	4 178	4 620	250	438	52	9 538	–	9 538	5 018
MC Krog ³	1 662	500	49	162	–	2 373	–	2 373	–
M Moodley	1 032	2 214	–	91	27	3 364	–	3 364	921
MAR Taylor	2 890	1 980	–	285	125	5 280	–	5 280	2 116
NA Thomson	1 022	653	–	1 115	32	2 822	–	2 822	–
	10 784	9 967	299	2 091	236	23 377	–	23 377	8 055

¹ In 2015, the group anticipated introducing a share matching plan, whereby an agreed portion of a director's short-term incentive would be utilised to purchase Reunert equities (restricted) in the market. At the end of a three-year period the shares so held would be matched. Due to the dilutive impact of this proposal it was not introduced. Accordingly the bonus deferred pending the scheme's introduction was paid out as a short-term incentive in February 2016.

² At their election, those directors who are entitled to a short-term incentive in 2016 can elect to receive their incentive in either cash or deferred shares or a combination thereof. Should the directors elect to take deferred shares, then the shares are acquired by the company from the market for the participating directors. These shares are restricted in nature and cannot be sold, pledged or alienated in any way for a period of three years from date of their acquisition. The value of the shares that vest after the three-year period will be matched in cash. Other includes a once-off relocation allowance paid to AE Dickson.

³ MC Krog resigned from the Board on 31 March 2015.

⁴ This has been determined using the fair value per option and the expected vesting probability of the non-market conditions at grant date. Assumes 44% of the four-year options will vest from the NHEPS performance (non-market condition). For further details relating to the valuation methodologies and assumptions used refer to note 20.

REMUNERATION POLICIES AFFECTING NON-EXECUTIVE DIRECTORS

The appointment of non-executive directors requires approval by the Board, based on proposals received from the Nomination and Governance Committee.

Non-executive directors do not have service contracts with the company and are not eligible for any company incentives, such as participation in long-term share-based incentive plans.

The term of office for non-executive directors is governed by the company's Memorandum of Incorporation, which requires that directors must resign every three years, but may make themselves available for re-election by shareholders. Their tenure ends at the annual general meeting following their 70th birthday.

Non-executive directors receive a standard fee for their services on the Board and Board committees. The Remuneration Committee reviews the level of fees annually and makes recommendations to the Board for consideration. Fees are submitted for approval annually at the company's annual general meeting and changes are effective from 1 March each year.

Expenses

Travel and accommodation expenses of R170 072 were reimbursed to non-executive directors during the 2016 financial year and are not included in the table below.

Payments to non-executive directors

Amounts paid to non-executive directors as fees are reflected below.

R'000	Company 2016	2015
Non executive directors		
<i>Total paid for the year (all directors' and committee fees)</i>		
TS Munday	1 367	1 405
T Abdool-Samad	577	633
SD Jagoe	356	521
P Mahanyele (appointed 1 October 2015)	404	–
S Martin	576	487
TJ Motsohi	382	342
NDB Orleyn	554	543
SG Pretorius	575	640
R van Rooyen	636	709
	5 427	5 280

OUTLOOK FOR 2017

LINKING REMUNERATION TO KEY OBJECTIVES

Remuneration is directly linked to financial performance and to the strategic KPIs that drive the execution of the group strategy. Financial targets and strategic KPIs determine the extent of the incentives paid to executives.

For information on the business units' strategic KPIs, refer to the focus areas and outlook in the segment performance reviews on [pages 55 to 71](#) of the integrated report.

The strategic KPIs for executive directors for 2017 are as follows:

STRATEGIC PILLARS	KEY OBJECTIVES FOR 2017
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Diversification	Execution of strategy, with the main focus being on acquisitions, in accordance with group strategic rationale and objectives.
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Transformation	Improve credibility and legitimacy with stakeholders by driving group transformation with specific focus on EE and increasing EE representation at management levels.
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People	Development of Reunert group values to embed a values driven culture.
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2017 STI

Participants

Number of participants	101
Maximum incentive	140% (100% financial and 40% strategic KPIs)

Financial targets for 2017

The NHEPS CO targets shown in the table below are the financial targets for the executive directors. The percentages shown are calculated in relation to the 2017 budget numbers, which is in accordance with the Reunert growth plan. The maximum payout for the achievement of financial targets is 100% of GP which can only be earned at Level 4.

NHEPS CO	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
	0,5%	6%	10%	15%

Different operating profit targets apply to each business unit participating in the STI. Should Reunert, in aggregate, not meet the above target growth rates, those business units that achieve their specific targets may still earn bonuses.



Sarita Martin

Chairman: Remuneration Committee



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

This report highlights important information about how the Social, Ethics and Transformation Committee has discharged its statutory duties as prescribed in section 72 of the Companies Act, read with regulation 43, and its additional transformation mandate from the Board.

The committee's terms of reference is available at <http://www.reunert.co.za/corporate-governance.php>

The committee has a formal work plan, reviewed annually, to ensure that it provides guidance and direction on all matters that fall within its mandate.

During the 2016 financial year, the committee oversaw and contributed to the advancement of the transformation strategy of the group. This report must be read in conjunction with the transformation strategy review on [page 78](#) of the integrated report.

The transformation strategy is built on three key pillars demonstrating the emphasis that the committee places on the aspects described below and which form part of how the group governs social, ethical, environmental and transformational performance.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

BBBEE is regarded as a business imperative and the committee is mandated to oversee the group's compliance and the progress made with respect to the Generic Department of Trade and Industry BBBEE Codes of Good Practice (2013 codes) and the ICT Sector Code. An overview of the BBBEE legislation and a progress report on compliance with the respective codes are presented at every meeting.

Business units within the group are committed to BBBEE and extensive work has been done to ensure compliance and acceptable BBBEE scorecards and levels are achieved. The committee is satisfied that all business units are sufficiently geared to comply with the BBBEE codes. For more details, refer to the BBBEE review on [page 81](#) of the integrated report.

HUMAN RESOURCES

This pillar of the transformation strategy is formulated around the effective development and management of talent within the group. The strategy is built on an integrated talent framework.

The key pillars of the strategy include talent identification and succession planning, talent management and development and talent retention and attraction. Each pillar is monitored through a set of metrics and a metric report is generated on a monthly basis. This report provides information on the above pillars, with metrics that specifically track equity appointments and resignations. A detailed report and discussion paper is presented to the committee at every meeting. The report highlights achievements and problem areas to enable the committee to assess the progress that is being made within the group. The committee is satisfied with the progress made in 2016 and has endorsed the key deliverables for 2017. For more details, refer to the human resources review on [page 84](#) of the integrated report.

Labour relations

Labour relations is a focal point of the committee, with all members guiding management to ensure a productive and stable working environment.

There was minimal labour disruption in 2016, as all companies remain progressive in their interactions with employees and their respective unions. Maintaining and building effective relationships between management, employees and the union is an imperative and the committee encourages management to continue exploring mechanisms to strengthen labour relations in the various operations.

For more on labour relations refer, to [page 87](#) of the integrated report.

SUSTAINABILITY

The committee oversees processes and policies implemented to ensure that the group acts as a responsible corporate citizen engaging with communities and by following a precautionary approach that safeguards the environment in which it operates.

Initiatives of the group to encourage employees to behave with integrity are guided by the values of each business. A process to consolidate these into a group-wide set of values is under way.

United Nations Global Compact

Reunert subscribes to the 10 principles of the UNGC. The group's standing in respect of these principles was presented to the committee during the year.

For more on the UNGC principles, refer to [page 92](#) of the integrated report.

Environment and climate change

Reunert's direct impact on the environment is limited and environmental practices are focused on compliance, risk mitigation and improved efficiencies. The committee is pleased to note that some of the businesses are actively promoting energy efficiency and are providing products to a growing renewable energy sector.

A significant proportion of the group's operations are either ISO 14001 certified or in the process of obtaining certification. In addition, external environmental audits were conducted at two business units during the year. The outcome of the environmental assessments was reported to the committee.

Reunert submits carbon footprint and water data annually to the international data provider, CDP (previously Carbon Disclosure Project). Details of Reunert's submissions are available online under the section CDP reports at <http://www.reunert.co.za/sustainability.php>

Social responsibility

In line with its statutory duties, Reunert's corporate social initiatives are reported to the committee. The activities and strategy of the Reunert College, specifically, are reviewed periodically given its prominence as a CSI initiative. For more on the Reunert College, go to its website at <http://www.reunert.co.za/reunert-college/>

Consumer protection

The group's compliance with consumer protection regulations was carefully evaluated and confirmed during the year.

CONCLUSION

In addition to the responsibility carried by the committee, key elements of the transformation strategy are also relevant to the mandates of other committees such as the Nomination and Governance Committee, the Remuneration Committee and the Risk Committee.

The different focus areas of these committees are aligned to ensure effective management and to prevent duplication of matters.

The committee is satisfied that the group has appropriate policies, procedures, processes, plans and programmes in place to promote and sustain socio-economic development, good corporate citizenship, environmental responsibility, regulatory compliance, fair labour practices and effective customer relationships. The level of scrutiny and oversight continues to increase due to the introduction of the group Transformation Committee. The committee will continue reviewing all elements to oversee compliance and to encourage continuous improvement.



Thandi Orleyn

Chairman: Social, Ethics and Transformation Committee

SUMMARISED FINANCIAL STATEMENTS AND OTHER INFORMATION

CURRENCY CONVERSION TABLE

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

Currency	2016	2015
US Dollar	0,0726	0,0721
Pound Sterling	0,0560	0,0475
Euro	0,0647	0,0644
Australian Dollar	0,0948	0,1026
Japanese Yen	7,3563	8,6573
Swedish Krone	0,6230	0,6062
Swiss Franc	0,0706	0,0703

INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF REUNERT LIMITED

The summarised consolidated financial statements, which comprise the summarised consolidated statement of financial position as at 30 September 2016, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Reunert Limited for the year ended 30 September 2016. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 21 November 2016. Our auditor's report on the audited annual consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (included below).

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited annual consolidated financial statements of Reunert Limited.

Directors' Responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

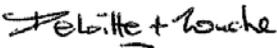
Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited annual consolidated financial statements of Reunert Limited for the year ended 30 September 2016 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with IAS 34 – Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 21 November 2016 states that as part of our audit of the annual consolidated financial statements for the year ended 30 September 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.



Deloitte & Touche
Registered Auditors

Per: James Welch
Partner

21 November 2016

Building 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton, 2196

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 September 2016

R million	Notes	Audited		% change
		2016	2015	
Revenue		8 511	8 300	3
EBITDA		1 433	1 284	12
Depreciation and amortisation		118	117	1
Operating profit before interest, dividends and empowerment transactions	2	1 315	1 167	13
Net interest income and dividends	3	137	135	1
Profit before empowerment transactions		1 452	1 302	12
Empowerment transactions	4	(113)	–	
Profit before taxation		1 339	1 302	3
Taxation		404	360	(12)
Profit after taxation		935	942	(1)
Share of joint venture's profit		28	17	65
Profit for the year from continuing operations		963	959	–
Profit for the year from discontinued operation		–	42	
Profit for the year		963	1 001	(4)
Profit attributable to:				
Non-controlling interests		9	7	29
Equity holders of Reunert – from continuing operations		954	952	–
Equity holders of Reunert – from discontinued operation		–	42	
Cents				
Basic earnings per share	5, 6	577	604	(4)
Diluted earnings per share	5, 6	572	595	(4)
Basic earnings per share from continuing operations	5, 6	577	579	–
Diluted earnings per share from continuing operations	5, 6	572	570	–
Basic earnings per share from discontinued operation	5, 6	–	26	
Diluted earnings per share from discontinued operation	5, 6	–	25	

Cents	Notes	Audited		% change
		2016	2015	
Other measures of earnings per share				
Headline earnings per share	5, 6	570	588	(3)
Diluted headline earnings per share	5, 6	565	579	(2)
Normalised headline earnings per share	5, 6	662	580	14
Diluted normalised headline earnings per share	5, 6	656	572	15
Other measures of earnings per share from continuing operations				
Headline earnings per share	5, 6	570	576	(1)
Diluted headline earnings per share	5, 6	565	568	(1)
Normalised headline earnings per share	5, 6	662	568	17
Diluted normalised headline earnings per share	5, 6	656	560	17
Total cash dividend per share for the year		439	407	8

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2016

R million	Audited	
	2016	2015
Profit for the year	963	1 001
Other comprehensive income, net of taxation:		
Items that may be reclassified subsequently to profit or loss		
(Losses)/gains arising from translating the financial results of foreign subsidiaries	(19)	3
Total comprehensive income	944	1 004
Total comprehensive income attributable to:		
Non-controlling interests	3	7
Share of comprehensive income	9	7
Share of translation loss	(6)	–
Equity holders of Reunert – from continuing operations	941	955
Equity holders of Reunert – from discontinued operation	–	42

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2016

R million	Notes	Audited	
		2016	2015
Non-current assets			
Property, plant and equipment, investment properties and intangible assets		1 019	745
Goodwill	7	737	653
Investments and loans	8	53	95
Investment in joint ventures		152	158
Rental and finance lease receivables		1 449	1 463
Deferred taxation		104	92
		3 514	3 206
Current assets			
Inventory		1 295	990
Rental and finance lease receivables		695	728
Accounts receivable and taxation		2 008	1 689
Derivative assets	9	15	22
Money market instruments		670	–
Cash and cash equivalents		1 712	2 713
Assets of discontinued operation		–	51
		6 395	6 193
Total assets		9 909	9 399
Equity attributable to equity holders of Reunert		7 011	6 679
Non-controlling interests		81	46
Total equity		7 092	6 725
Non-current liabilities			
Deferred taxation		102	98
Long-term borrowings	10	43	239
		145	337
Current liabilities			
Accounts payable, provisions and taxation		2 037	2 003
Derivative liabilities	9	6	7
Bank overdrafts and short-term loans		400	77
Current portion of long-term borrowings	10	229	201
Current liabilities of discontinued operation		–	49
		2 672	2 337
Total equity and liabilities		9 909	9 399

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2016

R million	Note	Audited	
		2016	2015
EBITDA		1 433	1 329
EBITDA from continuing operations		1 433	1 284
EBITDA from discontinued operation		–	45
(Increase)/decrease in net working capital		(396)	62
Other (net)		50	79
Cash generated from operations		1 087	1 470
Net interest and dividends		137	133
Taxation paid		(431)	(415)
Dividends paid (including to non-controlling interests)		(690)	(629)
Net inflow from operating activities		103	559
Net (outflow)/inflow from investing activities		(1 205)	1 641
Capital expenditure		(222)	(146)
Net (outflow)/inflow from disposal of businesses		(23)	1 789
Net outflow arising from acquisition of businesses	11	(462)	(19)
Movement in total rental and finance lease receivables		14	(2)
Non-current loans repaid/(granted)		43	(5)
Proceeds from investment in insurance cell captive		48	–
Dividends received from joint venture		35	10
Investments net of other capital items*		(638)	14
Net (outflow)/inflow from financing activities		(222)	21
Shares issued		25	32
Investment in treasury shares		(28)	–
Net long-term borrowings repaid		(181)	(3)
Equity transactions with non-controlling interests		(40)	(21)
Other		2	13
(Decrease)/Increase in net cash resources		(1 324)	2 221
Net cash resources at the beginning of the year		2 636	415
Net cash resources at the end of the year		1 312	2 636
Cash and cash equivalents		1 712	2 713
Bank overdrafts		(327)	–
Short-term borrowings		(73)	(77)
Net cash resources at the end of the year		1 312	2 636

* This includes R670 million investment in long-dated money market instruments.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

R million	Audited	
	2016	2015
Share capital	343	318
Balance at the beginning of the year	318	294
Issue of shares	25	32
Cancellation of issued shares	–	(8)
Share-based payment reserve	136	16
Balance at the beginning of the year	16	–
Share-based payment expense	120	16
Equity transactions with empowerment partners and non-controlling shareholders	–	–
Balance at the beginning of the year	–	–
Net changes in non-controlling interests	(40)	(10)
Transferred to retained earnings	40	10
Empowerment shares*	(276)	(276)
Treasury shares	(28)	–
Balance at the beginning of the year	–	–
Shares bought back during the year	(28)	–
Foreign currency translation reserves	(7)	6
Balance at the beginning of the year	6	3
Other comprehensive income	(13)	3
Non-distributable reserves	1	–
Balance at the beginning of the year	–	–
Increase in capital reserve	1	–
Retained earnings	6 842	6 615
Balance at the beginning of the year	6 615	6 561
Total comprehensive income attributable to equity holders of Reunert	954	994
Cash dividends declared and paid	(687)	(625)
Cancellation of issued shares	–	(305)
Transfer to reserves**	(40)	(10)
Equity attributable to equity holders of Reunert	7 011	6 679
Non-controlling interests	81	46
Balance at the beginning of the year	46	63
Share of total comprehensive income	3	7
Dividends declared and paid	(3)	(4)
Net changes in non-controlling interests	35	(20)
Total equity at end of the year	7 092	6 725

* These are shares held by Bargenel Investments Proprietary Limited (Bargenel), a company sold by Reunert to an accredited empowerment partner in 2007.

Until the amount owing by the empowerment partner is repaid to Reunert, Bargenel is consolidated by the group as the significant risks and rewards of ownership of the equity have not passed to the empowerment partner.

** Impact of the final settlement of prior empowerment transactions.

SUMMARISED SEGMENTAL ANALYSIS

for the year ended 30 September 2016

R million	Audited		2015	% of total	% change
	2016	% of total			
Revenue¹					
Electrical Engineering	4 106	46	4 112	45	–
ICT	3 332	37	3 431	37	(3)
ICT – discontinued	–	–	530	6	
Applied Electronics	1 505	17	1 081	12	39
Other	21	–	23	–	(9)
Total segment revenue	8 964	100	9 177	100	(2)
Revenue from equity-accounted joint venture – Electrical Engineering	(453)		(347)		–
Revenue from discontinued operation – ICT	–		(530)		
Revenue as reported	8 511		8 300		3
Operating profit					
Electrical Engineering	610	45	520	42	17
ICT ²	549	41	533	43	3
ICT – discontinued	–	–	44	4	
Applied Electronics	305	23	181	15	69
Other ²	(111)	(9)	(42)	(4)	(164)
Total segment operating profit	1 353	100	1 236	100	9
Operating profit from equity-accounted joint venture – Electrical Engineering	(38)		(25)		
Operating profit from discontinued operation – ICT	–		(44)		(100)
Operating profit as reported	1 315		1 167		13

¹ Inter-segment revenue is immaterial and has not been separately disclosed.

² Net interest charged on group funding provided to Quince has been eliminated in line with the consolidation principles of IFRS. This elimination amounted to R95 million (2015: R77 million).

SUMMARISED SEGMENTAL ANALYSIS

as at 30 September 2016

R million	Audited		2015	% of total
	2016	% of total		
Total assets				
Electrical Engineering	2 699	27	1 900	20
ICT	4 084	41	3 976	43
Applied Electronics	1 477	15	979	10
Other ³	1 649	17	2 544	27
Total assets as reported	9 909	100	9 399	100

³ Other consists mainly of group treasury cash balances.

NOTES

1. BASIS OF PREPARATION

These summarised consolidated financial statements were prepared in accordance with the framework concepts and the recognition and measurement criteria of IFRS and its interpretations adopted by the International Accounting Standards Boards (IASB) in issue and effective for the group at 30 September 2016 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting pronouncements as issued by the Financial Reporting Standards Council. This summarised consolidated information was prepared using, at a minimum, the information as required by IAS 34 – Interim Financial Reporting, and the requirements of the Companies Act, 71 of 2008, of South Africa. This report was compiled under the supervision of N A Thomson CA(SA) (chief financial officer).

The group's accounting policies, as per the audited financial statements for the year ended 30 September 2016, were consistently applied with those used in the prior year financial statements. These accounting policies comply with IFRS.

R million	Audited	
	2016	2015
2. OPERATING PROFIT		
Operating profit includes:		
– Cost of sales	5 402	5 416
– Other expenses excluding depreciation and amortisation	1 731	1 652
– Other income	45	31
– Realised gain/(loss) on foreign exchange and derivative instruments	26	(13)
– Unrealised (loss)/gain on foreign exchange and derivative instruments	(16)	34
3. NET INTEREST INCOME AND DIVIDENDS		
Interest income and dividends*	164	150
Interest expense	(27)	(16)
Other	–	1
Total	137	135
4. EMPOWERMENT TRANSACTIONS		
Share-based payment charges**	113	–
Taxation thereon	–	–
Net empowerment transactions after taxation	113	–
* Includes dividends of R8 million (2015: Rnil).		
** This represents IFRS 2 (Share-based Payment) charges as a result of the introduction of empowerment partners in the Electrical Engineering and Applied Electronics segment.		
5. 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)	165	165
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	2	2
Weighted average number of shares used to determine diluted basic, headline and normalised headline earnings per share (millions of shares)	167	167

		Audited	
		2016	2015
	R million		
6.	HEADLINE EARNINGS		
6.1	Profit attributable to equity holders of Reunert from continuing operations	954	952
	<i>Headline earnings are determined by eliminating the effect of the following items from attributable earnings:</i>		
	Net gain on disposal of property, plant and equipment (after a tax charge of R2 million and non-controlling interest (NCI) portion of Rnil) (2015: R1 million)	(20)	(4)
	Impairment of intangible asset (after a tax credit of R3 million and NCI portion of R2 million) (2015: after tax charge and NCI of Rnil)	8	–
	Headline earnings from continuing operations	942	948
	Headline earnings from discontinued operation	–	20
	Headline earnings	942	968
6.2	Normalised headline earnings[#]		
	Headline earnings from continuing operations	942	948
	<i>Normalised headline earnings are determined by eliminating the effect of the following items from attributable headline earnings:</i>		
	Recurring IFRS 2 charges on BBBEE deals undertaken in the current year (after tax charge and NCI portion of Rnil)	113	–
	Merger and acquisition costs relating to current transactions (after tax charge and NCI portion of Rnil)	39	–
	Net economic interest in profit attributable to non-controlling interests with outstanding equity-related loan accounts. These are not recognised as significant risks and rewards of ownership have not passed to the non-controlling shareholders.	–*	(13)
	Normalised headline earnings from continuing operations	1 094	935
	Headline earnings attributable to equity holders of Reunert from discontinued operation	–	20
	Normalised headline earnings	1 094	955

[#] The pro forma financial information above has been prepared for illustrative purposes only to provide information on how the normalised earnings adjustments might have impacted the financial results of the group. Because of its nature, the pro forma financial information may not be a fair reflection of the group's results of operation, financial position, changes in equity or cash flows.

The summarised pro forma financial effects have been prepared in a manner consistent in all respects with IFRS, the accounting policies adopted by Reunert Limited as at 30 September 2016, the revised SAICA guide on pro forma financial information, and the Listings Requirements of the JSE.

There are no post balance sheet events which require adjustment to the pro forma financial information.

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements.

The pro forma financial information should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountants' reasonable assurance report thereon, which is available for inspection at the company's registered office.

* This adjustment is not required in 2016 as Reunert bought back the non-controlling interests during the year.

NOTES continued

	Audited		
	R million	2016	2015
7. GOODWILL			
Carrying value at the beginning of the year	653		649
Acquisition of businesses ¹	90		13
Disposals of businesses and subsidiaries	–		(6)
Exchange differences on consolidation of foreign subsidiaries	(6)		(3)
Carrying value at the end of the year	737		653
8. INVESTMENTS AND LOANS			
Loans – at cost	37		81
Investment in insurance cells – at fair value	16		14
Carrying value at the end of the year	53		95
9. FAIR VALUE CLASSIFICATION AND MEASUREMENT			
At the balance sheet date, the only financial instruments that the group held at fair value were:			
Derivative assets	15		22
Derivative liabilities	6		7
These were classified as Level 2 instruments in the fair value hierarchy and comprise forward exchange contracts and interest rate swaps. The fair value of these derivative financial instruments is calculated using a discounted cash flow model, with the major variables being the discount rate, the spot exchange rate and prevailing interest rates.			
The calculations were performed by major financial institutions.			
10. LONG-TERM BORROWINGS			
Total long-term borrowings (including finance leases) ²	272		440
Less: short-term portion (including finance leases)	(229)		(201)
	43		239

¹ At 30 September 2016, the purchase price allocation of the acquisitions made in 2016 were not yet finalised and therefore the amounts reported are provisional and subject to change.

² These borrowings include R200 million (2015: R400 million) in respect of the Quince rental book, which is repayable in May 2017 (2015: R200 million).

	Audited	
	2016	2015
R million		
11. ACQUISITION OF BUSINESSES		
During the current year, the following entities were acquired by the group:		
– Metal Fabricators of Zambia Plc: With effect from 26 August 2016, 74,39% of the share capital of Metal Fabricators of Zambia Plc (Zamefa) was purchased by Reunert International Investments (Mauritius) Limited. The R40 million goodwill arising from this acquisition consists mostly of synergies expected to be realised with the group's existing energy cable businesses and through the facilitation of Zambian copper procurement which is utilised extensively in cable production.	153	–
– Omnigo Proprietary Limited: With effect from 1 December 2015, 100% of the share capital of Omnigo Proprietary Limited was purchased by Reutech Proprietary Limited. In addition to the base purchase price, there is a further contingent purchase consideration estimated at a net present value of R51 million payable over three years subject to the achievement of pre-defined threshold targets. The R40 million in goodwill arising from the acquisition is attributable to the synergies from the vertical integration with the group's other businesses in the Applied Electronics segment.	22	–
– Polybox Proprietary Limited: With effect from 1 October 2015, 51,12% of the share capital of Polybox Proprietary Limited was purchased by CBI Proprietary Limited. The R10 million in goodwill is attributable to the combination of the Polybox product in conjunction with CBI Low Voltage's circuit breakers to provide a weather-proof solution to customers.	5	–
Cost of investment	180	–
Net borrowings at time of acquisition	282	–
Net cash flows on acquisition of businesses	462	–
Minority interest	32	–
	494	–
Gross assets acquired:		
Deferred taxation	19	–
Property, plant and equipment and intangible assets	201	–
Inventory	151	–
Current accounts receivable	443	–
Non-current payables	(12)	–
Payables and provisions	(398)	–
Goodwill	90	–
Net assets acquired	494	–
Revenue since acquisition	439	–
Profit after taxation since acquisition	24	–
Revenue for the 12 months ended 30 September 2016, as though the acquisition dates had been 1 October 2015	1 881	–
Profit after taxation for the 12 months ended 30 September 2016 as though the acquisition dates had been 1 October 2015	111	–

NOTES continued

12. UNCONSOLIDATED SUBSIDIARY

The financial results of Cafca Limited (Cafca), a subsidiary incorporated in Zimbabwe, have not been consolidated into the group results, as the group does not exercise management control:

- Reunert has not appointed a majority of the directors to the board of directors of Cafca and therefore does not control the board; and
- The difficult economic circumstances in Zimbabwe have resulted in a major liquidity crisis, which renders Reunert's access to economic benefits from Cafca (e.g. dividends) such that it does not have the ability to affect its variable returns through its powers over Cafca.

The amounts involved are not material to the group's results.

At 30 September 2016 Cafca's share capital and reserves amounted to US\$15 million.

13. RELATED PARTY TRANSACTIONS

Counterparty Rm	Relationship	Sales	Purchases	Treasury shares
All related-party transactions, trading accounts and loan balances are on the same terms and conditions as those with non-related parties.				
September 2016				
CBI-electric: Telecom Cables Proprietary Limited	A joint venture	1	–	–
Bargenel Investments Proprietary Limited	Owns 18,5m Reunert shares	–	–	276
September 2015				
CBI-electric: Telecom Cables Proprietary Limited	A joint venture	2	–	–
Bargenel Investments Proprietary Limited	Owns 18,5m Reunert shares	–	–	276

14. LITIGATION

There is no material litigation being undertaken against the group. The group has made adequate provision against any cases where the group considers there are reasonable prospects for the litigation to succeed. The group has adequate resources and good grounds to defend any litigation of which it is aware.

15. EVENTS AFTER REPORTING DATE

Effective from 1 October 2016, the group acquired all the issued share capital and shareholder loans in Nanoteq Proprietary Limited, a company specialising in military grade encryption. The company was purchased for a total cash consideration of R130 million and will form part of the Applied Electronics segment.

CASH DIVIDEND

Final cash dividend for 2016

Notice is hereby given that a gross final cash dividend No 181 of 326,0 cents per ordinary share (2015: 302,0 cents per share) has been declared by the directors for the year ended 30 September 2016.

The dividend has been declared from income reserves.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt from, or who do not qualify for, a reduced rate of withholding tax. The net dividend payable to shareholders is subject to withholding tax at a rate of 15%, and thus amounts to 277,10 cents per share.

The issued share capital at the declaration date is 184 005 796 ordinary shares.

In compliance with the requirements of Strate, the following dates are applicable:

Declared	21 November 2016
Last date to trade (cum dividend)	Tuesday, 10 January 2017
First date of trading (ex dividend)	Wednesday, 11 January 2017
Record date	Friday, 13 January 2017
Payment date	Monday, 16 January 2017

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 11 January 2017 and Friday, 13 January 2017, both days inclusive.

SHAREHOLDERS' DIARY

Cut-off date for voting and proxies	09h00, Thursday, 9 February 2017
Annual general meeting	09h00, Monday, 13 February 2017
Announcement of interim results for 2017 ¹	30 May 2017
Financial year-end	30 September 2017
Announcement of final results for 2017 ¹	28 November 2017
Annual report for 2017 posted on or about ¹	15 December 2017

¹ Please note that dates are subject to change.

CORPORATE INFORMATION AND ADMINISTRATION

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

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CORPORATE AND SUSTAINABILITY INFORMATION AND INVESTOR RELATIONS

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SHARE TRANSFER SECRETARIES

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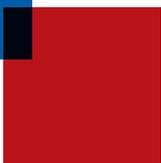
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