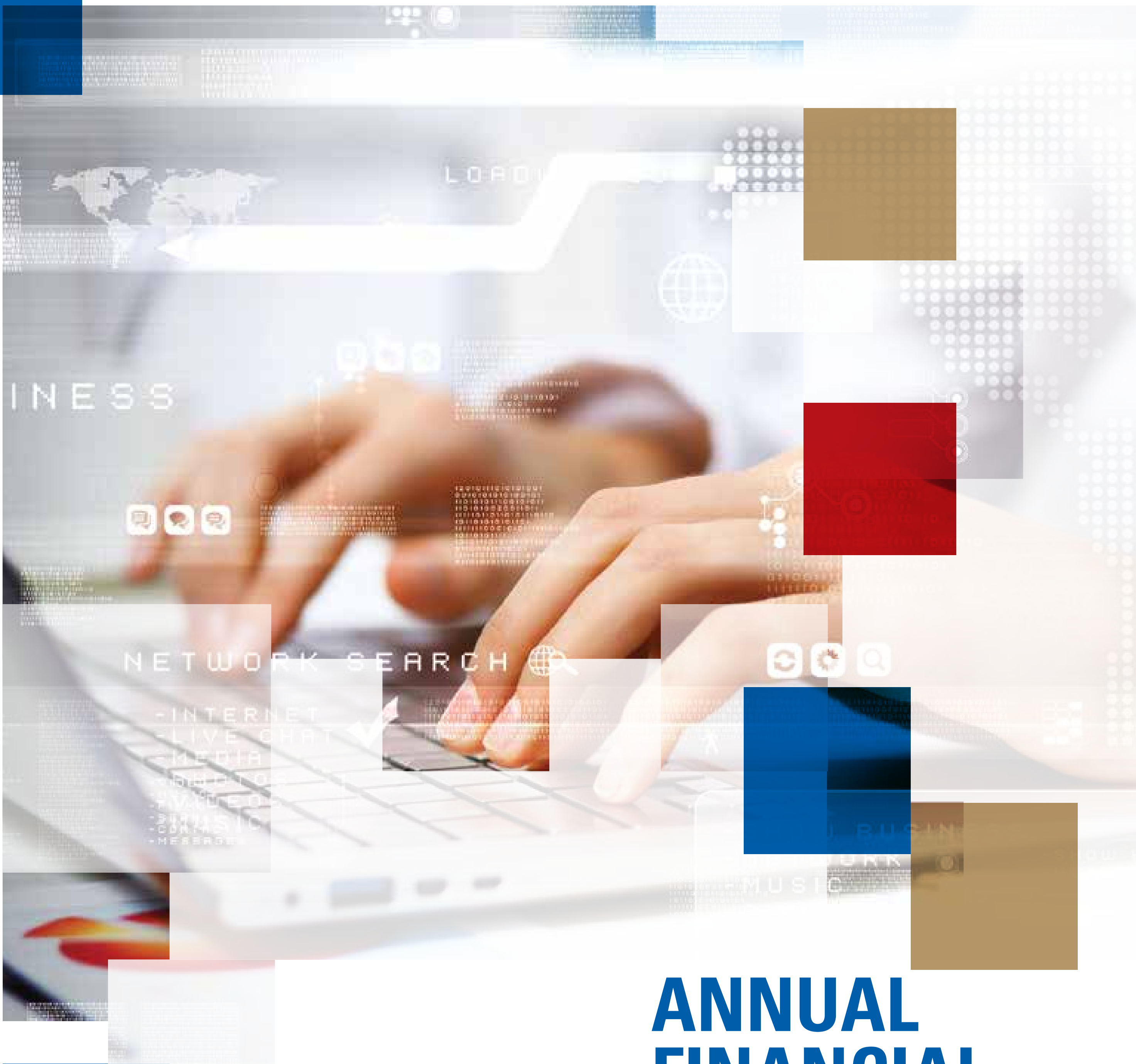
REUNERT

REUNERT LIMITED



ANNUAL FINANCIAL STATEMENTS 2016

CONTENTS

DIRECTORS' RESPONSIBILITY FOR AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 September 2016

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Reunert Limited comprising the statements of financial position at 30 September 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended; in conformity with International Financial Reporting Standards and the Companies Act of South Africa.

To discharge this responsibility, the Board ensures through the review of information supplied by management and the reports of both the internal and external auditors, that the group (comprising the company, its subsidiaries and its joint venture) has instituted and applied appropriate internal controls and has operated a control environment that:

- ensures (within appropriate cost benefit parameters) the safeguarding of the group's assets;
- transactions are undertaken in accordance with the group's policies and procedures and within the group's delegation of authority limits; and
- there is reasonable assurance as to the reliability of the group's financial information.

The Board also ensures that the group has instituted a risk management system which provides reasonable assurance that risks are:

- identified;
- assessed;
- managed to acceptable levels; or
- transferred.

Through their enquiries, the Board is not aware of any material breakdown in either internal controls or risk management that occurred during the year under review.

The Board has considered both the ability of the company and its subsidiaries to continue as going concerns for at least the next 12 months and the liquidity and solvency of the company before and after approving the final dividend for the 2016 financial year.

The company's external auditors, Deloitte & Touche, are responsible for reporting on whether the consolidated and separate annual financial statements of the company and group are fairly presented in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

On the recommendation of the Audit Committee, the consolidated annual financial statements and separate annual financial statements set out on pages 3 to 82 were approved by the Board on 21 November 2016 and are signed on its behalf by:

Trevor Munday
Chairman

Alan Dickson
Chief executive officer

Nick Thomson
Chief financial officer

COMPANY SECRETARY'S CERTIFICATION

for the year ended 30 September 2016

In terms of section 88(2)(e) of the Companies Act 71 of 2008, I, Karen Louw, duly authorised on behalf of the company secretary, Reunert Management Services Proprietary Limited (registration number 1980/007949/07), certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 September 2016, all such returns and notices as are required in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up to date.

Karen Louw
on behalf of Reunert Management Services Proprietary Limited
Group company secretary
21 November 2016

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 September 2016

TO THE SHAREHOLDERS OF REUNERT LIMITED

We have audited the consolidated and separate financial statements of Reunert Limited set out on pages 7 to 82, which comprise the statements of financial position as at 30 September 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate 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 these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Reunert Limited as at 30 September 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate 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 Certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Reunert Limited for 31 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: James Welch
Partner
21 November 2016

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

AUDIT COMMITTEE REPORT

The Audit Committee has pleasure in submitting its report to stakeholders for the financial year ended 30 September 2016.

The Audit Committee is an independent statutory committee appointed by the shareholders. The Board delegates duties and responsibilities to the Audit Committee according to terms of reference, which are formalised in a charter. The charter is recommended by the Audit Committee for approval by the Board on an annual basis.

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

COMPOSITION AND MEETINGS

Members: R van Rooyen (chairman), T Abdool-Samad, S Martin, P Mahanyele[1]

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

[1] P Mahanyele was appointed on 1 October 2015.

Attendance register	Appointed to committee	13 November 2015	16 May 2016	26 September 2016	14 November 2016
R van Rooyen	17 Nov 2009	✓	✓	✓	✓
T Abdool-Samad	1 July 2014	✓	✓	✓	✓
S Martin	1 Dec 2013	✓	✓	✓	✓
P Mahanyele	1 Oct 2015	✓	✓	*	✓

** Apology*

STATUTORY DUTIES

In execution of its statutory duties during the financial year and pursuant to the provisions of the JSE Listings Requirements, the Audit Committee:

- confirmed the appointment of both Deloitte & Touche (Deloitte) as the independent external auditors and Mr James Welch as the designated audit partner;
- confirmed that Deloitte and the designated audit partner are accredited by the JSE;
- approved the Deloitte engagement letter, the audit plan and the budgeted audit fees payable to Deloitte;
- obtained a statement from Deloitte confirming that its independence was not impaired;
- pre-approved the non-audit services provided by Deloitte in terms of an approved policy;
- satisfied itself of the appropriateness of the expertise and experience of the chief financial officer and the expertise, resources and experience of the finance function; and
- recommended to the Board, which in turn has recommended to the shareholders for consideration at the next AGM, the appointment of Deloitte as external auditors for the year ending 30 September 2017.

ROLES AND RESPONSIBILITIES

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

Integrated reporting, interim and annual financial statements:

- guided the integrated reporting process, having regard to all factors and risks that may impact on the integrity of the integrated report;
- confirmed that the interim and annual financial statements were prepared on the going concern basis;
- assessed and recommended to the Board the group's ability to continue to be a going concern for at least the next 12 months;
- reviewed the interim and annual financial statements and other financial information made public, prior to the approval of the Board, and satisfied itself that they fairly present the results of operations, cash flows and the financial position of both Reunert Limited and the Group;
- considered accounting treatments, significant or unusual transactions and accounting judgements;
- considered the appropriateness of accounting policies and any changes made thereto;
- reviewed the Deloitte audit reports;
- reviewed any significant legal and tax matters and considered any concerns identified that could have a material impact on the financial statements;
- reviewed the solvency and liquidity tests undertaken for specific transactions and dividend declarations;
- considered and made recommendations to the Board on the interim and final dividends paid to shareholders; and
- met separately with management, Deloitte and internal audit.

AUDIT COMMITTEE REPORT continued

Effectiveness of external audit function:

- reviewed and approved the Deloitte audit plan, the budgeted and final fee for the reporting period and the terms of engagement of the external auditors;
- reviewed and evaluated the Deloitte audit process and concluded it to be satisfactory;
- considered whether any reporting irregularities were identified and reported by Deloitte in terms of the Auditing Profession Act, 2005 and determined there were none;
- reviewed the Deloitte reports and obtained assurances that adequate accounting records are being maintained; and
- reviewed the findings and recommendations of Deloitte and confirmed that no unresolved issues of concern exist between the group and Deloitte.

Internal control and internal audit:

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

Financial management and accounting:

- evaluated the adequacy, competence and resourcing of the financial management and accounting function; and
- assessed the competence of the chief financial officer (CFO).

Financial risk management and information technology:

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

Legal and regulatory compliance:

- reviewed legal matters that could have a material impact on the group;
- considered reports provided by management, internal audit and Deloitte regarding compliance with legal and regulatory requirements; and
- monitored the resolution of items received through the group's independent, confidential whistle-blowing service.

Sustainability information:

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

CONCLUSION

The committee is satisfied that it has complied with all its statutory and other responsibilities and having had regard to all material risks and factors that may impact on the integrity of the integrated annual report and the annual financial statements following our review, the audit committee recommends the integrated annual report and the annual financial statements of Reunert for the year ended 30 September 2016 for approval to the Board.

Rynhardt van Rooyen
Chairman
Sandton

21 November 2016

DIRECTORS' REPORT

for the year ended 30 September 2016

AUTHORISED AND ISSUED CAPITAL

The authorised capital of the company remained unchanged.

Share option schemes and shares issued to the Reunert Share Purchase Trust account for all the shares issued during the current year as tabled below:

		Number of shares	
Issue price per share	**Scheme name**	**2016**	**2015**
R41,90	Reunert 1985	**–**	128 400
R53,50	Reunert 2006	**5 000**	–
R39,30	Reunert 2006	**207 600**	315 300
R59,55	Reunert 2006	**161 600**	136 300
R60,80	Reunert 2006	**100 000**	–
Issued to the Reunert Share Purchase Trust		**–**	100 000
Total		**474 200**	680 000

With our cash resources, the confidence we have in Reunert's future and recognising our shareholders' desire for greater clarity regarding cash reserves, we commenced a share buyback programme in September 2016, under general shareholder authority permitting us to purchase up to 9 million shares. By year-end we had repurchased 443 331 shares at an average price of R62,69 per share and a total consideration of R27,8 million. We continued to repurchase shares during the closed period in terms of a firm mandate that was effected prior to the closed period in accordance with the JSE Listings Requirements.

REVIEW OF OPERATIONS AND RESULTS

Overall group revenue from continuing operations increased by 3% to R8,5 billion (2015: R8,3 billion). This was underpinned by significant growth of 39% in the Applied Electronics segment, mainly due to the successful completion of the export fuze order. On the back of sales mix changes in the cable operations and the delay in certain large infrastructure projects, revenue from the Electrical Engineering segment remained static at R4,1 billion. Revenue in the Information Communications Technology (ICT) segment was down 3% as the economic conditions resulted in weaker unit sales offset by an increase in average selling prices, in part due to a weaker Rand and a change in sales mix towards more expensive units. Voice minutes increased to 1,1 billion minutes (2015: 1 billion minutes) offsetting the impact of the reduced interconnect rates.

The growth in revenue, operating profit and in the earnings metrics are presented in the table below.

Measure	**Units**	**2016**	2015	%
Revenue	R million	**8 511**	8 300	3
Operating profit	R million	**1 315**	1 167	13
Continuing operations				
Basic earnings per share	cents	**577**	579	–
Headline earnings per share	cents	**570**	576	(1)
Normalised headline earnings per share	cents	**662**	568	17
All operations				
Basic earnings per share	cents	**577**	604	(4)
Headline earnings per share	cents	**570**	588	(3)
Normalised headline earnings per share	cents	**662**	580	14

The 3% increase in group revenue was leveraged to a 13% increase in operating profit through improved margins. This can be ascribed to the positive impact from Applied Electronics arising from large export orders and a good performance in the Electrical Engineering segment. Gains were tempered by the impact of the difficult trading conditions in the ICT segment.

The 13% growth in operating profit included merger and acquisition costs of R39 million. This growth in operating profit was offset largely by the impact of empowerment transactions (R113 million) resulting in HEPS reducing by 1%. The 17% increase in NHEPS is determined after removing the effect of both the empowerment transactions and the merger and acquisition costs.

Progress made in the execution of the group's strategy yielded pleasing results, with the conclusion of three complementary acquisitions that should deliver geographically diversified revenue streams and provide good growth opportunities. This, together with the improving equity profile and the empowerment transactions undertaken in the Applied Electronics and Electrical Engineering segments, will appropriately position the segments in the local markets in which they operate.

DIRECTORS' REPORT continued

for the year ended 30 September 2016

CASH DIVIDEND

An interim ordinary cash dividend No 180 of 113 cents (2015: No 178 of 105 cents) per share was declared on 23 May 2016 and a final ordinary cash dividend No 181 of 326 cents (2015: No 179 of 302 cents) per share was declared on 21 November 2016.

A total distribution of 439 cents (2015: 407 cents) per ordinary share was declared relating to the 2016 financial year.

SUBSIDIARY COMPANIES

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

Note 30 sets out the acquisitions concluded during the year.

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

DIRECTORATE AND SECRETARIAT

Directors are subject to retirement by rotation at least once every three years in terms of the Memorandum of Incorporation (MOI) and, if available, may be re-elected by the shareholders at the succeeding annual general meeting (AGM). Appointments are not for a fixed term. T Abdool-Samad, AE Dickson, TJ Motsohi, TS Munday and R van Rooyen retire by rotation at the next AGM. The Nomination and Governance Committee, at its meeting on 21 November 2016, recommended that they be re-elected and they have offered themselves for re-election. The Board charter is an integral part of the conditions of appointment of all directors. Procedures for appointments are formal and transparent, and are considered by the Board.

INTERESTS OF DIRECTORS

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

	Direct beneficial		Indirect beneficial		Held by associates		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
NDB Orleyn[1]	**–**	–	**–**	–	**1 554 000**	1 554 000	**1 554 000**	1 554 000

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

This holding has remained unchanged from 30 September 2016 to 21 November 2016.

The directors have no financial interest in contracts entered into by the group during the year. For further information on directors' share options, refer to note 25 of the annual financial statements.

SUBSEQUENT EVENTS

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.

ATTRIBUTABLE INTEREST

The attributable interest of the company in the profits and losses of its consolidated subsidiaries for the year ended 30 September 2016 is as follows:

Rm	2016	2015
In the aggregate net income	**981**	751
In the aggregate net losses	**(152)**	(14)
	829	737

GOING CONCERN

The directors confirm that the group and company have adequate resources to operate for the next 12 months as a going concern.

ACCOUNTING POLICIES

for the year ended 30 September 2016

The consolidated and separate annual financial statements, comprising Reunert (referred to as "the company"), its subsidiaries and joint ventures (altogether referred to as "the group"), incorporate the following principal accounting policies, set out below. In these accounting policies "the group" refers to both the group and company.

STATEMENT OF COMPLIANCE

The group annual financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS) including the interpretations adopted by the International Accounting Standards Board (IASB) which were in issue and effective for the group at 30 September 2016;
- the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee;
- the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; and
- the requirements of the South African Companies Act, 2008.

BASIS OF PREPARATION

In line with the disclosure initiative amendments to IAS 1 – Presentation of Financial Statements, which provided improved presentation and disclosure guidelines, the presentation and disclosure of the financial statements have been revised.

The group and company annual financial statements are presented in South African Rand, which is the currency in which the majority of the group's transactions are denominated. The group annual financial statements have been prepared on the going concern and historical-cost basis, except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

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

The group structure is diverse, with various subsidiaries trading in a wide range of activities. The main streams of business flows are concentrated in the following three different segments namely: Electric Engineering, Information and Communication Technologies (ICT) and Applied Electronics. Our main operations are located in South Africa, with others in Australia, Lesotho, Sweden, USA and Zambia.

Functional and presentation currency

The Reunert group's functional and presentation currency is Rand and all amounts, unless otherwise stated, are stated in millions of Rand (Rm). The following exchange rates were used when preparing these consolidated financial statements:

	USD	SEK	ZMK	AUD
Year-end rate	13,77	1,60	1,36	10,55
Annual average rate	14,73	1,76	1,40	10,68

CRITICAL JUDGEMENTS AND ESTIMATES

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

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

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

In preparing the financial statements in conformity with IFRS, management has made the following significant judgements, estimates and assumptions:

Useful lives of intangible assets

Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The residual values of intangible assets are assumed to be zero.

The basis for determining the useful lives for the various categories of intangible assets is as follows:

Computer software

The useful life is determined with reference to the licence term of the computer software. For unique software products controlled by the group, the useful life is based on historical experience with similar assets as well as anticipation of future events such as technological changes, which may impact the useful life.

Models, designs and prototypes

These intangible assets arise from contractual obligations and therefore the useful lives are based on the contract periods for the industrialised product.

Impairment of goodwill

Goodwill is tested bi-annually for impairment. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations are performed internally by the group and require the use of estimates and assumptions. The calculations mainly used cash flow projections based on financial budgets approved by management covering a five-year period. Management is confident that projections covering periods up to five years are appropriate based on the long-term nature of the group's infrastructure and operating model. Cash flows beyond the budget period were extrapolated using the estimated growth rates.

The following key assumptions were used for the value-in-use calculations:

- Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The growth rates were consistent with the long-term average growth rates for each of the markets in which the respective CGU operated. The average growth rates used ranged from 0% to 6% (2015: 0% to 5%);
- Discount rates: discount rates ranged from 9,45% to 14,30% (2015: 9,45% to 14,35%). Discount rates used reflect both the time value of money and other specific risks (e.g. country risks) relating to the relevant CGU; and
- Terminal values were estimated using growth rates ranging from 0% to 5%.

Services delivered over time

Various assumptions are applied in arriving at the profit or loss recognised for services delivered over time, the most significant of which relate to the estimation of total costs, which assist in determining the percentages of completion and the recoverability of amounts in terms of the contracts. These estimations and judgements are made by regular analysis of detailed contract accounts and involvement of contract managers with an intimate knowledge of the contracts.

Share-based payments

Judgement is required to determine the probability of units vesting in terms of the executive conditional share option schemes in as far as the attainment of the normalised headline earnings per share (NHEPS) targets are concerned. The judgements involved in assessing the attainment of the NHEPS targets includes the expected forecasted share price, dividend yield, risk-free interest rate and consumer price index (CPI). Volatility was estimated using the daily closing share price and the dividend yield was estimated by using the average dividend yield over the year prior to the valuation date.

Classification of leases

Nashua franchises purchase equipment from Nashua Office Automation, a division of Reunert Limited, and then rent the equipment to customers. A franchisee (Nashua franchise) enters into a rental agreement with a customer (i.e. the lessee) to rent equipment for a period of time and a contract is signed between the Nashua franchise and the customer. This is considered to be a finance lease between the customer and Nashua franchise. The critical judgements that the group considered with respect to the classification of the lease transactions were:

- whether, the lease terms are for the major part of the economic life of the assets; and
- whether, at inception of the leases, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the assets.

Deferred taxation assets

Judgement is applied by management to determine whether a deferred taxation asset should be recognised in the event of a tax loss, based on whether there will be future taxable income against which to utilise the tax loss.

PERFORMANCE MEASURES

Revenue

Revenue comprises net invoiced sales to customers, revenue from the rendering of services, rental from leasing fixed and moveable assets, commission and interest earned in the group's financing operations and excludes value added tax (VAT).

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

Sale of cables; electrical distribution, protection and control equipment; multi-function printers/copiers; radars; fuzes and communication products.

Revenue is recognised when a group entity has delivered products to the customer or if the group only retains insignificant risks of ownership. It is considered that at the point of delivery that the following apply:

- there is no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Services

The key components of service revenue are: Nashua managed print and document services. Other services include communication products such as voice over internet protocol (VOIP) and private automatic branch exchange (PABX) (both physical and virtual) and certain logistic services.

Revenue for the rendering of services is recognised on a fixed unit rate based on volumes consumed by customers. Revenue from the rendering of these services is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits will flow to the group, costs associated with rendering of services including consumables is charged in proportion to the work performed.

Interest received on lease receivables

The group recognises interest earned on lease receivables on a time-proportion basis, taking account of the principal amount outstanding and the effective rates over the period to maturity using the effective interest rate method.

Dividend

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Board of directors.

NORMALISED HEADLINE EARNINGS

Normalised headline earnings are determined by adjusting headline earnings per share by the following:

- eliminating the effect of empowerment transactions and merger and acquisition costs; and
- including the net economic interest of profit attributable to non-controlling interest with outstanding equity-related loan accounts.

TAXATION

Current taxation

Current taxation comprises tax payable on the taxable income for the year, using the tax rates enacted at the reporting period date, and any adjustment of tax payable in respect of previous years.

Deferred taxation

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxation is provided for using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

ACCOUNTING POLICIES continued

for the year ended 30 September 2016

WORKING CAPITAL

Inventory and work in progress

Inventory comprises of raw material and component parts used in the process of manufacture, and finished goods comprise of completed products including energy and telecom cables, low voltage products, radars, fuzes and communication systems.

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the first-in first-out, weighted average and standard cost bases. The latter are assessed on an ongoing basis and updated when required to approximate actual cost. Cost includes direct material costs together with appropriate allocations of labour and overheads based on normal operating capacity.

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

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

Product warranties

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

LEASES

Group as lessor

Finance leases

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

The majority of the finance lease receivable is accounted for in Quince under the ICT segment for financing purposes to the different Nashua franchises. Quince is the principle lessor with the different Nashua franchises being sub-lessor to the individual lessees.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Group as lessee

Finance leases

The majority of the finance lease liability stems from property lease agreements.

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

Lease payments are allocated using the rate implicit in the lease to determine the lease finance cost, which is charged to profit or loss over the term of the relevant lease, and the capital payment, which reduces the liability to the lessor.

TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from customers across all three segments of the group. Trade receivables are recognised initially at their invoiced value of goods sold or work performed on contracts and are reduced by appropriate allowances for estimated irrecoverable amounts and cost of collection. Impairment is recognised when there is evidence that the group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is charged to the income statement.

Other receivables include unbilled contract revenue due from customers, claims and prepayments in the Electrical Engineering and Applied Electronics segments. When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work.

GROUP

Basis of consolidation

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

Subsidiaries

A subsidiary is an entity over which the group has control. Control is achieved when the company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the group's accounting policies.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value of the acquiree's identifiable net assets.

The financial results of Cafca Limited, a subsidiary incorporated in Zimbabwe, have not been consolidated in the group results as the group does not have the ability to direct the relevant activities of Cafca because Reunert does not have majority vote on the board of directors of Cafca and does therefore not control the board. In addition, the difficult economic climate in Zimbabwe has resulted in an ongoing 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.

Joint ventures

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

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Significant joint ventures of the group have been equity accounted based on the effective holding of the group in the joint venture.

Business combinations and goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquirer, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition date amounts of the identifiable assets acquired, including any intangible assets and liabilities and contingent liabilities assumed. If, after assessment of the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the acquirer's consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interests in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain. All acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services received.

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

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

Segment reporting

A segment is a distinguishable component of the group that is engaged in activities from which it may earn revenue and incur expenses, including revenues and expenses relating to transactions with other components of the group, whose operating results are regularly reviewed by the chief operating decision-maker and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the group. Therefore the Board makes the group's strategic decisions.

EMPLOYEE TRANSACTIONS

Share-based payments

Equity settled share based payments

The group issues equity-settled options to certain employees. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in the equity-settled employee benefit reserve in equity. At the end of each reporting period, the group revises its estimate of the number and value of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured by use of a modified binomial option pricing model. The expected lives used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

EMPOWERMENT TRANSACTIONS

Black economic empowerment transactions

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

During the year the group concluded two empowerment transactions in the Applied Electronics and Electrical Engineering segments of the business.

To the extent that an entity grants shares in an empowerment transaction and the fair value of the cash or other assets received is less than the fair value of the shares granted, the difference is accounted for as a charge to the income statement in the period in which the grant date of the transaction is established.

ASSETS INFRASTRUCTURE

Property, plant and equipment and investment property

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

Investment properties are held to earn rental income and for capital appreciation, whereas owner-occupied properties are held for use by the group, in the supply of goods, services or for administration purposes.

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

Subsequent expenditure relating to an item of property, plant and equipment and investment property is capitalised when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. All other subsequent expenditure (repairs and maintenance) is recognised as an expense when it is incurred.

Property, plant and equipment and investment property are derecognised on disposal or when no future economic benefit is expected from the continued use of the asset.

On disposal of an item of property, plant and equipment that is ordinarily sold, but was held for rental purposes, the net carrying value of the item is transferred to inventory directly prior to the sale. The proceeds from the sale of the item are included in revenue.

Land is not depreciated and is stated at cost less accumulated impairment losses. All other items of plant and equipment and investment property are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of assets commences when the assets are ready for their intended use.

Depreciation is provided on a straight-line basis over the estimated useful lives of property, plant and equipment in order to reduce the cost of the asset to its residual value. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis.

Management assesses residual values and useful lives at each reporting period.

When there is no reasonable certainty that ownership will be obtained by the end of the lease term, leased assets are depreciated over the shorter of the lease term and their useful lives.

INTANGIBLE ASSETS

Intangible assets acquired separately

The significant intangible assets arise mainly in the Applied Electronics segment.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually with the effect of any changes in estimate being accounted for in future periods. Intangible assets with an indefinite useful life are not amortised, but are tested at least annually for impairment.

Internally-generated intangible assets – research and development expenditure

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

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

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

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

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

IMPAIRMENT OF ASSETS

The carrying amounts of the group's assets are reviewed at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through use, to determine whether there is any indication of impairment.

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

Nashua Office Automation and the Nashua franchises are regarded as a single CGU as the nature of these businesses are closely related. All other entities of the group are regarded as separate CGUs.

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

For the purposes of impairment testing, goodwill arising on a business combination is allocated to the CGUs expected to benefit from the synergies of the combination. Goodwill is tested annually for impairment or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata, on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

FINANCIAL MANAGEMENT

Financial instruments

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

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

The effective interest method is a method used to calculate the amortised cost of a financial instrument and to allocate interest income or expense over the relevant period.

Financial assets

The group classifies its financial assets into the following categories:

- at FVTPL;
- loans and receivables; and
- available-for-sale financial assets.

The above classification is dependent on the purpose and nature for which the financial assets have been acquired. Management determines the classification of its financial assets at the time of the initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL where the financial asset is either held for trading or designated as such upon initial recognition. The investment in the group's insurance cell is designated as FVTPL and derivative assets (comprising mainly foreign currency forward contracts) are classified as held-for-trading financial assets if it is a derivative instrument that is not designated as an effective hedging instrument. Certain derivatives within Quince Capital and the African Cable division are designated as hedging instruments and comprise of interest rate swaps and copper commodity hedges.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the Statement of Profit or Loss includes any dividend or interest earned on the financial asset.

Loans and receivables

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

Impairment of financial assets

At each reporting period date, financial assets, other than those at FVTPL, are assessed for indicators of impairment. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted. These include change in market conditions or risk factors affecting the financial asset and specific counterparty conditions that provide evidence that future cash flows may be negatively impacted.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Derivative instruments

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

Derivative instruments are initially measured at fair value at the date the derivative contract is entered into and are subsequently stated at fair value at each reporting date. The resulting gains or losses are charged to the Statement of Profit or Loss other than when the instrument is designated as an effective hedging instrument. Refer to hedge accounting on the following page.

Financial liabilities and equity instruments issued by the group
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual terms of the arrangement and the definitions of a financial liability and an equity instrument.

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

Equity is not subsequently remeasured.

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

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

Loans from non-controlling interests
In the ICT business segment where the group acquires a controlling interest in the franchise business, at-acquisition loans are introduced by non-controlling interests in terms of contractual arrangements. These are intended to be a commitment towards the business and for which the group has no unconditional right to avoid settlement. These loans are classified as liabilities and are stated at their nominal value.

Financial liabilities
Financial liabilities are either classified as:

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

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

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

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

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

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

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

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

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

Hedge accounting
Quince Capital designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of interest rate risk as fair value hedges.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

ACCOUNTING POLICIES continued

for the year ended 30 September 2016

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

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

OTHER

Employee benefits

Short-term employee benefits and termination benefits

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

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NEW ACCOUNTING STANDARDS

New and revised standards and interpretations affecting the reported financial performance and/or the financial position

No new and revised standards and interpretations affected the 2016 financial year.

Revised standards affecting presentation and disclosure only

No new and revised standards and interpretations affected the 2016 financial year.

At the date of these financial statements, the following relevant standards and interpretations were in issue but not yet effective. We have only included those that we expect to have a significant impact on the annual financial statements

Standard/interpretation	Details of amendment	Effective for annual periods commencing on or after
IFRS 2 – Share Based Payment	Amendment clarifies that the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments when determining the fair value of cash settlement shared-based payments. In addition, the amendment clarifies how to account for the modification that changes a transaction from cash-settled to equity-settled and the impact of a "net settlement feature" on the classification of the share-based payment.	1 January 2018
IFRS 9 – Financial Instruments	This is a new standard that forms part of a three-stage project to replace IAS 39 – Financial Instruments: Recognition and Measurement.	1 January 2018

Standard/interpretation	Details of amendment	Effective for annual periods commencing on or after
IFRS 15 – Revenue from Contracts with Customers	New standard that requires an entity to recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions not comprehensively addressed previously and improve the guidance for multiple-element arrangements. The new standard supersedes: (a) IAS 11 – Construction Contracts (b) IAS 18 – Revenue (c) IFRIC 13 – Customer Loyalty Programmes	1 January 2018
IFRS 16 – Leases	IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17-Leases and introduces significant changes to lessee accounting as it requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement. The standard is expected to have a material impact in the group.	1 January 2019
IAS 1 – Presentation of Financial Statements	Amendments clarify that only material information should be disclosed, the order of notes and the presentation of certain items on the face of the statement of financial position and comprehensive income.	1 January 2016
IAS 7 – Cash Flow Statement	The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash change, by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.	1 January 2017
IAS 12 – Income Taxes	Amendment clarifies that whether the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type but separately from other types of deductible temporary differences.	1 January 2017
IAS 38 – Intangible Assets	Amendments to clarify the basis for calculation of amortisation as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016

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

STATEMENTS OF PROFIT OR LOSS

for the year ended 30 September 2016

		Group		Company	
Rm	Notes	**2016**	2015	**2016**	2015
Revenue	1	**8 511**	8 300	**1 194**	2 538
EBITDA		**1 433**	1 284*	**905**	283*
Depreciation and amortisation		**(118)**	(117)	**(9)**	(23)
Operating profit before interest and dividends	2	**1 315**	1 167	**896**	260
Interest and dividends income	3	**164**	151	**3 394**	1 887
Interest expense	4	**(27)**	(16)	**(10)**	(8)
Profit before empowerment transactions		**1 452**	1 302	**4 280**	2 139
Empowerment transactions	5	**(113)**	–	**–**	–
Profit before taxation		**1 339**	1 302	**4 280**	2 139
Taxation	6	**(404)**	(360)	**(78)**	(119)
Profit after taxation		**935**	942	**4 202**	2 020
Share of joint venture's profit	27	**28**	17		
Profit for the year from continuing operations		**963**	959	**4 202**	2 020
Profit for the year from discontinued operation		**–**	42		
Profit for the year		**963**	1 001	**4 202**	2 020
Profit for the year attributable to:					
Non-controlling interests		**9**	7		
Equity holders of Reunert – continuing operations		**954**	952	**4 202**	2 020
Equity holders of Reunert – discontinued operation		**–**	42		
Basic earnings per share (cents)		**577**	604		
Diluted earnings per share (cents)		**572**	595		
Basic earnings per share from continuing operations (cents)		**577**	579		
Diluted earnings per share from continuing operations (cents)		**572**	570		
Basic earnings per share from discontinued operation (cents)		**–**	26		
Diluted earnings per share from discontinued operation (cents)		**–**	25		
Cash dividend declared and paid per share (cents)					
– Interim	8	**113**	105	**113**	105
Cash dividend declared per share (cents)					
– Final	8	**326**	302	**326**	302
Total cash dividends declared per share (cents)		**439**	407	**439**	407

* *The comparative period's presentation has been reclassified to reflect earnings before interest, tax, depreciation and amortisation (EBITDA) as it is a broadly accepted performance metric.*

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 September 2016

	Group		Company	
Rm	**2016**	2015	**2016**	2015
Profit for the year	**963**	1 001	**4 202**	2 020
Comprehensive income:				
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 for the year	**944**	1 004	**4 202**	2 020
Total comprehensive income attributable to:				
Non-controlling interests	**3**	7		
– Share of comprehensive income	**9**	7		
– Share of loss on translation	**(6)**	–		
Equity holders of Reunert – continuing operations	**941**	955	**4 202**	2 020
Equity holders of Reunert – discontinued operation	**–**	42		

STATEMENTS OF FINANCIAL POSITION

at 30 September 2016

		Group		Company	
Rm	Notes	**2016**	2015	**2016**	2015
ASSETS					
Non-current assets					
Property, plant and equipment	10	**880**	647	**10**	102
Investment properties	10	**24**	27	**161**	115
Intangible assets	11	**115**	71	**1**	8
Goodwill	12	**737**	653	**9**	9
Interest in subsidiaries	13			**2 420**	2 388
Other investments and loans	14	**53**	95	**2**	48
Investments in joint ventures	27	**152**	158		
Amounts owing by subsidiaries	13			**6 338**	2 617
Rental and finance lease receivables	15	**1 449**	1 463	**–**	–
Deferred taxation assets	17	**104**	92	**–**	6
		3 514	3 206	**8 941**	5 293
Current assets					
Inventory	18	**1 295**	990	**133**	327
Rental and finance lease receivables	15	**695**	728	**–**	–
Accounts receivable	16	**1 957**	1 664	**116**	503
Taxation		**51**	25	**–**	–
Derivative assets	29	**15**	22	**–**	15
Money market instruments		**670**	–	**–**	–
Cash and cash equivalents	19	**1 712**	2 713	**20**	228
Assets of discontinued operations		**–**	51		
		6 395	6 193	**269**	1 073
Total assets		**9 909**	9 399	**9 210**	6 366
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	20	**343**	318	**343**	318
Share-based payment reserves	20	**136**	16	**–**	–
Empowerment shares	20	**(276)**	(276)		
Treasury shares	20	**(28)**	–		
Non-distributable reserves		**1**	–		
Foreign currency translation reserve		**(7)**	6		
Retained earnings		**6 842**	6 615	**8 428**	4 989
Equity attributable to equity holders of Reunert		**7 011**	6 679	**8 771**	5 307
Non-controlling interests		**81**	46		
Total equity		**7 092**	6 725	**8 771**	5 307
Non-current liabilities					
Deferred taxation liabilities	17	**102**	98	**14**	23
Long-term borrowings	21	**43**	239	**5**	15
		145	337	**19**	38
Current liabilities					
Provisions	22	**179**	96	**15**	33
Trade and other payables		**1 835**	1 892	**247**	539
Taxation		**23**	15	**4**	10
Derivative liabilities	29	**6**	7	**4**	6
Amounts owing to subsidiaries	13			**140**	425
Bank overdrafts and short-term loans	19	**400**	77	**–**	–
Current portion of long-term borrowings		**229**	201	**10**	8
Current liabilities of discontinued operation		**–**	49		
		2 672	2 337	**420**	1 021
Total equity and liabilities		**9 909**	9 399	**9 210**	6 366

STATEMENTS OF CASH FLOWS

for the year ended 30 September 2016

		Group		Company	
Rm	Notes	**2016**	2015	**2016**	2015
Cash flows from operating activities					
Cash generated from operations before working capital changes	A	**1 483**	1 408	**95**	406
(Increase)/decrease in net working capital	B	**(396)**	62	**29**	(13)
Cash generated from operations		**1 087**	1 470	**124**	393
Interest received		**156**	150	**134**	65
Interest paid		**(27)**	(18)	**(10)**	(8)
Dividends received		**8**	1	**3 260**	1 518
Taxation paid	C	**(431)**	(415)	**(87)**	(118)
Net cash inflow from operating activities available to pay dividends		**793**	1 188	**3 421**	1 850
Dividends paid (including to outside shareholders in subsidiaries)	D	**(690)**	(629)	**(763)**	(695)
Net cash inflow from operating activities		**103**	559	**2 658**	1 155
Cash flows from investing activities					
Investments to maintain operating capacity		**(546)**	(25)	**62**	(4)
Movement in total rental and finance lease receivables		**14**	(2)	**–**	–
Repayment of non-current loans		**51**	4	**46**	–
Non-current loans granted		**(8)**	(9)	**–**	(3)
Dividend received from joint venture		**35**	10	**–**	–
Proceeds from investment in insurance cell captive		**48**	–	**–**	–
Replacement of property, plant and equipment and intangible assets		**(48)**	(42)	**(8)**	(13)
Investments and other capital items		**(638)**	14	**24**	12
Investments to increase operating capacity		**(659)**	1 666	**547**	(31)
Expansion of property, plant and equipment and intangible assets		**(174)**	(104)	**(18)**	(31)
Cash flows in respect of discontinued operations		**(23)**	1 789		
Acquisition of subsidiaries and businesses	E	**(462)**	(19)	**(192)**	–
Disposal of subsidiaries and businesses	F	**–**	–	**757**	–
Net cash (outflow)/inflow from investing activities		**(1 205)**	1 641	**609**	(35)
Cash flows from financing activities					
Funds provided by equity holders of Reunert		**25**	32	**25**	32
Investment in treasury shares		**(28)**	–	**–**	–
Subscription for subsidiaries' shares by non-controlling shareholders		**3**	–		
Equity transactions with non-controlling shareholders		**(40)**	(21)	**–**	–
Long-term borrowings raised		**21**	6	**–**	–
Long-term borrowings repaid		**(202)**	(9)	**(8)**	(6)
Government grant relating to plant and equipment		**(1)**	13	**–**	–
Net change in amounts due to and by subsidiaries				**(3 492)**	(1 065)
Net cash (outflow)/inflow from financing activities		**(222)**	21	**(3 475)**	(1 039)
Net (decrease)/increase in cash and cash equivalents		**(1 324)**	2 221	**(208)**	81
Net cash and cash equivalents at the beginning of the year		**2 636**	415	**228**	147
Net cash and cash equivalents at the end of the year		**1 312**	2 636	**20**	228
Made up of:					
Cash and cash equivalents	19	**1 712**	2 713	**20**	228
Bank overdrafts	19	**(327)**	–	**–**	–
Short-term borrowings	19	**(73)**	(77)	**–**	–
Net cash and cash equivalents		**1 312**	2 636	**20**	228
Net cash flows from operating activities before dividends paid		**793**	1 188		
Operating cash flow before dividends paid per share (cents)		**480**	722		

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended 30 September 2016

Rm		Group 2016	Group 2015	Company 2016	Company 2015
A.	**RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES**				
	Profit before taxation	**1 339**	1 344	**4 280**	2 139
	Continuing operations	**1 339**	1 302	**4 280**	2 139
	Discontinued operation	**–**	42	**–**	–
	Adjusted for:				
	Interest received	**(156)**	(150)	**(134)**	(65)
	Interest paid	**27**	18	**10**	8
	Dividends received – cash	**(8)**	(1)	**(3 260)**	(1 518)
	Dividends received – in specie	**–**	–	**–**	(304)
	Depreciation of property, plant and equipment	**100**	93	**8**	22
	Amortisation of intangible assets	**18**	25	**1**	1
	Impairment of intangible assets	**13**	–	**–**	–
	Derecognition of goodwill	**–**	6	**–**	–
	Net profit on disposal of property, plant and equipment and intangible assets	**(22)**	(5)	**(22)**	(5)
	Net profit on disposal of investments and investment in subsidiaries	**–**	(1)	**(809)**	(1)
	Provision against investment in subsidiaries	**–**	–	**9**	98
	Share-based payment expense in respect of empowerment transactions	**113**	–	**–**	–
	Share-based payment expense in respect of the group's share option schemes	**7**	14		
	Provisions and other non-cash movements	**52**	65	**12**	31
	Cash generated from operations before working capital changes	**1 483**	1 408	**95**	406
B.	**WORKING CAPITAL CHANGES**				
	Inventory and work in progress	**(154)**	24	**1**	2
	Accounts receivable and derivative assets	**201**	(84)	**91**	(104)
	Trade and other payables, provisions and derivative liabilities	**(443)**	122	**(63)**	89
	Working capital changes	**(396)**	62	**29**	(13)
C.	**RECONCILIATION OF TAXATION PAID TO THE AMOUNTS DISCLOSED IN THE STATEMENT OF PROFIT OR LOSS AS FOLLOWS**				
	Net amounts unpaid at beginning of year	**(10)**	11	**(10)**	(4)
	Current taxation per the Statement of Profit or Loss	**(392)**	(715)	**(81)**	(124)
	Taxation provisions via acquisitions	**(1)**	278	**–**	–
	Translation reserve	**–**	1	**–**	–
	Net amounts unpaid at end of year	**(28)**	10	**4**	10
	Cash amounts paid	**(431)**	(415)	**(87)**	(118)
D.	**RECONCILIATION OF CASH DIVIDENDS PAID TO THE AMOUNTS DISCLOSED IN THE STATEMENTS OF CHANGES IN EQUITY AS FOLLOWS**				
	Dividends per the statements of changes in equity	**(687)**	(625)	**(763)**	(695)
	Dividends paid to non-controlling interests	**(3)**	(4)		
	Cash amounts paid	**(690)**	(629)	**(763)**	(695)

Rm		Group 2016	Group 2015	Company 2016	Company 2015
E.	**ANALYSIS OF ACQUISITION OF SUBSIDIARIES AND BUSINESSES**				
	Deferred taxation	19	–	–	–
	Property, plant and equipment	199	1	–	–
	Intangible assets	2	–	–	–
	Inventory	151	2	–	–
	Current accounts receivable	443	6	–	–
	Net borrowings at the time of acquisition	(282)	–	–	–
	Trade and other payables and provisions	(410)	(3)	–	–
	Shares purchased	–	–	(192)	–
	Non-controlling interest at acquisition	(32)	–	–	–
	Fair value of assets and liabilities acquired	90	6	(192)	–
	Purchase consideration	(180)	(19)	192	–
	Goodwill arising on acquisition	(90)	(13)	–	–
	Purchase consideration	(180)	(19)	(192)	–
	Less: net borrowings at the time of acquisition	(282)	–	–	–
	Net cash flow on acquisition of subsidiaries and businesses	(462)	(19)	(192)	–
F.	**ANALYSIS OF DISPOSAL OF SUBSIDIARIES AND BUSINESSES**				
	Inventory	–	–	193	–
	Accounts receivable	–	–	311	–
	Trade and other payables and provisions	–	–	(263)	–
	Property, plant and equipment	–	–	61	–
	Intangible assets	–	–	7	–
	Investment in subsidiaries	–	–	152	–
	Net amount due to group companies	–	–	(513)	–
	Surplus on disposal	–	–	809	–
	Cash on hand at time of disposal	–	–	204	–
	Proceeds on disposal	–	–	961	–
	Less: Cash on hand at time of disposal	–	–	(204)	–
	Net cash flow on disposal of subsidiaries and businesses	–	–	757	–

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2016

		Group			
Rm	Notes	Share capital	Share-based payment reserves	Em-powerment shares[1]	Treasury shares
Balance at 30 September 2014		294	–	(276)	(313)
Comprehensive income for the year					
Other comprehensive income for the year					
Total comprehensive income for the year					
Share-based payment expense	20		16		
Deferred tax on share based payment expense	17		–		
Dividends declared and paid	8				
Cancellation of issued shares	20	(8)			313
Issue of shares	20	32			
Loans from non-controlling shareholders reclassified as loans					
Transactions with non-controlling shareholders					
Transfer to retained earnings					
Balance at 30 September 2015		**318**	**16**	**(276)**	**–**
Comprehensive income for the year					
Other comprehensive income for the year					
Total comprehensive income for the year					
Share-based payment expense	20		**120**		
Dividends declared and paid	8				
Acquisition of businesses	30				
Subscription for shares by non-controlling shareholder					
Issue of shares	20	**25**			
Shares bought back	20				**(28)**
Transactions with BEE partners					
Transfer to retained earnings					
Other					
Balance at 30 September 2016		**343**	**136**	**(276)**	**(28)**

[1] *These are shares held by Bargenel, a company sold by Reunert to an accredited empowerment partner in 2007. In terms of IFRS, until the amount owing by the empowerment partner is repaid to Reunert, Bargenel is to be consolidated by the group, as the significant risks and rewards of ownership of the equity have not passed to the empowerment partner.*

Group

Equity transactions with non-controlling shareholders	Non-distributable reserves	Foreign currency translation reserves	Retained earnings	Attributable to equity holders of Reunert Limited	Non-controlling interests	Total
–	–	3	6 561	6 269	63	6 332
			994	994	7	1 001
		3		3	–	3
		3	994	997	7	1 004
				16	–	16
				–	–	–
			(625)	(625)	(4)	(629)
			(305)	–		–
				32		32
				–	(10)	(10)
(10)				(10)	(10)	(20)
10			(10)	–		–
–	**–**	**6**	**6 615**	**6 679**	**46**	**6 725**
			954	**954**	**9**	**963**
		(13)		**(13)**	**(6)**	**(19)**
		(13)	**954**	**941**	**3**	**944**
				120	**–**	**120**
			(687)	**(687)**	**(3)**	**(690)**
				–	**32**	**32**
					3	**3**
				25		**25**
				(28)		**(28)**
(40)	**–**			**(40)**		**(40)**
40			**(40)**	**–**		**–**
	1			**1**		**1**
–	**1**	**(7)**	**6 842**	**7 011**	**81**	**7 092**

STATEMENTS OF CHANGES IN EQUITY continued

for the year ended 30 September 2016

		Company		
Rm	Notes	Share capital	Retained earnings	Total
Balance at 30 September 2014		294	3 960	4 254
Comprehensive income for the year			2 020	2 020
Other comprehensive income for the year			–	–
Total comprehensive income for the year			2 020	2 020
Dividends declared and paid	8		(695)	(695)
Cancellation of issued shares	20	(8)	(296)	(304)
Issue of shares	20	32		32
Balance at 30 September 2015		**318**	**4 989**	**5 307**
Comprehensive income for the year			**4 202**	**4 202**
Other comprehensive income for the year			**–**	**–**
Total comprehensive income for the year			**4 202**	**4 202**
Dividends declared and paid	8		**(763)**	**(763)**
Issue of shares	20	**25**		**25**
Balance at 30 September 2016		**343**	**8 428**	**8 771**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Rm		Notes	Group 2016	Group 2015	Company 2016	Company 2015
1.	**REVENUE**					
	Invoiced sales		**6 591**	6 202	**953**	2 193
	Services rendered		**1 557**	1 757	**182**	307
	Interest received on lease receivables		**314**	289	**–**	–
	Rental received		**48**	49	**59**	38
	Other revenue		**1**	3	**–**	–
			8 511	8 300	**1 194**	2 538
	Revenue by geography					
	South Africa		**6 435**	6 878	**1 090**	1 965
	Africa (excluding South Africa)		**330**	294	**103**	182
	Asia		**619**	364	**–**	206
	Australia		**184**	55	**–**	20
	Europe		**678**	605	**1**	111
	North America		**240**	84	**–**	54
	South America		**25**	20	**–**	–
			8 511	8 300	**1 194**	2 538
2.	**OPERATING PROFIT BEFORE INTEREST AND DIVIDENDS**					
	Cost of sales		**5 402**	5 416	**726**	1 533
	Other income		**45**	31	**832**	12
	Total operating expenses		**1 839**	1 748	**404**	757
	Included in cost of sales, other income or expenses:					
	Administration, management and other fees		**33**	35	**22**	20
	Bad debt expense		**34**	26	**3**	1
	Bad debt recovery		**(2)**	(2)	**–**	–
	Net realised (gains)/losses on currency exchange differences		**(39)**	9	**(1)**	8
	Net unrealised losses/(gains) on currency exchange differences		**28**	(19)	**(4)**	(12)
	Net realised losses on fair value adjustments to derivative instruments		**13**	4	**14**	4
	Net unrealised (gains)/losses on fair value adjustments to derivative instruments		**(12)**	(15)	**4**	(8)
			(10)	(21)	**13**	(8)
	Operating lease charges:					
	Land and buildings		**43**	58	**1**	9
	Vehicles and other		**–**	–	**–**	1
			43	58	**1**	10
	Research and development expenditure:					
	Externally funded		**77**	70	**–**	2
	Internally funded		**70**	18	**–**	5
			147	88	**–**	7
	Net profit on disposal of plant, equipment and intangible assets		**22**	5	**22**	5
	Consulting fees		**65**	29	**47**	12
	Legal fees		**27**	10	**8**	4
	Staff costs (included in cost of sales and other operating expenses):					
	Salaries and wages		**1 637**	1 560	**–**	–
	Pension and provident fund contributions		**127**	122	**–**	–
	Other staff costs		**135**	94	**–**	–
			1 899	1 776	**–**	–
	Share-based payment expense in respect of the group's share option schemes		**7**	14		
	Write-down of inventory	18	**16**	17	**1**	7

Rm		Group 2016	Group 2015	Company 2016	Company 2015
3.	**INTEREST AND DIVIDEND INCOME**				
	Dividend income:				
	– Unlisted subsidiaries	**–**	–	**3 259**	1 821
	– Other	**8**	1	**1**	1
		8	1	**3 260**	1 822
	Interest income:				
	– Subsidiaries	**–**	–	**133**	62
	– Bank deposits, loans and receivables	**156**	150	**1**	3
		156	150	**134**	65
	Total interest and dividend income	**164**	151	**3 394**	1 887
	Interest earned on financial assets analysed by category of asset:				
	– Bank deposits	**151**	147	**1**	3
	– Loans and receivables	**5**	3	**133**	62
		156	150	**134**	65
4.	**INTEREST EXPENSE**				
	Subsidiaries	**–**	–	**5**	3
	Long-term borrowings	**3**	2	**–**	–
	Short-term loans and bank overdrafts	**24**	14	**5**	5
		27	16	**10**	8
	External interest expense in Quince (included in group cost of sales)	**36**	42		
5.	**EMPOWERMENT TRANSACTIONS**				
	Share-based payment charges*	**113**	–	**–**	–
		113	–	**–**	–
	Taxation	**–**	–	**–**	–
	Net empowerment transactions after taxation	**113**	–	**–**	–

* *This represents IFRS 2 – Share-based Payment charges as a result of the introduction of empowerment partners in the Electrical Engineering and Applied Electronics segments.*

Rm		Notes	Group 2016	Group 2015	Company 2016	Company 2015
6.	**TAXATION**					
	South African current taxation:					
	– Current year		**387**	424	**76**	124
	– Prior year		**(1)**	(3)	**5**	–
	Deferred taxation:					
	– Current year	17	**9**	(67)	**2**	(6)
	– Prior year	17	**(3)**	4	**(5)**	1
			392	358	**78**	119
	Foreign taxation:					
	– Current		**6**	2		
	– Deferred taxation	17	**6**	–		
	Taxation charge as per the statement of comprehensive income		**404**	360	**78**	119
	Tax rate reconciliation		**%**	%	**%**	%
	South African normal tax rate		**28,0**	28,0	**28,0**	28,0
	Movement in rate of taxation due to:					
	– Dividends received and other exempt income		**(1,8)**	(0,4)	**(26,8)**	(23,7)
	– Research and development allowance		**(0,7)**	(0,8)	**–**	(0,1)
	– Recurring disallowable expenses[1]		**1,9**	0,7	**0,5**	1,4
	– Empowerment transactions and merger and acquisition costs		**3,3**	–		
	– Capital gains tax		**0,2**	0,1	**–**	–
	– Adjustments from prior year		**0,3**	–	**0,1**	–
	– Other		**(1,0)**	0,1	**–**	–
	Effective rate of taxation		**30,2**	27,7	**1,8**	5,6

[1] *Includes disallowable expenses such as legal and consulting fees, share-based payments in respect of the group's share option schemes, and depreciation on property, plant and equipment and intangible assets on which no tax allowances are available.*

The group has total estimated tax losses available to be offset against future taxable income of R230 million (2015: assessed losses R69 million), of which R58 million has been raised as deferred tax assets (2015: R25 million). R120 million of the current year estimated tax loss arises as a result of the acquisition of Zamefa. Deferred tax assets have not been raised unless there is convincing evidence that there will be sufficient taxable profits in future years to recover the assets. The group has capital gains tax losses of R18,1 million (2015: R18,1 million) which can be offset against future capital gains. Deferred tax assets have not been raised due to the uncertainty of any future capital gains.

		Group 2016	Group 2015
7.	**NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE**		
	Weighted average number of shares in issue used to determine basic earnings, headline earnings and normalised headline earnings per share (millions of shares)	**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, diluted headline and diluted normalised headline earnings per share (millions of shares)	**167**	167

Rm		Group 2016	Group 2015	Company 2016	Company 2015
8.	**CASH DIVIDENDS**				
	Ordinary dividends paid:				
	– Final 2015 – 302 cents per share (2014: 275 cents per share)	**555**	503	**555**	503
	– Interim 2016 – 113 cents per share (2015: 105 cents per share)	**208**	192	**208**	192
	– Attributable to Reunert shares held by a special purpose entity	**(76)**	(70)		
		687	625	**763**	695
	Final ordinary cash dividend declared:				
	– 326 cents per share (2015: 302 cents per share)	**600**	554	**600**	554
	– Attributable to Reunert shares held by a special purpose entity	**(60)**	(56)		
		540	498	**600**	554

		Notes	Group 2016	Group 2015
9.	**HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS**			
	From continuing operations:			
	Headline earnings per share (cents)	7 and 9.1	**570**	576
	Diluted headline earnings per share (cents)	7 and 9.1	**565**	568
	Normalised headline earnings per share (cents)	7 and 9.2	**662**	568
	Diluted normalised headline earnings per share (cents)	7 and 9.2	**656**	560
	From all operations:			
	Headline earnings per share (cents)	7 and 9.1	**570**	588
	Diluted headline earnings per share (cents)	7 and 9.1	**565**	579
	Normalised headline earnings per share (cents)	7 and 9.2	**662**	580
	Diluted normalised headline earnings per share (cents)	7 and 9.2	**656**	572

Rm		Notes	Group 2016	Group 2015
9.	**HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS** continued			
9.1	**Headline earnings**			
	Profit attributable to equity holders of Reunert from continuing operations		**954**	952
	Headline earnings are determined by eliminating the effect of the following items in attributable earnings:		**(12)**	(4)
	– Net gain on disposal of property, plant and equipment and intangible assets (after a tax charge of R2 million (2015: R1 million) and non-controlling interest (NCI) of Rnil (2015: Rnil))		**(20)**	(4)
	– Impairment of intangible asset (after a tax credit of R3 million and NCI portion of R2 million)		**8**	–
	Headline earnings attributable to equity holders of Reunert from continuing operations		**942**	948
	Profit attributable to equity holders of Reunert from discontinued operation		**–**	42
	– Net gain on disposal of business (2015: after a tax charge of R18 million)		**–**	(22)
	Headline earnings attributable to equity holders of Reunert from discontinued operation		**–**	20
	Headline earnings		**942**	968
9.2	**Normalised headline earnings#**			
	Headline earnings attributable to equity holders of Reunert from continuing operations	9.1	**942**	948
	It is the group's policy to determine normalised headline earnings by eliminating the effect of the following items in attributable headline earnings:		**152**	(13)
	– Recurring IFRS 2 charges on BBBEE transactions undertaken in the current year (after tax charge and NCI of Rnil)		**113**	–
	– Merger and acquisition costs relating to current transactions (after tax charge and NCI of Rnil)		**39**	–
	– Net economic interest in profit attributable to all NCI with outstanding equity-related loan accounts[1]	9.3	**–**	(13)
	Normalised headline earnings attributable to equity holders of Reunert from continuing operations		**1 094**	935
	Headline earnings attributable to equity holders of Reunert from discontinued operation		**–**	20
	Normalised headline earnings		**1 094**	955

Rm		Notes	Group 2016	Group 2015
9.	**HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS** continued			
9.3	**Non-controlling shareholders' interests with outstanding equity-related loan accounts[#] [1]**			
	Interest in profit that is economically attributable to non-controlling shareholders			
	Certain empowerment transactions involving the disposal of equity interests were not recognised as NCI under IFRS because the significant risks and rewards of ownership of the equity had not passed to the non-controlling shareholders.			
	Accordingly, their equity interests in subsidiaries had not been recognised in the group statements of comprehensive income and financial position.			
	The effect of this was not to recognise the net economic interest in profit attributable to affected non-controlling shareholders[1]	9.2	–	13

[#] *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 on 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 Limited.

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.

[1] *This adjustment is not required in 2016 as Reunert bought back the NCI during the year.*

Rm	Investment property freehold land	Investment property freehold buildings	Investment property leasehold buildings	**Investment property total**
10. PROPERTY, PLANT AND EQUIPMENT				
2016				
Group				
Cost	**5**	**4**	**26**	**35**
Accumulated depreciation and impairments	**–**	**1**	**7**	**8**
Net book value at the beginning of the year	**5**	**3**	**19**	**27**
Additions				
– Acquisition of businesses	**–**	**–**	**–**	**–**
– Other additions	**–**	**–**	**–**	**–**
Disposals	**–**	**(1)**	**–**	**(1)**
Transfers	**–**	**–**	**–**	**–**
Depreciation	**–**	**–**	**(2)**	**(2)**
Exchange rate difference	**–**	**–**	**–**	**–**
Cost	**5**	**2**	**26**	**33**
Accumulated depreciation and impairments	**–**	**–**	**9**	**9**
Net book value at the end of the year	**5**	**2**	**17**	**24**
2015				
Group				
Cost	5	9	26	40
Accumulated depreciation and impairments	–	1	5	6
Net book value at the beginning of the year	5	8	21	34
Additions	9	13	–	22
Disposals	–	(5)	–	(5)
Transfers from intangible assets and between categories	(9)	(13)	–	(22)
Depreciation	–	–	(2)	(2)
Exchange rate difference	–	–	–	–
Cost	5	4	26	35
Accumulated depreciation and impairments	–	1	7	8
Net book value at the end of the year	5	3	19	27

Owner-occupied freehold land	Owner-occupied freehold buildings	Owner-occupied leasehold buildings	Plant and equipment	Vehicles	Capital work in progress	Property, plant and equipment total
51	166	55	1 120	52	8	1 452
–	31	44	695	35	–	805
51	135	11	425	17	8	647
–	–	99	76	2	22	199
–	23	–	105	7	9	144
–	–	–	(8)	(1)	–	(9)
–	3	–	3	–	(3)	3
–	(3)	(5)	(85)	(5)	–	(98)
–	–	(3)	(3)	–	–	(6)
51	192	154	1 370	59	36	1 862
–	34	52	857	39	–	982
51	158	102	513	20	36	880
42	149	53	1 058	55	21	1 378
–	27	38	666	37	–	768
42	122	15	392	18	21	610
–	3	2	107	4	(13)	103
–	–	–	(2)	–	–	(2)
9	13	–	3	–	–	25
–	(3)	(6)	(76)	(5)	–	(90)
–	–	–	1	–	–	1
51	166	55	1 120	52	8	1 452
–	31	44	695	35	–	805
51	135	11	425	17	8	647

Rm	Investment property freehold land	Investment property freehold buildings	Investment property leasehold buildings	**Investment property total**
10. PROPERTY, PLANT AND EQUIPMENT continued				
2016				
Company				
Cost	**31**	**98**	**–**	**129**
Accumulated depreciation and impairments	**–**	**14**	**–**	**14**
Net book value at the beginning of the year	**31**	**84**	**–**	**115**
– Additions	**–**	**16**	**–**	**16**
– Disposals of businesses	**–**	**–**	**–**	**–**
– Other disposals	**–**	**(1)**	**–**	**(1)**
Transfers	**8**	**26**	**–**	**34**
Depreciation	**–**	**(3)**	**–**	**(3)**
Cost	**39**	**153**	**–**	**192**
Accumulated depreciation and impairments	**–**	**31**	**–**	**31**
Net book value at the end of the year	**39**	**122**	**–**	**161**
2015				
Company				
Cost	22	91	–	113
Accumulated depreciation and impairments	–	12	–	12
Net book value at the beginning of the year	22	79	–	101
– Additions	9	13	–	22
– Disposals	–	(5)	–	(5)
Depreciation	–	(3)	–	(3)
Cost	31	98	–	129
Accumulated depreciation and impairments	–	14	–	14
Net book value at the end of the year	31	84	–	115

Owner-occupied freehold land	Owner-occupied freehold buildings	Owner-occupied leasehold buildings	Plant and equipment	Vehicles	Capital work in progress	**Property, plant and equipment total**
7	**31**	**50**	**316**	**13**	**7**	**424**
–	**14**	**40**	**260**	**8**	**–**	**322**
7	**17**	**10**	**56**	**5**	**7**	**102**
–	**7**	**–**	**1**	**–**	**–**	**8**
–	**–**	**–**	**(52)**	**(5)**	**(4)**	**(61)**
–	**–**	**–**	**–**	**–**	**–**	**–**
(7)	**(24)**	**–**	**–**	**–**	**(3)**	**(34)**
–	**–**	**(4)**	**(1)**	**–**	**–**	**(5)**
–	**–**	**50**	**24**	**1**	**–**	**75**
–	**–**	**44**	**20**	**1**	**–**	**65**
–	**–**	**6**	**4**	**–**	**–**	**10**
7	27	50	307	18	8	417
–	14	36	255	11	–	316
7	13	14	52	7	8	101
–	4	–	17	–	(1)	20
–	–	–	–	–	–	–
–	–	(4)	(13)	(2)	–	(19)
7	31	50	316	13	7	424
–	14	40	260	8	–	322
7	17	10	56	5	7	102

10. PROPERTY, PLANT AND EQUIPMENT continued

Notes:

1. A register of group property may be inspected at the registered office of the company.
2. The open-market value of freehold investments properties amounts to R17 million (2015: R46 million) (company: R349 million) (2015: R267 million). The group disposed of investment property with a net book value of R1 million in the current year.

   The fair value of the group's investment properties at 30 September 2016 has been arrived on the basis of valuations carried out at that date by Gensec Property Services Limited t/a JHI, independent valuers not related to the group. JHI is a member of the SA Institute of Valuers having the appropriate qualifications and who have recent experience in the locations and categories of the investment properties being valued, and recent experience in the valuation of properties in the relevant locations.

   The valuations, which conform to International Valuation Standards, were arrived at by using various methodologies, including the most commonly used discounted cash flow approach.
3. Useful lives used for the following categories:

Investment properties	12 to 50 years
Buildings	12 to 50 years
Plant	5 to 33,3 years
Office equipment	5 to 20 years
Computer equipment	3,3 to 10 years
Furniture	5 to 20 years
Vehicles	3 to 12 years

4. The insurable value of the group's property, plant and equipment as at 30 September 2016 amounted to R2,5 billion (2015: R2,5 billion).

   This is based on the cost of replacement of such assets, except for motor vehicles and certain selected assets which are included at market value.
5. A leasehold investment property with a book value of R16 million (2015: R18 million) serves as security for finance leases (refer to note 21).

	Group		Company	
Rm	**2016**	2015	**2016**	2015
6. Operating leases receivable Total future minimum lease payments receivable for all non-cancellable leases on property, plant and equipment				
<1 year	**9**	15	**–**	–
1 – 5 years	**–**	4	**–**	–
	9	19	**–**	–
Gross carrying amount of land and buildings leased under operating leases	**8**	126	**188**	126
Accumulated depreciation	**(1)**	(14)	**(31)**	(14)
	7	112	**157**	112
Gross carrying amount of plant and equipment leased under operating leases	**27**	27	**–**	–
Accumulated depreciation	**(23)**	(20)	**–**	–
	4	7	**–**	–

Significant leasing arrangements

Land and buildings: group and company

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

Plant and equipment

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

Rm	Computer software	Customer list, restraint of trade and order book	Models, designs and prototypes	Capital work in progress	Total
11. INTANGIBLE ASSETS					
2016					
Group					
Cost	**73**	**103**	**29**	**–**	**205**
Accumulated amortisation and impairments	**62**	**71**	**1**	**–**	**134**
Net book value at the beginning of the year	**11**	**32**	**28**	**–**	**71**
Additions					
– Acquisition of businesses	**–**	**2**	**–**	**–**	**2**
– Other additions	**10**	**11**	**57**	**–**	**78**
Transfers	**–**	**–**	**(5)**	**–**	**(5)**
Amortisation charge for the year	**(5)**	**(12)**	**(1)**	**–**	**(18)**
Impairment loss for the year	**–**	**(13)**	**–**	**–**	**(13)**
Cost	**81**	**106**	**82**	**–**	**269**
Accumulated amortisation and impairments	**65**	**87**	**2**	**–**	**154**
Net book value at the end of the year	**16**	**19**	**80**	**–**	**115**
2015					
Group					
Cost	64	147	8	–	219
Accumulated amortisation and impairments	54	86	1	–	141
Net book value at the beginning of the year	10	61	7	–	78
Additions	6	15	–	–	21
Transfers					
– Transfers to property, plant and equipment	2	(5)	–	–	(3)
– Transfers between categories	–	(21)	21	–	–
Amortisation charge for the year	(7)	(18)	–	–	(25)
Cost	73	103	29	–	205
Accumulated amortisation and impairments	62	71	1	–	134
Net book value at the end of the year	11	32	28	–	71

Rm		Computer software	Customer list, restraint of trade and order book	Models, designs and prototypes	Capital work in progress	Total
11.	**INTANGIBLE ASSETS** continued					
	2016					
	Company					
	Cost	**15**	**11**	**–**	**5**	**31**
	Accumulated amortisation and impairments	**13**	**10**	**–**	**–**	**23**
	Net book value at the beginning of the year	**2**	**1**	**–**	**5**	**8**
	Additions					
	– Other additions	**1**	**–**	**–**	**–**	**1**
	Transfers					
	– Disposal of businesses	**(2)**	**–**	**–**	**(5)**	**(7)**
	Amortisation charge for the year	**–**	**(1)**	**–**	**–**	**(1)**
	Cost	**7**	**3**	**–**	**–**	**10**
	Accumulated amortisation and impairments	**6**	**3**	**–**	**–**	**9**
	Net book value at the end of the year	**1**	**–**	**–**	**–**	**1**
	2015					
	Company					
	Cost	13	11	–	5	29
	Accumulated amortisation and impairments	12	10	–	–	22
	Net book value at the beginning of the year	1	1	–	5	7
	Additions	2	–	–	–	2
	Amortisation charge for the year	(1)	–	–	–	(1)
	Cost	15	11	–	5	31
	Accumulated amortisation and impairments	13	10	–	–	23
	Net book value at the end of the year	2	1	–	5	8

During the year a review was carried out on the recoverable amount of the group's intangible assets. The review resulted in the recognition of an impairment of R13 million relating to customer lists in the ICT segment. The impairment has been recognised in profit and loss, and was calculated using a discounted cash flow model applying a post-tax discount rate of 12%. Based on the review no other impairments were required.

The recoverable amount of the relevant assets has been determined based on the value in use.

Note:
All intangible assets have definite lives and are subject to amortisation in accordance with the useful lives below.

Useful lives used for the following categories:

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

Rm		Group 2016	Group 2015	Company 2016	Company 2015
12.	**GOODWILL**				
	Carrying value at the beginning of the year	**653**	649	**9**	9
	Acquisition of businesses and subsidiaries*	**90**	13	**–**	–
	Disposal of business	**–**	(6)	**–**	–
	Exchange differences on consolidation of foreign subsidiaries	**(6)**	(3)	**–**	–
	Carrying value at the end of the year	**737**	653	**9**	9
	Carrying value attributable to:				
	– Subsidiaries	**737**	653	**–**	–
	– Businesses	**–**	–	**9**	9
		737	653	**9**	9

** 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.*

Key assumptions and impairment testing

The recoverable amounts of the CGUs are determined as the greater of fair value less costs to sell or value in use. Discounted cash flow calculations covering a five-year period have been used to determine the recoverable amount. The group prepared cash flow forecasts derived from the most recent financial budgets prepared by management and approved by the Board for the next year and extrapolated cash flows for the following years using the growth rates as set out below.

The key assumptions for the discounted cash flows are those regarding the discount rates and growth rates and are based on management's past experience.

Management estimates discount rates using post-tax rates that reflect the current market assessments of the time value of money and the risks specific to the CGUs. The growth rates used are based on sustainable growth rates in earnings and are generally low in relation to average historic growth rates. CGUs have been determined at a level lower than segments. The following information summarises the individual assumptions used to test for impairment of goodwill at a CGU level and has been summarised on an aggregated segmental basis.

The following segments have significant carrying amounts of goodwill:

	Post-tax discount rate	Forecast cash flows	Group 2016	Group 2015	Company 2016	Company 2015
Electrical Engineering	12,8% – 16,8%	Budget year 1, thereafter 5,0% growth rate.	**107**	61	**–**	–
ICT	9,5% – 14,3%	Budget year 1, thereafter growth rates between 3,0% – 6,0%	**553**	555	**9**	9
Applied Electronics	13,3% – 13,8%	Budget year 1, thereafter growth rates between 4,0% – 5,0%	**77**	37	**–**	–
Carrying amount at the end of the year			**737**	653	**9**	9

No impairments were made to goodwill in the current year as discounted cash flows are expected to exceed the carrying value thereof.

Rm		Company 2016	Company 2015
13.	**INTEREST IN SUBSIDIARIES**		
	(Refer to annexure A)		
	Shares at cost	**2 645**	2 606
	Provision for impairment[1]	**(225)**	(218)
	Interest in subsidiaries	**2 420**	2 388
	Amounts owing by subsidiaries[2]	**6 338**	2 617
	Amounts owing to subsidiaries[2]	**(140)**	(425)

[1] *The provision for impairment has been determined on the basis that the carrying values of the investments and loans exceed the recoverable amount of the underlying subsidiaries' net assets.*

[2] *These loans have no fixed terms of repayment, do not bear interest except for the amounts owing by Reunert Finance Company (Pty) Ltd (RFCL), which bear interest at rates approximating the overnight deposit/call rates and no security has been provided for them.*

		Group 2016	Group 2015	Company 2016	Company 2015
14.	**OTHER INVESTMENTS AND LOANS**				
	Reunert Share Purchase Trust loans – at cost[1]	**2**	8	**2**	8
	Non-interest-bearing loans – at cost[2]	**6**	42	**–**	40
	Interest-bearing loans – at cost[3]	**29**	31	**–**	–
	Investment in insurance cell – at fair value[4]	**16**	14	**–**	–
	Total investments and loans	**53**	95	**2**	48

[1] ***Loans granted by Reunert in respect of the share option schemes (the schemes):*** *Option holders are obliged to pay 1 cent per share for shares purchased under the schemes. Thereafter, Reunert may lend the shareholder the remainder of the funds required to purchase the shares at the option price. The loan is granted for a maximum of seven years. No repayment of capital is required before the end of seven years unless the borrower sells the underlying shares or leaves the employment of the group. The loan may be repaid earlier at the option of the borrower. The interest rate applicable to the loan over its life is determined in March and September each year for loans granted during the following six months, based on a formula which takes the last dividend declared prior to granting the option divided by the option price, subject to a maximum of the official interest rate as set by the South African Revenue Service from time to time. The shares remain the property of the Share Purchase Trust until the loan has been fully repaid.*

[2] *These loans do not bear interest and there are no fixed repayment terms.*

[3] *R21 million (2015: R24 million) is secured by a mortgage bond registered in favour of RFCL and is repayable over a 12-year period with the final payment in March 2024 and bears interest at a fixed interest rate of 9,8% per annum.*

[4] *This insurance cell is housed in a reputable South African insurer, and as such the risk of recovery is considered low. The cash in the investment is available to the group on the occurrence of an insured event as defined in the insurance policy.*

	Company 2016	Company 2015
Reunert Share Purchase Trust loans		
Value of loans granted during the year to scheme participants and the share purchase trust	**1**	7

There were no advances made to executive directors during the current and prior financial years and there are no outstanding balances from loans previously granted.

Rm		Notes	Group 2016	Group 2015
15.	RENTAL AND FINANCE LEASE RECEIVABLES			
	Non-current			
	Rental accounts receivable	15.1	**1 448**	1 463
	Other		**1**	–
			1 449	1 463
	Current			
	Rental accounts receivable	15.1	**678**	648
	Finance lease receivables	15.2	**17**	80
			695	728
15.1	**Rental accounts receivable**			
	Collectible within one year		**678**	648
	Gross rental accounts receivable		**869**	823
	Unearned finance income		**(185)**	(170)
	Provision for doubtful debts		**(6)**	(5)
	Collectible after one year		**1 448**	1 463
	Gross rental accounts receivable		**1 868**	1 859
	Unearned finance income		**(410)**	(388)
	Provision for doubtful debts		**(10)**	(8)
	Total rental accounts receivable		**2 126**	2 111
	The rental accounts receivable comprise the present value of discounted rental agreements, which are repayable over varying periods up to a maximum of five years from the balance sheet date.			
	There are no contingent rent payments, additional restrictions imposed or guaranteed residual values.			
15.2	**Finance lease receivables**			
	Current finance lease receivables		**17**	80
	Gross investment in leases		**18**	95
	Unearned finance income		**(1)**	(4)
	Provision for doubtful debts		**–**	(11)

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

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

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

There are no contingent rent payments, additional restrictions imposed or guaranteed residual values.

All leases are denominated in Rand.

Rm		Group 2016	Group 2015	Company 2016	Company 2015
16.	**ACCOUNTS RECEIVABLE**				
	Trade receivables	**1 637**	1 347	**115**	444
	Unbilled contract revenue	**108**	116	**–**	–
	Claims, prepayments and other receivables	**310**	258	**6**	72
	Provision for doubtful debts	**(98)**	(57)	**(5)**	(13)
		1 957	1 664	**116**	503

		Insured debtors	Individuals/ contractors and small business	Mines/large business/ government – national and regional	Total
16.1	**Movement in the allowance for doubtful debts classified into major risk types**				
	2016				
	Group				
	Balance at the beginning of the year	**(3)**	**(25)**	**(29)**	**(57)**
	Decrease/(increase) in allowance	**1**	**(19)**	**(11)**	**(29)**
	Acquisition of businesses	**–**	**(11)**	**(9)**	**(20)**
	Amounts written off during the year (against provision)	**–**	**5**	**3**	**8**
	Other	**–**	**7**	**(7)**	**–**
	Balance at end of year	**(2)**	**(43)**	**(53)**	**(98)**
	An amount of R16 million (2015: R24 million) relating to the provision against doubtful rental and finance lease receivables (refer to note 15) is held in addition to the total provision of R98 million.				
	2015				
	Group				
	Balance at the beginning of the year	(11)	(20)	(24)	(55)
	Decrease/(increase) in allowance	5	(13)	(10)	(18)
	Amounts recovered during the year	2	–	–	2
	Amounts written off during the year (against provision)	–	9	4	13
	Other	1	(1)	1	1
	Balance at end of year	(3)	(25)	(29)	(57)
	2016				
	Company				
	Balance at the beginning of the year	**–**	**(8)**	**(5)**	**(13)**
	Increase in allowance	**–**	**(1)**	**(1)**	**(2)**
	Disposal of businesses	**–**	**7**	**3**	**10**
	Balance at end of year	**–**	**(2)**	**(3)**	**(5)**
	2015				
	Company				
	Balance at the beginning of the year	(4)	(3)	(6)	(13)
	Decrease/(increase) in allowance	2	(7)	1	(4)
	Amounts recovered during the year	2	–	–	2
	Amounts written off during the year (against provision)	–	2	–	2
	Balance at end of year	–	(8)	(5)	(13)

16. ACCOUNTS RECEIVABLE continued

16.2 Ageing of past due but not impaired accounts receivable classified into major risk types

Rm	Insured debtors	Individuals/ contractors and small business	Mines/large business government – national and regional	Total
2016				
Group				
1 – 30 days	**11**	**12**	**139**	**162**
31 – 60 days	**3**	**4**	**61**	**68**
61 – 90 days	**1**	**1**	**22**	**24**
90+ days	**2**	**2**	**112**	**116**
Total	**17**	**19**	**334**	**370**
2015				
Group				
1 – 30 days	16	13	92	121
31 – 60 days	7	4	43	54
61 – 90 days	5	4	27	36
90+ days	4	–	17	21
Total	32	21	179	232
2016				
Company				
1 – 30 days	**1**	**1**	**1**	**3**
31 – 60 days	**1**	**–**	**1**	**2**
61 – 90 days	**–**	**–**	**–**	**–**
90+ days	**–**	**1**	**–**	**1**
Total	**2**	**2**	**2**	**6**
2015				
Company				
1 – 30 days	4	1	10	15
31 – 60 days	1	–	5	6
61 – 90 days	1	–	1	2
90+ days	1	1	–	2
Total	7	2	16	25

Rm	Insured debtors	Individuals/ contractors and small business	Mines/large business/ government – national and regional	Total
16. ACCOUNTS RECEIVABLE continued				
16.3 Ageing of past due and impaired accounts receivable classified into major risk types				
2016				
Group				
1 – 30 days	**1**	**6**	**20**	**27**
31 – 60 days	**–**	**1**	**1**	**2**
61 – 90 days	**–**	**8**	**1**	**9**
90+ days	**1**	**28**	**31**	**60**
Total	**2**	**43**	**53**	**98**
2015				
Group				
1 – 30 days	–	–	7	7
31 – 60 days	–	1	1	2
61 – 90 days	–	8	1	9
90+ days	3	16	20	39
Total	3	25	29	57
2016				
Company				
1 – 30 days	**–**	**–**	**–**	**–**
31 – 60 days	**–**	**1**	**–**	**1**
61 – 90 days	**–**	**–**	**–**	**–**
90+ days	**–**	**1**	**3**	**4**
Total	**–**	**2**	**3**	**5**
2015				
Company				
1 – 30 days	–	–	–	–
31 – 60 days	–	–	–	–
61 – 90 days	–	7	–	7
90+ days	–	1	5	6
Total	–	8	5	13

Rm	Insured debtors	Individuals/ contractors and small business	Mines/large business/ government – national and regional	Total
16. ACCOUNTS RECEIVABLE continued				
16.4 Analysis of accounts receivable that are individually determined to be impaired classified into major risk types				
Group				
2016	**–**	**–**	**25**	**25**
2015	2	5	20	27
Company				
2016	**–**	**–**	**–**	**–**
2015	–	–	3	3

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

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

The average credit period on the sale of goods is 30 days.

In determining the recoverability of trade receivables, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

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

As a result of the credit vetting process, which takes place before credit terms are agreed, we believe the credit quality of accounts receivable is good.

Due to the inherent credit quality of our customers, they are generally not required to provide collateral.

		Group		Company	
Rm	Notes	**2016**	2015	**2016**	2015
17. DEFERRED TAXATION ASSETS/(LIABILITIES)					
MOVEMENT OF DEFERRED TAXATION					
Balance at the beginning of the year		**(6)**	(70)	**(17)**	(22)
Current year charge	6	**(15)**	67	**(2)**	6
Adjustments for prior years	6	**3**	(4)	**5**	(1)
Subsidiaries acquired		**19**	–	**–**	–
Exchange rate differences		**1**	1	**–**	–
		2	(6)	**(14)**	(17)
Deferred taxation liabilities		**(102)**	(98)	**(14)**	(23)
Deferred taxation assets		**104**	92	**–**	6
		2	(6)	**(14)**	(17)

The deferred taxation assets arise mainly due to temporary differences. Given both recent and forecast trading, the directors are of the opinion that the level of profits in the foreseeable future is likely to be sufficient to recover these assets.

Deferred taxation assets in respect of tax losses are recognised only if there is convincing evidence that there will be sufficient taxable profits in future years to recover the assets.

Rm	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Analysis of deferred taxation					
Capital allowances		**(167)**	(106)	**(3)**	(13)
Provisions and accruals		**89**	46	**(11)**	(6)
Advance income offset by allowed future expenditure		**18**	29	**–**	2
Effect of tax losses		**58**	23	**–**	–
Share-based payment reserve		**6**	6	**–**	–
Other (net)		**(2)**	(4)	**–**	–
		2	(6)	**(14)**	(17)

			Group		Company	
Rm		Note	2016	2015	2016	2015
18.	INVENTORY AND WORK IN PROGRESS					
	Raw materials and components		430	303	–	84
	Finished goods		392	304	–	92
	Merchandise		229	257	143	144
	Consumable stores		49	13	–	–
	Work in progress		324	233	–	56
			1 424	1 110	143	376
	Provision against inventory		(129)	(120)	(10)	(49)
			1 295	990	133	327
	The value of inventory has been determined on the following bases:					
	First-in first-out		214	211	21	159
	Weighted average cost		414	260	–	58
	Net realisable value		7	22	–	1
	Standard cost		660	497	112	109
			1 295	990	133	327
	Write-down of inventory recognised in the income statement	2	16	17	1	7
19.	CASH AND CASH EQUIVALENTS					
	Bank balances and cash*		1 712	2 713	20	228
	Bank overdrafts		(327)	–	–	–
	Short-term borrowings		(73)	(77)	–	–
			1 312	2 636	20	228

* *At 30 September 2016 Quince has utilised R1 666 million (2015: R1 485 million) of group cash resources to finance a portion of its rental receivable book, which does not form part of bank balances and cash. This R1 666 million could be refunded by Quince under its existing facilities should the group require the return of these cash resources.*

Rm		Number of shares 2016	Number of shares 2015
20.	**SHARE CAPITAL**		
	Authorised share capital		
	235 000 000 ordinary shares of no par value (2015: 235 000 000)		
	Issued share capital		
	Ordinary shares of no par value		
	At the beginning of the year	**183 531 596**	187 634 146
	Shares cancelled during the year	**–**	(4 782 550)
	Shares issued to the Reunert Share Purchase Trust*	**–**	100 000
	Shares issued during the year in terms of:		
	The Reunert 1985 Share Option Scheme	**–**	128 400
	The Reunert 2006 Option Scheme	**474 200**	451 600
	At the end of the year	**184 005 796**	183 531 596

* *To be allocated to identified participants in terms of the rules of the scheme.*

	Group		Company	
	2016	2015	**2016**	2015
Ordinary shares				
At the beginning of the year	**318**	294	**318**	294
Arising on the issue of ordinary shares	**25**	32	**25**	32
Ordinary shares cancelled	**–**	(8)	**–**	(8)
Total issued share capital at the end of the year	**343**	318	**343**	318
Share-based payment reserves				
As a result of IFRS 2 – Share-based Payment				
At the beginning of the year	**16**	–	**–**	–
IFRS 2 charge arising on empowerment transactions	**113**	–	**–**	–
Share option reserve arising on the expensing of executive share options	**7**	16	**–**	–
At the end of the year	**136**	16	**–**	–
Empowerment shares				
Reunert shares bought back and held by Bargenel: 18 500 000 (2015: 18 500 000)	**(276)**	(276)		
Treasury shares				
Reunert shares bought back and held by a subsidiary: 443 331 (2015: Nil)	**(28)**	–		

	Company	
	Number of shares 2016	Number of shares 2015
Unissued ordinary shares		
Total shares reserved to meet the requirements of the Reunert 2006 Option Scheme	**1 700 000**	2 350 000
	1 700 000	2 350 000

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

20. SHARE CAPITAL continued

Executive Share Option Schemes

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

The terms of both schemes allow the recipient of the options to exercise one third after three years and a further one third each in years four and five. Any options unexercised lapse after 10 years from the date of initial issue or the moment an option holder resigns from the group. Should the option price exceed the market price, option holders may decline to exercise their right to have Reunert shares issued to them.

	Fair value per option on inception R	Number of options unexercised at the beginning of the year Thousands	Options exercised during the year Thousands	Options relinquished/ forfeited/ not allocated during the year Thousands	Number of options unexercised at the end of the year Thousands	Number of options exercisable at the end of the year Thousands	Amount received for options exercised Rm
2016							
Exercise price							
R71,30[2]	**17,40**	**23**	**–**	**–**	**23**	**23**	**–**
R53,50[2]	**14,60**	**14**	**(5)**	**–**	**9**	**9**	**0,3**
R39,30[2]	**8,88**	**768**	**(208)**	**–**	**560**	**560**	**8,1**
R57,50[2]	**14,79**	**33**	**–**	**–**	**33**	**33**	**–**
R59,55[2]	**13,18**	**899**	**(162)**	**(13)**	**724**	**724**	**9,6**
R60,80[2]	**15,83**	**400**	**(200)**	**–**	**200**	**200**	**12,2**
		2 137	**(575)**	**(13)**	**1 549**	**1 549**	**30,2**
2015							
Exercise price							
R41,90[1]		129	(129)	–	–	–	5,4
R71,30[2]		23	–	–	23	23	–
R53,50[2]		14	–	–	14	14	–
R39,30[2]		1 083	(315)	–	768	768	12,4
R57,50[2]		33	–	–	33	33	–
R59,55[2]		1 087	(136)	(52)	899	608	8,1
R60,80[2]		400	–	–	400	400	–
		2 769	(580)	(52)	2 137	1 846	25,9

The weighted average share price at the dates of exercise for share options exercised during the year was R67,97 (2015: R64,72).

[1] *Issued in terms of the Reunert 1985 Share Option Scheme.*

[2] *Issued in terms of the Reunert 2006 Option Scheme.*

20. SHARE CAPITAL continued

Conditional Share Option Scheme.

Options to take up Reunert ordinary shares at a strike price of Rnil are granted to executives in terms of the 2012 Conditional Share Plan (CSP). The options granted to senior executives are subject to performance conditions.

The measurement criteria for performance applied to the CSP are an equal combination of real growth in normalised headline earnings per share (NHEPS) and total shareholder return. In respect of options issued in November 2012 and 2013 50% vest after three years and the remaining 50% after four years. Options issued from November 2014 onwards vest after four years. With effect from 17 November 2014 certain executives receive retention options in addition to those with performance conditions. These retention options vest in equal tranches of 50% after four and five years from date of issue and have no performance conditions attached.

Options for specialist (key) employees issued in November 2012 vest after four years with no performance conditions attached. Options issued to key employees issued on 20 November 2013 and later years vest in equal tranches of 50% after four years and five years from date of issue and have no performance conditions.

	Fair value per unit on inception R	Number of units unvested at the beginning of the year Thousands	Units granted during the year Thousands	Units vested during the year Thousands	Units relinquished/ forfeited during the year Thousands	Number of units unvested at the end of the year Thousands
2016						
Issued on 19 November 2012 (2012)						
Key – retention	**61,37**	**68**	**–**	**–**	**(12)**	**56**
Executive – performance	**14,99**	**700**	**–**	**–**	**(380)**	**320**
Issued on 20 November 2013 (2013)						
Key – retention	**57,75**	**59**	**–**	**–**	**(9)**	**50**
Executive – performance	**24,72**	**852**	**–**	**–**	**(77)**	**775**
Issued on 17 November 2014 (2014)						
Key – retention	**46,17**	**111**	**–**	**–**	**(10)**	**101**
Executive – performance	**33,94**	**807**	**–**	**–**	**(16)**	**791**
Executive – retention	**46,17**	**97**	**–**	**–**	**(5)**	**92**
Issued on 20 November 2015 (2015)						
Key – retention	**55,38**	**–**	**82**	**–**	**(4)**	**78**
Executive – performance	**41,92**	**–**	**909**	**–**	**(16)**	**893**
Executive – retention	**55,38**	**–**	**114**	**–**	**(3)**	**111**
		2 694	**1 105**	**–**	**(532)**	**3 267**
2012						
Key – retention		68	–	–	–	68
Executive – performance		728	–	–	(28)	700
2013						
Key – retention		61	–	–	(2)	59
Executive – performance		887	–	–	(35)	852
2014						
Key – retention		–	114	–	(3)	111
Executive – performance		–	825	–	(18)	807
Executive – retention		–	97	–	–	97
		1 744	1 036	–	(86)	2 694

20. SHARE CAPITAL continued

The valuations were performed by Ernst & Young Advisory Services Limited and their predecessors.

The fair values of the options other than those issued in terms of the CSP were calculated using a binomial option pricing model.

The fair value of the CSP for key employees and executives with retention options was calculated by assuming the share price movement follows a log normal distribution over the vesting period. The value at vesting date was discounted back to the valuation date.

The fair value of the CSP for executive employees with performance options was calculated using a Monte Carlo simulation technique.

The inputs into the model were as follows:

	Share price at issue R	Exercise price R	Expected volatility %	Expected option life Years	Expected dividend yield %	Risk free interest rate %
Share options						
R71,30	71,30	71,30	22,69	10	4,37	9,70
R53,50	53,50	53,50	25,34	10	4,51	9,20
R39,30	39,30	39,30	32,09	10	7,45	BEASSA zero coupon swap curve between 6,87% to 8,62% for 1 and 10 years respectively
R57,50	57,50	57,50	32,81	10	4,51	BEASSA zero coupon swap curve between 6,70% to 8,77% for 1 and 10 years respectively
R59,55	59,55	59,55	32,60	10	4,80	BEASSA zero coupon swap curve between 5,95% to 8,76% for 1 and 10 years respectively
R60,80	60,80	60,80	31,90	10	7,24	The risk-free rate of 7,9039% is based on the grant yield curve (15 November 2011) which is commensurate with the maturity date (15 November 2021)
Conditional Share Plan						
2012						
Retention	75,57	nil	23,31	4	4,74	The risk-free rate for the key and executive options varies from 4,92% (year 1) to 5,54% (year 5) and is based on the risk-free swap curve produced by Standard Bank on 19 November 2012
Performance	75,57	nil	23,31	3/4	4,74	
2013						
Retention	71,47	nil	21,53	4/5	4,34	The risk-free rate for the key and executive options varies from 5,32% (year 1) to 6,88% (year 5) and is based on the ZAR zero coupon swap curve produced by Standard Bank on 19 November 2013
Performance	71,47	nil	21,53	3/4	4,34	
2014						
Retention	58,44	nil	22,78	4/5	4,88	The risk-free rate for the key and executive options varies from 6,29% (year 1) to 7,58% (year 5) and is based on the ZAR zero coupon swap curve produced by BESA on 17 November 2014
Performance	58,44	nil	22,78	4	4,88	
2015						
Retention	64,74	nil	23,89	4/5	6,25	The risk-free rate for the key and executive options varies from 5,98% (year 1) to 7,78% (year 5) and is based on the ZAR zero coupon swap curve produced by BESA on 20 November 2015
Performance	64,74	nil	23,89	4	6,25	

20. SHARE CAPITAL continued

R71,30 (grant date 13 December 2007) and R53,50 (grant date 18 February 2008) options

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

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

R39,30 (grant date 18 June 2009) options

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

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

The risk-free interest rate used the BEASSA zero coupon swap curve which ranges from 6,87% (NACC) for one year to 8,62% for 10 years.

3 872 000 options were issued at a strike price of R39,30 per share. 1 757 600 of these options were issued to employees who were also offered the R71,30 and R53,50 options issued in the previous financial year. The new options were granted to those who also received the options previously after the mutual consent between the company and option holder to render the R71,30 and R53,50 options non-exercisable. This constitutes a modification to the original options in terms of IFRS 2.

Under these circumstances, the fair value of the original options will continue to be expensed over the vesting period in terms of the original grant. The granting of the 2 115 000 options to employees who did not receive the R71,30 or R53,50 options amounts to a new issue and the value of this issue is expensed over the vesting period of this new issue.

R57,50 (grant date 14 May 2010) options

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

The model allowed for early exercises based on rational investor behaviour. An 8% forfeiture rate has been used due to the performance of the Reunert share of late and a historic forfeiture rate of a similar amount.

The risk-free interest rate used the BEASSA zero coupon swap curve which ranges from 6,44% (NACC) for one year to 8,77% for 10 years as detailed above.

R59,55 (grant date 17 February 2011) options

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

The model allowed for early exercises based on rational investor behaviour. A 10% forfeiture rate has been used due to the performance of the Reunert share of late and a historic forfeiture rate of a similar amount.

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

20. SHARE CAPITAL continued

R60,80 (grant date 15 November 2011) options

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

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

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

Conditional Share Plan (grant date 19 November 2012)

As the vesting conditions for the current financial year were not met, the options available for vesting in the current year were forfeited.

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

No forfeitures were used in the model.

The zero coupon risk-free curve used to determine the risk-free interest rates was the ZAR zero coupon swap curve, produced by Standard Bank, as at 19 November 2012. These rates at initial measurement were 4,92% (year one), 5,01% (year two), 5,27% (year three) and 5,54% (year four); and were not revalued in the current financial year.

Conditional Share Plan (grant date 20 November 2013)

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

No forfeitures were used in the model.

The zero coupon risk-free curve used to determine the risk-free interest rates was the ZAR zero coupon swap curve, produced by Standard Bank, as at 19 November 2013. The forward rates for the year remaining were 6,09% (year one), 6,75% (year two), 7,48% (year three).

Conditional Share Plan (grant date 17 November 2014)

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

No forfeitures were used in the model.

The zero coupon risk-free curve used to determine the risk-free interest rates was the ZAR zero coupon swap curve, produced by BESA, as at 17 November 2014. The forward rates for the years remaining were 6,29% (year one), 6,88% (year two), 7,29% (year three) and 7,59% (year four).

Conditional Share Plan (grant date 20 November 2015)

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

No forfeitures were used in the model.

The zero coupon risk-free curve used to determine the risk-free interest rates was the ZAR zero coupon swap curve, produced by BESA, as at 20 November 2015. The forward rates for the years remaining were 6,74% (year one), 7,47% (year two), 7,93% (year three) and 8,24 % (year four).

Rm		Group 2016	Group 2015	Company 2016	Company 2015
21.	**LONG-TERM BORROWINGS**				
	Secured – at amortised cost				
	Finance leases	**24**	25	**15**	23
	Less: Short-term portion	**(2)**	(1)	**(10)**	(8)
	Total secured	**22**	24	**5**	15
	Unsecured – at amortised cost				
	Long-term loans	**248**	415	**–**	–
	Less: Short-term portion	**(227)**	(200)	**–**	–
	Total unsecured	**21**	215	**–**	–
	Long-term borrowings	**43**	239	**5**	15
	Maturity analysis				
	– within one year	**227**	200	**–**	–
	– between one year and five years	**21**	201	**–**	–
		248	401	**–**	–
	These loans bear interest at rates ranging between 8,7% and 15%.				
	Amounts payable under finance leases				
	Total minimum lease payments	**35**	38	**16**	26
	< 1 year	**4**	3	**11**	10
	1 – 5 years	**17**	21	**5**	16
	> 5 years	**14**	14	**–**	–
	Less: Future finance charges	**(11)**	(13)	**(1)**	(3)
	< 1 year	**(2)**	(2)	**(1)**	(2)
	1 – 5 years	**(7)**	(9)	**–**	(1)
	> 5 years	**(2)**	(2)	**–**	–
	Present value of minimum lease payments	**24**	25	**15**	23
	< 1 year	**2**	1	**10**	8
	1 – 5 years	**10**	12	**5**	15
	> 5 years	**12**	12	**–**	–

Reunert Management Services Proprietary Limited (RMS) entered into a lease agreement with C-Max Investments 151 (Pty) Ltd whereby a building in Midrand is leased over a period of 12 years at an interest rate of 9,8% per annum. The book value of these assets is disclosed in note 10.

Reunert entered into a lease agreement with Quince, taken over by RFCL, whereby the Nashua building is leased over a period of 12 years at an interest rate of 10,5% per annum.

The other finance leases relate to minor equipment with average lease terms of three to five years. The group has options to purchase the equipment for nominal amounts at the conclusion of the lease agreement.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

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

Rm	Description of nature of obligation	Carrying amounts at the beginning of the year	Acquired provisions: ito new business	Additional provisions created in the year	Amounts utilised during the year	Unutilised amounts reversed during the year	Transferred on disposal of businesses	Carrying amounts at the end of the year
22.	**PROVISIONS**							
	Group							
	Warranty[1]	64	–	33	(3)	(3)	–	91
	Contract completion	22	–	10	(1)	(4)	–	27
	Performance and other[2]	10	51	18	(17)	(1)	–	61
		96	51	61	(21)	(8)	–	179
	Company							
	Warranty[1]	5	–	14	–	–	(4)	15
	Contract completion	21	–	–	–	–	(21)	–
	Other	7	–	–	–	–	(7)	–
		33	–	14	–	–	(32)	15

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

[2] *A major portion of the performance obligation provision relates to the Omnigo Proprietary Limited acquisition and the contingent purchase consideration as detailed in note 30.*

		Group		Company	
		2016	2015	**2016**	2015
23.	**COMMITMENTS**				
	Expenditure on property, plant and equipment				
	– contracted	10	41	1	23
	– authorised not yet contracted	50	27	3	6
	Total expenditure on property, plant and equipment	60	68	4	29
	The above expenditure, to occur in 2017, will be financed from existing group resources.				
	Operating lease commitments in respect of land and buildings, vehicles and other assets				
	< 1 year	25	25	1	3
	1 – 5 years	38	50	1	2
	Total operating lease commitments	63	75	2	5
	Comprising:				
	Land and buildings	60	72	2	5
	Motor vehicles and other assets	–	1	–	–
	Other	3	2	–	–
	Total operating lease commitments	63	75	2	5
	The group leases offices and other equipment under operating leases that are cancellable at various short-term notice periods at the end of the lease by either party.				
	The lease agreements contain terms of renewal and escalation clauses but exclude purchase options.				
	The group has no contingent rentals in respect of operating leases.				
24.	**CONTINGENT LIABILITIES**				
	Guarantees for advance payments on behalf of subsidiary companies	–	–	792	123

Where the company has issued advance payment guarantees on behalf of its subsidiary companies, on consolidation these advance payments are included as liabilities in trade and other payables.

The group has a number of guarantees and sureties outstanding at year-end. However, the directors are confident that no material liability will arise as a result of these guarantees and sureties.

25. DIRECTORS' REMUNERATION AND INTERESTS

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]
Executive directors									
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.*

	Company	
R'000	**2016**	2015
Non executive directors		
Total paid for the year (all directors' and committee fees)		
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

		Balance of unexercised options as at 1 October 2015	Number of options granted during the year	Number of options exercised during the year	**Balance of unexercised options as at 30 September 2016**	Option price R	Date of allocation	Date from which exercisable
25.	**DIRECTORS' REMUNERATION AND INTERESTS** continued							
	Share options							
	Executive directors							
	AE Dickson	33 400	–	–	**33 400**	39,30	18/6/2009	18/6/2012
		53 000	–	–	**53 000**	59,55	17/2/2011	17/2/2014
		86 400	–	–	**86 400**			

	Balance of unvested units as at 1 October 2015	Number of units granted during the year	Number of units exercised during the year	**Balance of unvested units as at 30 September 2016**	Share price at grant date R	Date of allocation	Date from which vesting begins
Conditional share plan							
Executive directors							
AE Dickson	39 699	–	–	**39 699**	75,57	19/11/2012	19/11/2015
	47 013	–	–	**47 013**	71,47	20/11/2013	20/11/2016
	147 844	–	–	**147 844**	58,44	17/11/2014	17/11/2018
		129 648	–	**129 648**	64,74	20/11/2015	20/11/2019
M Moodley*	23 881	–	–	**23 881**	58,44	17/11/2014	17/11/2018
		47 332	–	**47 332**	64,74	20/11/2015	20/11/2019
MAR Taylor	38 111	–	–	**38 111**	75,57	19/11/2012	19/11/2015
	43 655	–	–	**43 655**	71,47	20/11/2013	20/11/2016
	59 292	–	–	**59 292**	58,44	17/11/2014	17/11/2018
		59 422	–	**59 422**	64,74	20/11/2015	20/11/2019
NA Thomson		85 523	–	**85 523**	64,74	20/11/2015	20/11/2019
	399 495	321 925	–	**721 420**			

* *28 859 units were granted to M Moodley on 20/11/2013, when the share price was R71,47, which was before she was appointed as an executive director. Vesting of these units begins on 20/11/2016.*

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

26. RETIREMENT BENEFIT INFORMATION

In line with the group's policy to provide retirement benefits to its employees, 81% (2015: 79%) of the group's employees belong to various retirement schemes.

Industrial legislation requires that certain employees be members of designated industry schemes. At year-end 12% (2015: 16%) of the group's employees were members of such schemes, most notably the Engineering Industries' Pension Fund and Metal Industries' Provident Fund. The total employer contributions for the year to these funds amounted to R12 million (2015: R10 million).

31% (2015: 30%) of the group's total employees, are members of the Reunert Retirement Fund, which consists of both the Reunert Pension Fund and Reunert Provident Fund.

The Reunert Retirement Fund is a defined contribution plan, apart from death benefits that are paid by the Pension Fund, which is registered in terms of the Pension Funds Act, 1956. The fund was last reviewed by the actuary at 28 February 2013 and found to be in a sound financial position. The total employer contribution to this fund amounted to R60 million (2015: R60 million).

The remaining 38% (2015: 33%) of the group's total employees, who are not members of the above mentioned schemes, participate in other benefit plans, which consist of 16 defined contribution plans. 14 of these funds are subject to the Pension Funds Act, 1956, the other two funds are for employees outside of South Africa.

The total employer contributions to these funds amounted to R55 million (2015: R52 million).

Rm	Joint ventures Total 2016	Reunert share 2016	Total 2015	Reunert share 2015
27. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURES				
Statement of comprehensive income				
Revenue	**906**	**453**	694	347
Other expenses	**103**	**51**	81	41
Profit after taxation	**57**	**28**	38	19
Statement of financial position				
Non-current assets	**141**	**71**	134	67
Current assets (excluding cash)	**300**	**150**	280	140
Cash and cash equivalents	**69**	**34**	81	41
Current liabilities	**(153)**	**(76)**	(121)	(61)
Non-current liabilities	**(18)**	**(9)**	(22)	(11)
Equity	**(339)**	**(170)**	(352)	(176)

The table below reconciles the summarised financial information to the carrying amount of the groups interest in joint ventures:

	2016	2015
Group's interest in net assets of joint ventures at beginning of the year	**176**	167
Total comprehensive income attributable to Reunert	**28**	19
Dividends received during the year	**(35)**	(10)
Group's interest in net assets of joint ventures at end of the year	**169**	176
Group adjustments	**(17)**	(18)
Carrying amount of interest in joint ventures at end of the year	**152**	158

%	Interest 2016	2015
Joint ventures		
Lexshell 661 Investments Proprietary Limited	**50**	50
CBI-ElectricTelecom Cables Proprietary Limited	**50**	50

Rm	Counterparty	Relationship	Sales	Purchases	Treasury shares
28.	**RELATED-PARTY TRANSACTIONS**				
	Annexure A contains the details of all the shareholdings. All related-party transactions and balances are on the same terms and conditions as those with non-related parties.				
	Group				
	2016				
	Telecom Cables	A joint venture	**1**	**–**	**–**
	Bargenel	Owns 18,5 million Reunert shares	**–**	**–**	**276**
	2015				
	Telecom Cables	A joint venture	2	–	–
	Bargenel	Owns 18,5 million Reunert shares	–	–	276

The related party transactions at group level are eliminated

Company

Counterparty	Sales	Purchases	Lease payments made	Lease payments received	Net admini-stration fees paid	Interest and dividends received	Interest paid	Trade receivables	Trade payables
2016									
Subsidiaries of Reunert	**446**	**9**	**2**	**48**	**210**	**3 392**	**5**	**39**	**3**
2015									
Subsidiaries of Reunert	505	33	4	30	506	1 883	3	63	5

		Group		Company	
		2016	2015	**2016**	2015
29.	**FINANCIAL INSTRUMENTS**				
	Categories of financial instruments				
	Financial assets				
	FVTPL – designated – investments in insurance cells	**16**	14	**–**	–
	FVTPL – held for trading (included in derivative assets)	**15**	22	**–**	15
	Loans and receivables (included in cash and cash equivalents, long-dated money market deposits, accounts receivable, rental and finance lease receivables and other investments and loans and assets of discontinued operation)	**6 256**	6 480	**6 473**	3 326
	Derivative assets	**15**	22	**–**	15
	FECs	**12**	22	**–**	15
	Interest rate swaps	**3**	–	**–**	–
	Financial liabilities				
	FVTPL – held for trading (included in derivative liabilities)	**(6)**	(7)	**(4)**	(6)
	Amortised cost (included in long-term borrowings, bank overdrafts and current portion of long-term borrowings, trade and other payables and provisions and liabilities of discontinued operation)	**(1 960)**	(1 889)	**(401)**	(987)
	Derivative liabilities	**(6)**	(7)	**(4)**	(6)
	FECs	**(6)**	(7)	**(4)**	(6)

Rm	Group: Financial instrument	Group: Non-financial instrument	Group: Total	Company: Financial instrument	Company: Non-financial instrument	Company: Total
29. FINANCIAL INSTRUMENTS continued						
Reconciliation to the balance sheet						
2016						
Financial assets						
FVTPL – designated – investments in insurance cells	**16**	**–**	**16**	**–**	**–**	**–**
FVTPL – held for trading (included in derivative assets)	**15**	**–**	**15**	**–**	**–**	**–**
Loans and receivables (included in cash and cash equivalents, accounts receivable, rental and finance lease receivables, other investments and loans and assets of discontinued operation)	**6 256**	**265**	**6 521**	**6 473**	**3**	**6 476**
Financial liabilities						
FVTPL – held for trading (included in derivative liabilities)	**(6)**	**–**	**(6)**	**(4)**	**–**	**(4)**
Amortised cost (included in long-term borrowings, bank overdrafts and current portion of long-term borrowings, trade and other payables and provisions and current liabilities of discontinued operation)	**(1 960)**	**(726)**	**(2 686)**	**(401)**	**(16)**	**(417)**
2015						
Financial assets						
FVTPL – designated – investments in insurance cells	14	–	14	–	–	–
FVTPL – held for trading (included in derivative assets)	22	–	22	15	–	15
Held-to-maturity investments (included in other investments and loans)	–	–	–	2	–	2
Loans and receivables (included in cash and cash equivalents, accounts receivable, rental and finance lease receivables, other investments and loans and assets of discontinued operation)	6 480	220	6700	3 326	69	3 395
Financial liabilities						
FVTPL – held for trading (included in derivative liabilities)	(7)	–	(7)	(6)	–	(6)
Amortised cost (included in long-term borrowings, bank overdrafts and current portion of long-term borrowings, trade and other payables, provisions and current liabilities of discontinued operation)	(1 889)	(665)	(2 554)	(987)	(35)	(1 022)

Rm	Group 2016 Level 2	Group 2015 Level 2	Company 2016 Level 2	Company 2015 Level 2
29. FINANCIAL INSTRUMENTS continued				
Levels of financial instruments				
The investments in insurance cells are considered to be level 1. The majority of these investments consist of Rand denominated cash and cash equivalents and, due to their short-term nature, the carrying amounts approximate their fair values.				
The derivative assets and liabilities are considered to be level 2.				
No financial instruments carried at fair value are considered to be level 3.				
No financial instruments were transferred between levels in the reporting periods shown.				
Assets measured at fair value				
FVTPL:				
– FECs	**12**	22	**–**	15
– Interest rate swaps	**3**	–	**–**	–
	15	22	**–**	15
Liabilities measured at fair value				
FVTPL:				
– FECs	**(6)**	(7)	**(4)**	(6)
	(6)	(7)	**(4)**	(6)

Financial assets/ financial liabilities	Fair value as at 2016	Fair value as at 2015	Fair value hierachy	Valuation techniques and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Foreign currency forward contracts	**Assets – R12 million** **Liabilities – R6 million**	Assets – R22 million Liabilities – R7 million	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Interest rate swap	**Assets – R3 million**	–	Level 2		N/A	N/A

29. FINANCIAL INSTRUMENTS continued

Risk management

The Reunert group is exposed to liquidity, credit, foreign currency, interest rate and commodity price risks arising from its financial instruments.

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

Liquidity risk

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations in respect of financial liabilities when they become due.

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows.

All of the group's short-term borrowings or excess cash is directed through RFCL, which is managed by senior management from the head office of the group.

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

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

	Group			
Rm	<1 year	1 – 5 years	>5 years	Total
2016				
Financial liabilities included in trade and other payables	**(1 288)**	**–**	**–**	**(1 288)**
Bank overdrafts and current portion of long-term borrowings	**(629)**	**–**	**–**	**(629)**
Long-term borrowings	**–**	**(30)**	**(13)**	**(43)**
Derivative instruments:				
– FECs (gross settled)	**(6)**	**–**	**–**	**(6)**
	(1 923)	**(30)**	**(13)**	**(1 966)**
2015				
Financial liabilities included in trade and other payables	(1 323)	–	–	(1 323)
Bank overdrafts and current portion of long-term borrowings	(278)	–	–	(278)
Liabilities of discontinued operation	(49)	–	–	(49)
Long-term borrowings	–	(235)	(4)	(239)
Derivative instruments:				
– FECs (gross settled)	(7)	–	–	(7)
	(1 657)	(235)	(4)	(1 896)

Rm		Company <1 year	1 – 5 years	>5 years	Total
29.	**FINANCIAL INSTRUMENTS** continued				
	2016				
	Financial liabilities included in trade and other payables	**(246)**	**–**	**–**	**(246)**
	Bank overdrafts and current portion of long-term borrowings	**(10)**	**–**	**–**	**(10)**
	Long-term borrowings	**–**	**(5)**	**–**	**(5)**
	Amounts owing to subsidiaries	**(140)**	**–**	**–**	**(140)**
	Derivative instruments:				
	– FECs (gross settled)	**(4)**	**–**	**–**	**(4)**
		(400)	**(5)**	**–**	**(405)**
	2015				
	Financial liabilities included in trade and other payables	(539)	–	–	(539)
	Bank overdrafts and current portion of long-term borrowings	(8)	–	–	(8)
	Long-term borrowings	–	(15)	–	(15)
	Amounts owing to subsidiaries	(425)	–	–	(425)
	Derivative instruments:				
	– FECs (gross settled)	(6)	–	–	(6)
		(978)	(15)	–	(993)

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

Borrowing capacity

In terms of the company's MOI the directors may borrow funds as they deem fit, subject to the company satisfying the solvency and liquidity test, as contemplated in section 4 of the South African Companies Act, 71 of 2008.

Rm	Group 2016	Group 2015	Company 2016	Company 2015
Total long-term borrowings	**(43)**	(239)	**–**	(15)
Bank overdrafts and current portion of long-term borrowings	**(629)**	(278)	**–**	(8)
	(672)	(517)	**–**	(23)

Capital management

The group has minimal debt levels mainly as a result of the substantial cash reserves available. There are accordingly no significant debt covenants imposed on the group and no breaches or defaults on any borrowings have taken place during the year. Cash reserves are available to fund future acquisitions as part of the group's growth strategy as well as to fund any replacement or expansionary capital requirements.

Capital allocation is evaluated against expected returns using appropriate weighted average cost of capital (WACC) rates and risk profiles.

Rm	Group 2016	Group 2015
Total equity	**(7 092)**	(6 725)
Gross debt (before taking into account cash and cash equivalents and money market instruments)	**(672)**	(517)
Gearing ratio*	**9%**	8%

There were no reclassifications of financial assets and liabilities during the year. There were no financial assets or liabilities settled or extinguished which did not meet the derecognition requirements.

* *Cash and cash equivalents and money market instruments of R2 382 million (2015: R2 713 million) are held. If those are taken into account, the gearing ratio is nil (2015: nil).*

29. FINANCIAL INSTRUMENTS continued

Credit risk

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

Where considered necessary, exports are covered by letters of credit and where appropriate, credit insurance is also obtained.

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

	Group		Company	
%	2016	2015	2016	2015
Total cash and cash equivalents, investments, accounts receivable and derivative instruments (net market value of these contracts), by geographic region exposed to:				
South Africa	89	94	99	87
Rest of Africa	5	–	1	1
Europe	2	1	–	1
Australasia	1	1	–	1
USA	1	1	–	1
Other	2	3	–	9
	100	100	100	100

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

	Group		Company	
Rm	2016	2015	2016	2015
Trade and other receivables	4 020	3 792	82	433
Insured debtors	253	211	9	92
Contractors	97	74	–	1
Individuals/small businesses	1 077	2 328	14	34
Mines/large businesses/government and parastatals	2 396	959	59	303
Municipalities	197	220	–	3
Derivative contracts	15	22	–	15
Insured debtors	–	15	–	15
Individuals/small businesses	1	1	–	–
Mines/large businesses/government and parastatals	14	6	–	–
	4 035	3 814	82	448

29. FINANCIAL INSTRUMENTS continued

Foreign currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The group has appointed a foreign currency management firm to manage its major currency exposures. A mandate is agreed with the firm from time to time which then manages the exposure within this mandate.

Forward exchange contracts at 30 September 2016 and 2015 are summarised below:

	Group			
	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2016				
Imports – trade				
USD	**(11)**	**(155)**	**(157)**	**(2)**
Euro	**(9)**	**(117)**	**(121)**	**(4)**
GBP	**–**	**(2)**	**(2)**	**–**
CHF	**(1)**	**(12)**	**(12)**	**–**
		(286)	**(292)**	**(6)**
Exports – trade				
USD	**6**	**80**	**92**	**12**
Euro	**1**	**7**	**7**	**–**
		87	**99**	**12**
Total net forward exchange contracts		**(199)**	**(193)**	**6**
Accounts payable in foreign currencies				**328**
Of which covered by forward exchange contracts				**158**
Loans payable in foreign currencies				**3**
Of which covered by forward exchange contracts				**–**
Accounts receivable in foreign currencies				**613**
Of which covered by forward exchange contracts				**60**
Loans receivable in foreign currencies				**104**
Of which covered by forward exchange contracts				**28**

29. FINANCIAL INSTRUMENTS continued

Foreign currency risk continued

	Group			
	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2015				
Imports – trade				
USD	(9)	(121)	(114)	7
Euro	(13)	(157)	(143)	14
GBP	–	(1)	(1)	–
CHF	(3)	(37)	(36)	1
		(316)	(294)	22
Exports – trade				
USD	7	98	92	(6)
Euro	1	15	14	(1)
		113	106	(7)
Total net forward exchange contracts		(203)	(188)	15
Accounts payable in foreign currencies				398
Of which covered by forward exchange contracts				374
Loans payable in foreign currencies				7
Of which covered by forward exchange contracts				–
Accounts receivable in foreign currencies				263
Of which covered by forward exchange contracts				122
Loans receivable in foreign currencies				74
Of which covered by forward exchange contracts				–

29. FINANCIAL INSTRUMENTS continued

Foreign currency risk continued

Forward exchange contracts at 30 September 2016 and 2015 are summarised below:

	Company			
	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised gains/(losses) Rm
2016				
Imports – trade				
Euro	**(8)**	**(126)**	**(130)**	**(4)**
		(126)	**(130)**	**(4)**
Total net forward exchange contracts		**(126)**	**(130)**	**(4)**
Accounts payable in foreign currencies				**136**
Of which covered by forward exchange contracts				**130**
2015				
Imports – trade				
USD	(1)	(20)	(18)	2
Euro	(11)	(180)	(167)	13
		(200)	(185)	15
Exports – trade				
USD	7	98	92	(6)
Total net forward exchange contracts		(102)	(93)	9
Accounts payable in foreign currencies				225
Of which covered by forward exchange contracts				180
Accounts receivable in foreign currencies				172
Of which covered by forward exchange contracts				97
Loans receivable in foreign currencies				5
Of which covered by forward exchange contracts				–

29. FINANCIAL INSTRUMENTS continued

Foreign currency sensitivity analysis

The following table details the group's sensitivity to a 20% weakening (2015: 20% weakening) in the Rand against the relevant foreign currencies. A 20% (2015: 20%) decrease represents management's reasonable assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and FECs and adjusts their translation at the year end for a 20% change in foreign currency rates.

	Group		Company	
Rm	**2016**	2015	**2016**	2015
Profit/(loss) before tax impact				
USD	**4**	30	**–**	17
Euro	**7**	(10)	**(2)**	7
Yen	**(4)**	(3)	**–**	(3)
CHF	**–**	4	**–**	–
AUD	**13**	15	**–**	8
ZMW	**15**	–	**–**	–
Profit/(loss) before taxation	**35**	36	**(2)**	29
Taxation	**(10)**	(10)	**1**	(8)
Profit/(loss) after taxation impact	**25**	26	**(1)**	21

29. FINANCIAL INSTRUMENTS continued

Interest rate risk

Interest rate risk, is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group is exposed to interest rate risk as its interest-bearing assets exceed its interest-bearing liabilities. However, in Quince, the group's asset-backed finance company, its interest rate risk arises from its book advances and borrowings being at both fixed and variable interest rates. Borrowings and advances issued at variable rates exposes the company to cash flow interest rate risk. Borrowings and advances issued at fixed rates exposes the company to fair value interest rate risk. The cash flow interest rate risk is managed by monitoring interest rates on a regular basis. When deemed appropriate, the company also enters into swap arrangements and takes out fixed loan borrowings to mitigate against fair value interest rate risk.

The Quince interest rate swaps have been designated as hedging instruments in a fair value hedge to mitigate against the risk of fair value adjustments to the fixed-rate customer loans, the hedged item, arising from interest rate risk.

The fair value of Quince's loans to customers is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining periods of such loans. The fair value of interest rate swaps is estimated as the difference between the future cash flows using the fixed contract rate and the current market rates with the same nominal amounts and maturity dates. A change in the value of the hedging instrument will result in an equal and opposite change to the value of the hedged item and therefore the hedge is considered highly effective.

Details of the interest rate hedging instruments are:

	Group Contracts expiring in:			
Rm	<1 year	1 – 5 years	>5 years	Total
2016				
Quince				
Contract value	**–**	**550**	**–**	**550**
Average fixed interest rate	**–**	**7,5%**	**–**	**7,5%**
Contract value	**–**	**7**	**–**	**7**
Average fixed interest rate	**–**	**8,1%**	**–**	**8,1%**
2015				
Quince				
Contract value	–	400	–	400
Average fixed interest rate	–	7,3%	–	7,3%
Contract value	–	13	–	13
Average fixed interest rate	–	8,1%	–	8,1%

The interest rate swaps reset on a quarterly basis. The floating rate is based on the three-month JIBAR rate.

The interest rate hedges settle on a monthly basis. The floating rate on the interest rate hedge is the monthly JIBAR. The group will settle the difference between the fixed and floating interest rate on a net basis. The company has not entered into any interest rate hedging instruments.

Rm		Weighted average effective interest rate %	Floating interest rate	Fixed interest rate	Non-interest-bearing	Total
				Group		
29.	**FINANCIAL INSTRUMENTS** continued					
	Interest rate sensitivity analysis					
	The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.					
	2016					
	Assets					
	Cash and cash equivalents and long-dated money market deposits	**7,1**	**2 300**	**48**	**34**	**2 382**
	Financial assets included in current accounts receivable and rental and finance lease receivables	**14,3**	**396**	**384**	**1 608**	**2 388**
	Other investments and loans	**10,8**	**52**	**–**	**1**	**53**
	Non-current rental and finance lease receivables	**14,8**	**709**	**735**	**5**	**1 449**
			3 457	**1 167**	**1 648**	**6 272**
	Liabilities					
	Financial liabilities included in trade and other payables	**2,9**	**(283)**	**(26)**	**(979)**	**(1 288)**
	Bank overdrafts and current portion of long-term borrowings	**6,6**	**(629)**	**–**	**–**	**(629)**
	Long-term borrowings	**10,0**	**(6)**	**–**	**(37)**	**(43)**
			(918)	**(26)**	**(1 016)**	**(1 960)**
	Net financial assets		**2 539**	**1 141**	**632**	**4 312**
	2015					
	Assets					
	Cash and cash equivalents	6,0	2 697	4	12	2 713
	Financial assets included in current accounts receivable and rental and finance lease receivables	12,6	301	440	1 430	2 171
	Other investments and loans	–	–	–	96	96
	Non-current rental and finance lease receivables	14,0	756	703	4	1 463
	Financial assets included in assets of discontinued operation		35	–	16	51
			3 789	1 147	1 558	6 494
	Liabilities					
	Financial liabilities included in trade and other payables	2,0	(185)	–	(1 138)	(1 323)
	Bank overdrafts and current portion of long-term borrowings	12,3	(278)	–	–	(278)
	Long-term borrowings	8,8	(1)	(223)	(15)	(239)
	Current liabilities of discontinued operation		–	–	(49)	(49)
			(464)	(223)	(1 202)	(1 889)
	Net financial assets		3 325	924	356	4 605

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

If the group's interest rates had been 2% higher and all other variables remained constant, the group's profit after tax for the year ended 30 September 2016 would increase by R36 million (2015: increase by R48 million). This is mainly attributable to the group's exposure to interest rates on its variable rate deposits.

Rm		Weighted average effective interest rate %	Floating interest rate	Fixed interest rate	Non-interest-bearing	Total
		Company				
29.	**FINANCIAL INSTRUMENTS** continued					
	Interest rate sensitivity analysis					
	The company's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are:					
	2016					
	Assets					
	Cash and cash equivalents	**6,4**	**20**	**–**	**–**	**20**
	Financial assets included in accounts receivable	**–**	**–**	**–**	**113**	**113**
	Other investments and loans	**4,7**	**2**	**–**	**–**	**2**
	Amounts owing by subsidiaries	**7,3**	**5 842**	**–**	**496**	**6 338**
			5 864	**–**	**609**	**6 473**
	Liabilities					
	Financial liabilities included in trade and other payables	**2,2**	**(135)**	**–**	**(111)**	**(246)**
	Bank overdrafts and current portion of long-term borrowings	**10,5**	**–**	**(10)**	**–**	**(10)**
	Amounts owing to subsidiaries	**10,0**	**(50)**	**–**	**(90)**	**(140)**
	Long-term borrowings	**10,5**	**–**	**(5)**	**–**	**(5)**
			(185)	**(15)**	**(201)**	**(401)**
	Net financial assets/(liabilities)		**5 679**	**(15)**	**408**	**6 072**
	2015					
	Assets					
	Cash and cash equivalents	4,0	228	–	–	228
	Financial assets included in accounts receivable	–	–	–	433	433
	Other investments and loans	5,0	8	–	40	48
	Amounts owing by subsidiaries	5,3	1 897	–	720	2 617
			2 133	–	1 193	3 326
	Liabilities					
	Financial liabilities included in trade and other payables	2,0	(184)	–	(355)	(539)
	Bank overdrafts and current portion of long-term borrowings	5,3	–	(8)	–	(8)
	Amounts owing to subsidiaries	10,0	(36)	–	(389)	(425)
	Long-term borrowings	10,5	–	(15)	–	(15)
			(220)	(23)	(744)	(987)
	Net financial assets/(liabilities)		1 913	(23)	449	2 339

If the company's interest rates had been 2% higher and all other variables remained constant, the company's profit after tax for the year ended 30 September 2016 would increase by R82 million (2015: increase by R27 million). This is mainly attributable to the company's exposure to interest rates on its variable rate deposits.

29 FINANCIAL INSTRUMENTS continued

Fair value of financial instruments (group and company)

Cash and cash equivalents

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

Current accounts receivable

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

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

Non-current rental and finance lease receivables

The carrying amount of the non-current rental and finance lease receivables and discounted deals approximate fair value because the rates inherent in the deals are market related and are the same rates used to discount back to their carrying values.

Rental and finance lease receivables, other investments and loans

The fair value of the interest-bearing loans has been determined by discounting the future cash flows of these loans back to present values using current market related interest rates. These are carried at approximately their fair values. The remainder of the investments are non-interest-bearing. The fair value of these loans and amounts owing by subsidiaries (see note 13) cannot be determined as they have no repayment terms. The amounts owing to subsidiaries are repayable on demand and as such are short-term in nature and therefore their carrying values approximate fair value. These loans and amounts owing by and to subsidiaries and minor unlisted share investments are assumed to have a carrying value that approximates fair value.

As the majority of the insurance cells' assets consist of Rand denominated cash and cash equivalents the carrying amounts approximate fair value because of the short-term nature of these instruments. Consequently the carrying amount is also the maximum credit risk these investments are exposed to.

Trade and other payables

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

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

Forward exchange contracts

The contracts are stated at market value which represents the foreign currency value of the exchange contracts converted at the forward rate that could have been obtained at the year end on a similar contract of the same maturity date.

Interest rate swaps

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

	Group	Company
30. ACQUISITIONS/TRANSFERS OF BUSINESSES		
2016		
1. 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	–
2. 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	–
3. 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	–
4. Acquisition of Reunert Electrical Engineering Holdings		
In July 2016 Reunert acquired all of the shares of African Cables Proprietary Limited, which changed its name to Reunert Electrical Engineering Holdings Proprietary Limited (REEH), for R30 million, from a group subsidiary. Reunert subscribed for a further R8 million of REEH's shares.		38
5. Acquisition of Reunert International Investments (Mauritius) Limited (RIIM)		
In July 2016 Reunert subscribed for all of the shares of RIIM for R154 million. This is a new company.		154
Cost of investment	180	192
Net borrowings at time of acquisition	282	–
Net cash flows on acquisition of business	462	192
Minority interest	32	–
Net cash flows on acquisition of business attribuable to Reunert	494	192
Represented by:		
Deferred taxation	19	–
Property, plant and equipment and intangible assets	201	–
Inventory	151	–
Accounts receivable (current and at fair value)	443	–
Non-current payables	(12)	–
Payables and provisions	(398)	–
Shares purchased	–	192
Goodwill	90	–
Net assets acquired	494	192
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*	–

* *This includes an amount of R39 million net foreign exchange gains made during the year and excludes a bad debt write off of R33 million (after tax) which will be adjusted to goodwill arising on acquisition in the 2017 year.*

2015

No significant acquisitions were made by the group or the company in 2015.

31. DISPOSAL AND TRANSFER OF BUSINESSES

2016

No disposals were made by the group. The company made the following disposals to other group companies:

Transfer of the CBi Low Voltage division

With effect from 1 October 2015 the net assets and business of CBi Low Voltage, a division of Reunert Limited, were transferred to CBi Proprietary Limited, another group company, at the net book value of Rnil.

Transfer of the Fuchs division

With effect from 1 October 2015 the net assets and business of Fuchs, a division of Reunert Limited were transferred to Fuchs Electronics Proprietary Limited, another group company, at the net book value of Rnil.

Disposal of shares in Reutech Proprietary Limited

Reunert acquired 100% of Reutech Proprietary Limited during the year for R100 million from Moshate Technology Holdings Proprietary Limited. This did not involve a flow of cash. The purchase price was settled by way of set-off against the company's rights to R100 million of Moshate's preference shares. On 26 September 2016 Reunert sold 100% of its investment in Reutech's shares for R913 million in terms of a BBBEE transaction affecting the Applied Electronics segment. A R809 million surplus arose on this sale.

Disposal of investment in ATC Proprietary Limited

Reunert disposed of an investment it held in ATC Proprietary Limited for R48 million to Reutech Engineering Services Proprietary Limited, a group subsidiary. No surplus arose.

Rm	Group	Company
Net assets transferred		
Property, plant and equipment and intangible assets	–	**(68)**
Investment in subsidiaries	–	**(152)**
Inventory	–	**(193)**
Accounts receivable	–	**(311)**
Accounts payable and provisions	–	**263**
Net amounts due to group companies	–	**513**
Cash on hand at time of disposal/transfer	–	**(204)**
Surplus and disposals	–	**(809)**
Amounts received	–	**(961)**

2015

No disposals were made by the group or company in 2015.

32. SUBSEQUENT EVENTS

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.

33. 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 it is aware of.

SEGMENTAL ANALYSIS

for the year ended 30 September 2016

BUSINESS SEGMENTS

The business segments identified are Electrical Engineering, Information Communication and Technologies (ICT), Applied Electronics, and Other. The segments have been identified based on products, technology, services, markets and customer segmentation.

Electrical Engineering encompasses the design, manufacture, installation and maintenance of a complete range of power cables, the manufacture and supply of copper and optical fibre telecommunication cable, the manufacture and supply of low-voltage distribution, protection and control equipment, and the supply of high and medium-voltage switchgear and transformers. This segment's market includes municipalities, parastatals, utilities, and the mining and building industries.

ICT is a provider of data and voice communication and network services and solutions; a distributor of business systems with products focusing mainly on office automation and telecommunications; and asset-based rental solutions. The market comprises corporate and retail customers, SMEs, government and state-owned entities.

Applied Electronics specialises in tactical VHF/UHF/HF communication systems; designs and manufactures fuzes and related defence products for artillery, mortar, naval and aircraft weapon systems; develops and manufactures ground and naval search and tracking radar systems; and designs and manufactures mining radar sensor systems used in open-cast mining. In addition, this segment manufactures and supplies remote-controlled weapon platforms and supplies system engineering and logistic support services in telecommunications, radar, satellite, mining, fare management and transportation fields. Markets here are local and international defence forces and mining houses.

The other segment is made up of the group's administration, finance and the property portfolio.

The majority of the group's operations are situated in South Africa with operations in Australia, Lesotho, Sweden, the United States of America and Zambia. The revenue and profits derived outside South Africa are currently not material and accordingly it would not be meaningful to provide geographical segmental information.

Reunert does not have a single customer or grouping of customers which meets the requirements to be separately disclosed in terms of IFRS 8 – Operating Segments.

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

	2016		2015		
	Rm	%	Rm	%	% change
REVENUE					
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 operations	**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 per the statement of comprehensive income	**8 511**		8 300		3
Intersegment revenue is immaterial and has not been disclosed.					
The geographical analysis of revenue is detailed in note 1.					
The analysis of revenue between products and services is not provided as the cost to collate the information would be excessive.					
OPERATING PROFIT BEFORE INTEREST AND DIVIDENDS					
Electrical Engineering	**610**	**45**	520	42	17
ICT[1]	**549**	**41**	533	43	3
ICT – discontinued	**–**		44	4	
Applied Electronics	**305**	**23**	181	15	69
Other[1]	**(111)**	**(9)**	(42)	(4)	(164)
Total operations	**1 353**	**100**	1 236	100	9
Operating (profit)/loss from equity-accounted joint venture (Electrical Engineering)	**(38)**		(25)		
Operating (profit)/loss from discontinued operation (ICT)	**–**		(44)		
Operating profit as reported per the statement of comprehensive income	**1 315**		1 167		13

[1] *Net interest charged to Quince through the group treasury function has been eliminated in line with the consolidation principles of IFRS. This amounted to R95 million (2015: R77 million).*

SEGMENTAL ANALYSIS continued

for the year ended 30 September 2016

Rm	2016	2015
EMPOWERMENT TRANSACTIONS		
Electrical Engineering	**93**	–
ICT	**–**	–
Applied Electronics	**20**	–
Other*	**–**	–
Total empowerment transactions as reported per the statement of comprehensive income	**113**	–
TOTAL ASSETS		
Electrical Engineering	**2 699**	1 900
ICT	**4 084**	3 976
Applied Electronics	**1 477**	979
Other*	**1 649**	2 544
Total assets as reported per the statement of financial position	**9 909**	9 399

* *Other includes bank balances of R1,7 billion (2015: R2,2 billion) because it manages the group's treasury function.*

Rm	2016	2015
INVENTORY AND CONTRACTS IN PROGRESS		
Electrical Engineering	**601**	439
ICT	**243**	300
Applied Electronics	**451**	251
Other	**–**	–
Total inventory and contracts in progress as reported per the statement of financial position	**1 295**	990
ACCOUNTS RECEIVABLE AND RENTAL AND FINANCE LEASE RECEIVABLES – CURRENT		
Electrical Engineering	**967**	637
ICT	**1 134**	1 195
Applied Electronics	**516**	475
Other	**35**	85
Total accounts receivable and rental and finance lease receivables as reported per the statement of financial position	**2 652**	2 392
TRADE AND OTHER PAYABLES, DERIVATIVE LIABILITIES AND PROVISIONS		
Electrical Engineering	**790**	698
ICT	**618**	623
Applied Electronics	**568**	599
Other	**44**	75
Trade and other payables, derivative liabilities and provisions as reported per the statement of financial position	**2 020**	1 995
CAPITAL EXPENDITURE		
Electrical Engineering	**35**	47
ICT	**35**	48
Applied Electronics	**129**	25
Other	**23**	26
Capital expenditure as reported	**222**	146
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTISATION AND IMPAIRMENT OF INTANGIBLE ASSETS		
Electrical Engineering	**43**	41
ICT	**59**	51
Applied Electronics	**22**	19
Other	**7**	6
Depreciation of property, plant and equipment and amortisation and impairment of intangible assets as reported	**131**	117
NUMBER OF EMPLOYEES		
Electrical Engineering	**2 975**	2 213
ICT	**1 978**	2 116
Applied Electronics	**1 472**	1 461
Other	**67**	63
Number of employees as reported	**6 492**	5 853

PRINCIPAL SUBSIDIARIES – ANNEXURE A

for the year ended 30 September 2016

	Share capital R (unless otherwise stated)	Effective percentage holding		Interest of holding company – Shares		Interest of holding company – Indebtedness	
		2016 %	2015 %	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Refer to the segmental analysis for a description of the business activities and markets.							
ELECTRICAL ENGINEERING							
CBI-electric: African Cables							
Reunert Investment Company No 1 Proprietary Limited[1 and 2]	4 000	**100**	100	**68**	68	**–**	34
Nabuspace Proprietary Limited[3]	10 000 000	**80**	–	**–**	–	**–**	–
Reunert Electrical Engineering Holdings Proprietary Limited[4]	15 472 113	**100**	100	**38**	–	**–**	–
ATC Proprietary Limited	392 052 911	**80**	90	**–**	48	**–**	–
Reutech Engineering Services Proprietary Limited	64 000	**100**	100	**–**	2	**–**	175
Zambia							
Metal Fabricators of Zambia PLC	270 90KW	**75**	–	**–**	–	**–**	–
CBI-electric: Low and Medium Voltage							
Circuit Breaker Industries GmbH (incorporated in Germany)	Euro25 565	**100**	100	**–**	–	**–**	–
Circuit Breaker Industries Inc. (incorporated in USA)	USD50 000	**100**	100	**–**	–	**–**	–
Circuit Breaker Industries Lesotho Proprietary Limited (incorporated in Lesotho)	LSL1 000	**100**	100	**–**	–	**–**	(141)
Circuit Breaker Industries Qwa Qwa Proprietary Limited	200	**100**	100	**–**	–	**–**	(8)
Circuit Breaker Industries Proprietary Limited	46	**100**	100	**–**	–	**–**	(56)
Heineman Electric (incorporated in Australia)	AUD2	**100**	100	**–**	–	**–**	–
Reunert Investment Company No 3 Proprietary Limited[5]	35 000	**100**	100	**16**	16	**–**	(4)
Polybox Proprietary Limited[6]	5 000 100	**51**	–	**–**	–	**–**	
CBI-electric: Telecom Cables							
CBI-electric Telecom Cables Proprietary Limited (Joint venture)	246 312 400	**40**	45	**–**	–	**–**	–
ICT							
Nashua Electronics							
Futronic Proprietary Limited	–	**100**	100	**–**	–	**–**	–
NPC (Air conditioning) Proprietary Limited	–	**100**	100	**2**	2	**–**	–
NPC (Electronics) Proprietary Limited	–	**100**	100	**–**	–	**–**	–
Pansolutions Proprietary Limited	1 000	**100**	100	**–**	–	**(4)**	(4)
Pansolutions Holdings Proprietary Limited	43 299 843	**100**	100	**45**	45	**(67)**	(63)
Reunert ICT Holdings							
Reunert ICT Holdings Proprietary Limited[7]	28 415 790	**100**	100	**268**	268	**–**	(1)
Blue Lake Telecoms Proprietary Limited	10 000	**100**	100	**–**	–	**–**	–
Nashua Office Automation[8]							
Acuo Technologies Proprietary Limited	4 000	**100**	100	**–**	–	**(8)**	2
Algoa Office Automation Proprietary Limited	200	**70**	65	**–**	–	**–**	–
Circular Drive Property Proprietary Limited	200	**51**	51	**–**	–	**–**	–
Classic Number Trading 80 Proprietary Limited	200	**100**	100	**–**	–	**–**	–
Kopano Solutions Company Proprietary Limited	2 000 000	**74**	74	**–**	–	**15**	15
Nashua Holdings Proprietary Limited[1]	2	**100**	100	**–**	–	**348**	306
Nashua Proprietary Limited	947 794	**100**	100	**6**	6	**(50)**	(36)
Santogyn Proprietary Limited	–	**75**	75	**–**	–	**–**	–
Zevoli 151 Proprietary Limited	190	**85**	85	**–**	–	**–**	–
Bridoon Trade and Invest 197 Proprietary Limited	20 140 100	**80**	80	**–**	–	**–**	–
Paarl and West Coast Office Automation Proprietary Limited	100	**100**	51	**51**	–	**–**	–
Just Jasmine Investments 201 Proprietary Limited	120	**51**	51	**–**	–	**–**	–
Main Street 1052 Proprietary Limited	400	**75**	75	**–**	–	**–**	–

PRINCIPAL SUBSIDIARIES – ANNEXURE A continued

for the year ended 30 September 2016

	Share capital R (unless otherwise stated)	Effective percentage holding 2016 %	2015 %	Interest of holding company Shares 2016 Rm	Shares 2015 Rm	Indebtedness 2016 Rm	Indebtedness 2015 Rm
ICT continued							
Main Street 1051 Proprietary Limited	100	**100**	100	**–**	–	**–**	–
Oxirostax Proprietary Limited	120	**100**	100	**–**	–	**–**	–
Prodoc Svenska AB	240 000 kr	**60**	60	**–**	–	**–**	–
Quince							
Quince Capital Holdings Proprietary Limited	797 039 540	**100**	100	**813**	813	**–**	–
Quince Capital Proprietary Limited	75 268 322	**100**	100	**–**	–	**–**	–
Nashua Communications Proprietary Limited	100	**100**	100	**12**	12	**–**	–
ECN Proprietary Limited	100	**100**	100	**–**	–	**87**	176
APPLIED ELECTRONICS							
Reunert Applied Electronics Holdings Proprietary Limited[9]	15 028 593	**100**	100	**43**	43	**–**	–
Aldagam Investments Proprietary Limited[10]	10 000 000	**90**	–	**–**	–	**–**	–
Reutech Proprietary Limited	39 023 797	**90**	80	**–**	4	**–**	–
Omnigo Proprietary Limited[11]	1 000	**100**	–	**–**	–	**–**	–
Fuchs Electronics							
Fuchs Electronics Proprietary Limited	50 000	**100**	100	**–**	–	**–**	(28)
Reutech Defence Industries Proprietary Limited	600 000	**100**	100	**–**	–	**–**	–
Reutech Communications							
Reutech Communications Proprietary Limited	2	**100**	100	**–**	–	**–**	–
Reunert Investment Company No 2 Proprietary Limited[12]	2 000	**100**	100	**15**	15	**–**	–
RC&C Manufacturing							
RC&C (Parow Factory) Properties Proprietary Limited	2	**100**	100	**1**	1	**–**	–
RC&C Manufacturing Company Proprietary Limited	100	**100**	100	**–**	–	**–**	–
INVESTMENTS AND SERVICES							
Reunert Finance Company Proprietary Limited	4 000 000	**100**	100	**4**	4	**5 842**	1 896
Reunert Executive Services Proprietary Limited	1 200 000	**100**	100	**–**	–	**–**	–
Reunert Management Services Proprietary Limited	4 000	**100**	100	**–**	–	**–**	–
Reunert Connect Proprietary Limited	1 000	**100**	100	**–**	–	**21**	11
Julopro Proprietary Limited	120	**100**	–	**–**	–	**25**	
Reunert International Investments (Mauritius) Limited[13]	USD10 000 086	**100**	–	**154**	–	**–**	
Sundry companies[1] (Net)				**4**	3	**(11)**	(12)
Investment in terms of a broad-based share-based payment transaction encompassing group employees[14]				**44**	44	**–**	–
SPECIAL PURPOSE ENTITIES							
Bargenel Investments Limited[15]				**1 112**	1 112	**–**	(70)
Moshate Technology Holdings Proprietary Limited				**–**	100	**–**	–
				2 645	2 606	**6 198**	2 192
Provision for impairment				**(225)**	(218)		
Interest in subsidiaries				**2 420**	2 388		
Amounts owing by subsidiaries to Reunert Company in total (refer to note 13)				**6 338**	2 617		
Amounts owing to subsidiaries (refer to note 13)				**(140)**	(425)		
				6 198	2 192		

[1] *Reunert Limited has subordinated its loan accounts with these subsidiaries for a period of one year from the signature date of the annual financial statements or until the assets of the subsidiaries, fairly valued, exceed their liabilities.*

[2] *Afcab Holdings Proprietary Limited changed its name to Reunert Investment Company No 1 Proprietary Limited during the current year.*

[3] *Reunert Limited owns 100% of Reunert Electrical Engineering Holdings Proprietary Limited, which owns 80% of Nabuspace resulting in an indirect interest of 80%.*

[4] *African Cables Proprietary Limited changed its name to Reunert Electrical Engineering Holdings Proprietary Limited during the current year.*

[5] *Heinemann Holdings Proprietary Limited changed its name to Reunert Investment Company No 3 Proprietary Limited during the current year.*

[6] *Reunert Limited owns 100% of CBi Proprietary Limited, which owns 51,22% of Polybox Proprietary Limited, resulting in an indirect investment of 51,22%.*

[7] *Nashua Mobile Proprietary Limited changed its name to Reunert ICT Holdings Proprietary Limited during the current year.*

[8] *In terms of IFRS 12 – Disclosure of Interests in Other Entities, none of the non-controlling interests are individually material to the Reunert group results.*

[9] *Reutech Radar Systems Proprietary Limited changed its name to Reunert Applied Electronics Holdings Proprietary Limited during the current year.*

[10] *Reunert Limited owns 100% of Reunert Applied Electronics Holdings (RAEH), which owns 70% of Aldagam Investments Proprietary Limited (Aldagam). RAEH owns 100% of Pintelo Investments Proprietary Limited and Bantel Investments Proprietary Limited, each of which own 10% of Aldagam, resulting in a 90% indirect investment.*

[11] *Reunert Limited indirectly owns 90% of Aldagam (see 10). Aldagam owns 100% of Reutech Proprietary Limited, which owns 100% of Omnigo Proprietary Limited, resulting in a 90% indirect investment.*

[12] *Reutech Solutions Proprietary Limited changed its name to Reunert Investment Company No 2 Proprietary Limited during the current year.*

[13] *Reunert Limited owns 100% of Reunert International Investments (Mauritius) Limited, which owns 75,39% of Metal Fabricators of Zambia PLC (Zamefa), resulting in a 75,39% indirect investment in Zamefa.*

[14] *In terms of IFRS 2 – Share-based Payment, the share premium of R83,80 per share on the 520 100 shares issued has been allocated to Reunert's investment in subsidiaries.*

[15] *Reunert sold its investment in Bargenel's ordinary shares in 2007 as part of a BBBEE ownership transaction whereby the 9% of Reunert's issued share capital held by Bargenel was effectively sold to Reunert's empowerment partners. This transaction was funded by Reunert taking up preference share capital in Bargenel to fund the market value of the Reunert shares held by Bargenel. As a result of this transaction, Reunert owns Bargenel's entire issued cumulative "A" preference shares (1 112 405 shares of R0,01 each, issued at a premium of R999,99 per share). Reunert has not recognised the cumulative arrear preference dividend of R235 million (2015: R223 million) it is entitled to as at 30 September 2016, as Bargenel is not in the financial position to meet this obligation. In addition, Reunert has indemnified Bargenel to the extent of R33 million, being a portion of the potential capital gains tax that would arise on the sale by Bargenel of the Reunert shares. This indemnity represents the capital gains tax on the difference between the market price of the Reunert shares at the effective date of the transaction and their base cost in Bargenel, limited to that proportion of the Bargenel shares not held directly or indirectly by the Rebatona Educational Trust.*

UNCONSOLIDATED SUBSIDIARY – ANNEXURE B

for the year ended 30 September 2016

CAFCA

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

- Reunert has not appointed a majority of 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 (eg dividends) such that it does not have the ability to affect its variable returns through its powers over Cafca.

	%
ATC's holding	71

	Rm
Shares at cost	7,3
Less: Amount written off	(7,3)
Carrying value of investment	–

	30 September 2016 US$000	30 September 2015 US$000
INCOME STATEMENT		
Revenue	**18 417**	29 311
Operating profit	**893**	2 446
Net finance (cost)	**(79)**	7
Profit before taxation	**814**	2 453
Taxation charge	**(294)**	(656)
Profit after taxation	**520**	1 797
Other comprehensive income	**–**	–
Total comprehensive income	**520**	1 797
BALANCE SHEET		
Assets		
Non-current assets	**3 265**	3 435
	3 265	3 435
Current assets		
Inventory	**8 202**	9 541
Accounts receivable	**3 644**	5 320
Cash	**1 473**	50
	13 319	14 911
TOTAL ASSETS	**16 584**	18 346
EQUITY AND LIABILITIES		
Share capital and reserves	**14 810**	14 312
Non-current liabilities	**682**	625
Current liabilities	**1 092**	3 409
	1 774	4 034
TOTAL EQUITY AND LIABILITIES	**16 584**	18 346

At 30 September 2016 the retained earnings amounted to US$15 million (30 September 2015: US$14 million).

ABBREVIATIONS AND ACRONYMS

Abbreviation	Full name
AFS	Annual financial statements
AGM	Annual general meeting
ATC	ATC Proprietary Limited
Bargenel	Bargenel Investments Proprietary Limited
bn	Billion
Cafca	Cafca Limited
EBITDA	Earnings before interest, taxation, depreciation and amortisation
FECs	Forward exchange contracts
Fuchs	Fuchs Electronics Proprietary Limited
FVTPL	Fair value through profit and loss
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
JSE	JSE Limited
IAS	International Accounting Standards
m	Million
MOI	Memorandum of Incorporation
Moshate	Moshate Technology Holdings Proprietary Limited
Nashua Mobile	Nashua Mobile Proprietary Limited
Omnigo	Omnigo Proprietary Limited
Polybox	Polybox Proprietary Limited
Powerhouse	Powerhouse Utilities Proprietary Limited
Quince	Quince Capital Proprietary Limited
Reunert	Reunert Limited
RFCL	Reunert Finance Company Proprietary Limited
RMS	Reunert Management Services Proprietary Limited
SPE	Special Purpose Entity
Telecom Cables	CBi-electric Telecom Cables Proprietary Limited
Zamefa	Metal Fabricators of Zambia Plc

CORPORATE ADMINISTRATION AND INFORMATION

REUNERT LIMITED
(Incorporated in the Republic of South Africa)

ISIN: ZAE000057428
Short name: REUNERT
JSE code: RLO
Currency: ZAR
Registration number: 1913/004355/06
Founded: 1888
Listed: 1948
Sector: Electronic and electrical equipment

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SPONSOR
Rand Merchant Bank (a division of FirstRand Bank Limited)

PRINCIPAL BANKERS
Nedbank
Standard Bank

www.reunert.co.za