Poynting Holdings Limited

Making wireless happen

Annual Report 2011

Poynting
Holdings Limited
Making wireless happen

www.poynting.co.za

Our vision 2011

Poynting Antennas provides products to make wireless communication easier and more affordable. Our roots and initial markets are in Africa and the developing world where our products will improve the standard of living and stimulate economic growth. Our mission is to "Make Wireless Happen" by providing products and business models.

We use clever and innovative designs to deliver excellent products – often at low cost. We specify products honestly and behave with overall integrity. Poynting will always strive to provide a friendly and exciting work environment. Hard-working employees of all races and beliefs work in small teams with a high level of autonomy, freedom and responsibility. All are expected to know and enact the company strategy. Poynting people are brave, headstrong and love challenges.

Poynting products will become increasingly popular in the developing markets and will spread to the rest of the world.

We shall become a world-class wireless product supplier. Poynting shall provide growth to shareholders, rewards to employees and our activities will benefit the communities we encounter.

Contents

website: www.poynting.co.za

Financial highlights

for the year ended 30 June 2011

Revenue

R81,5 million up 7%

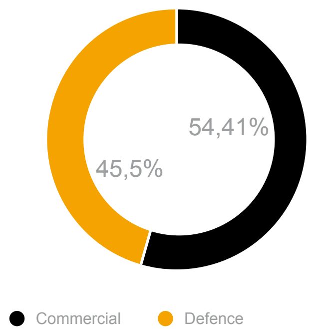
EBITDA from continuing operations

R12,3 million up 25%

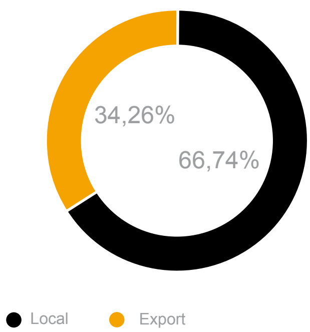
Profit before taxation excluding the loss in discontinued operations of R2,2 million

R5,8 million up 54%

Sales per technology category from July 2010 – June 2011

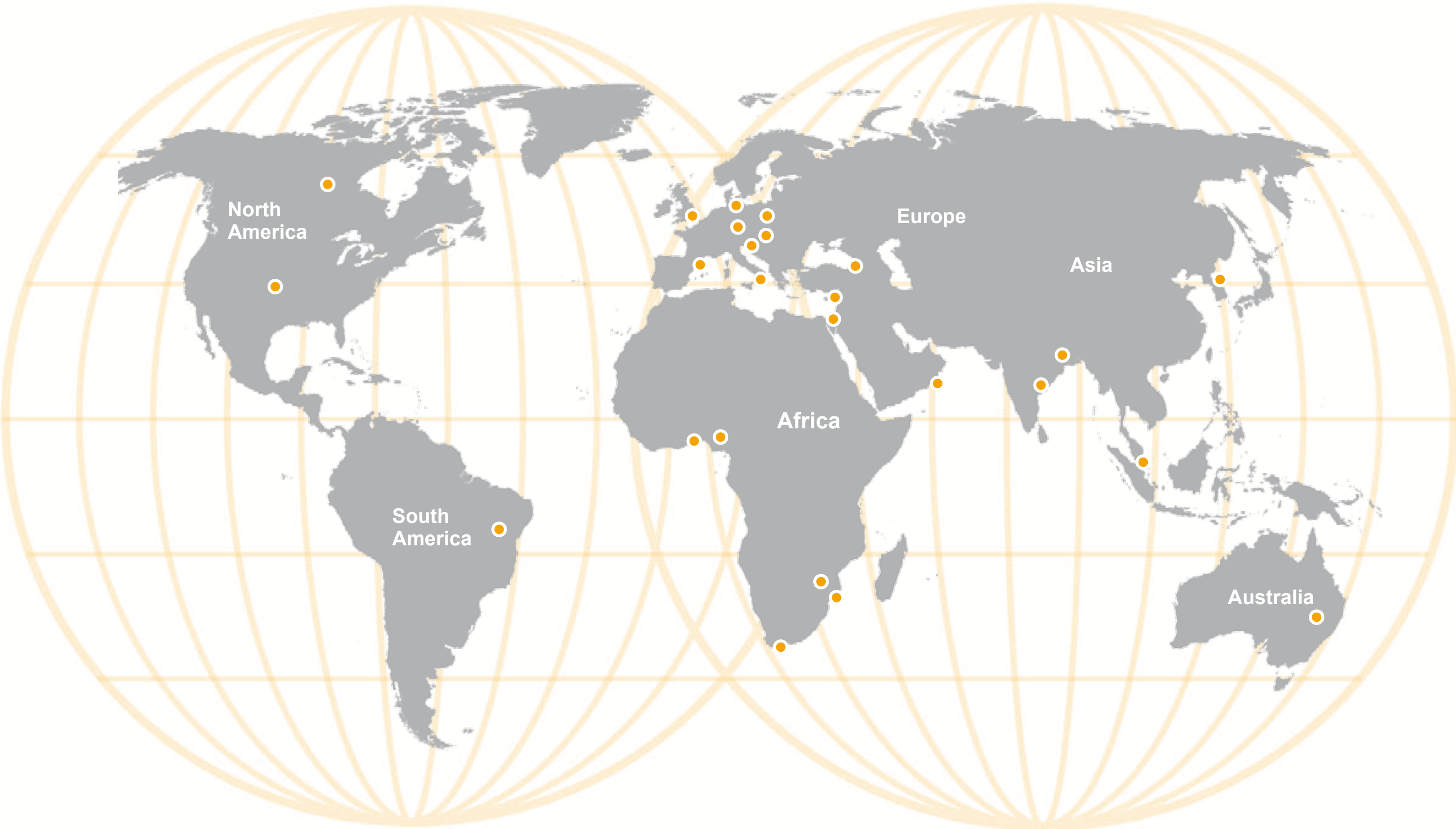


Export and local sales from July 2010 – June 2011



Total R81,5 million

Global footprint



Established clients per country

American Markets

Brazil
Canada
USA

African Markets

Ghana
Mozambique
Nigeria
South Africa
Zimbabwe

Australasian Markets

Korea
Singapore
Australia

European and Other Markets

Austria
Czech Republic
Denmark
France
Georgia
Germany
India
Israel
Italy
Lebanon
Nepal
Oman
Poland
United Kingdom

Overall strengths

Research and Development ("R&D") team and in-company know-how: Poynting has an internationally competitive team of engineers, technicians and technologists. They have developed considerable manufacturing, market and product know-how, allowing the company to stay ahead of its competitors.

Intellectual Property ("IP"): Poynting has registered a number of patents and designs, but its major IP resides in the more than 200 products which have been designed and manufactured in-house. The Defence Division products are client-specific designs which are often integrated into systems offered by leading international system houses and as such offer long-term secure revenues. The Commercial Division has also developed a number of low cost antenna manufacturing technologies which provide it with products that are able to compete meaningfully in terms of both price and performance in the international market.

"Technology Agnostic" products: The competitiveness of these products is enhanced by their "technology agnostic" nature, that is, they will radiate and receive radio waves regardless of protocols (802.11/802.16) and technologies (WiFi/WiMAX/iBurst, etc.) employed in telecommunications. A good example over the past financial year was an existing antenna which found application as a Neotel Customer Premises Equipment ("CPE") outdoor antenna – this antenna is currently the only Neotel-approved antenna of this type and is rapidly finding favour with Neotel customers.

Competitive operational advantages

Foil cut and stamped radiator technologies: This technology, which is internationally recognised, gives Poynting both cost and performance advantages over competing technologies. The stamped metal radiator technologies were developed in the past year and offer improved performance at further reduced costs compared to foil cut technology. Foil cut technology already had substantial cost performance advantages over standard Printed Circuit Board ("PCB") radiators.

Defence R&D has built a team of experts which is focused on the design of Electronic Warfare ("EW") and specifically Direction Finding ("DF") antennas. They have developed software tools and expertise which enable us to design world class solutions for international defence system integrators.

Plastic injection moulded parts: Poynting uses mass production tools like injection and die-cast moulds to provide components that require little or no subsequent work. The company owns over 50 moulds, all of which incorporate numerous features to reduce manufacturing costs of the product.

Chinese tool manufacture: Poynting has developed strong working relationships with a number of Chinese tool manufacturers, giving the company a real competitive advantage in terms of tool quality, speed of tool manufacture and cost. These Chinese partners are able to manufacture a set of plastic injection moulds within one calendar month, a job which can take in excess of six months when using South African manufacturers.

Assembly of large volume products in China: Poynting has also established partnerships with Chinese manufacturers that assemble larger volume products directly in China which provide significant logistics benefits, especially when supplying customers internationally.

Rapid cycle from design to production: The main operational advantage of the Defence Division is the very rapid cycle from concept design to production of units. Advanced computer design tools are used to achieve this benefit.

Competitive selling advantages

Sales channels: Poynting Direct (Proprietary) Limited and Poynting Europe GmBH have established themselves as effective sales channels for our products in South Africa and Europe respectively. We also have relationships with the large mobile and wireless data network operators in South Africa, Africa and elsewhere and many of these have approved our products for use on their networks and are regular customers. We have relationships with a number of equipment manufacturers and system integrators who use custom-designed commercial and defence antennas as part of their product offering and these constitute a valuable sales channel with good sustainability.

Leading edge antenna technology: Many of the company's antenna manufacturing technologies are recognised as world leading by international customers in both the Commercial and Defence Divisions.

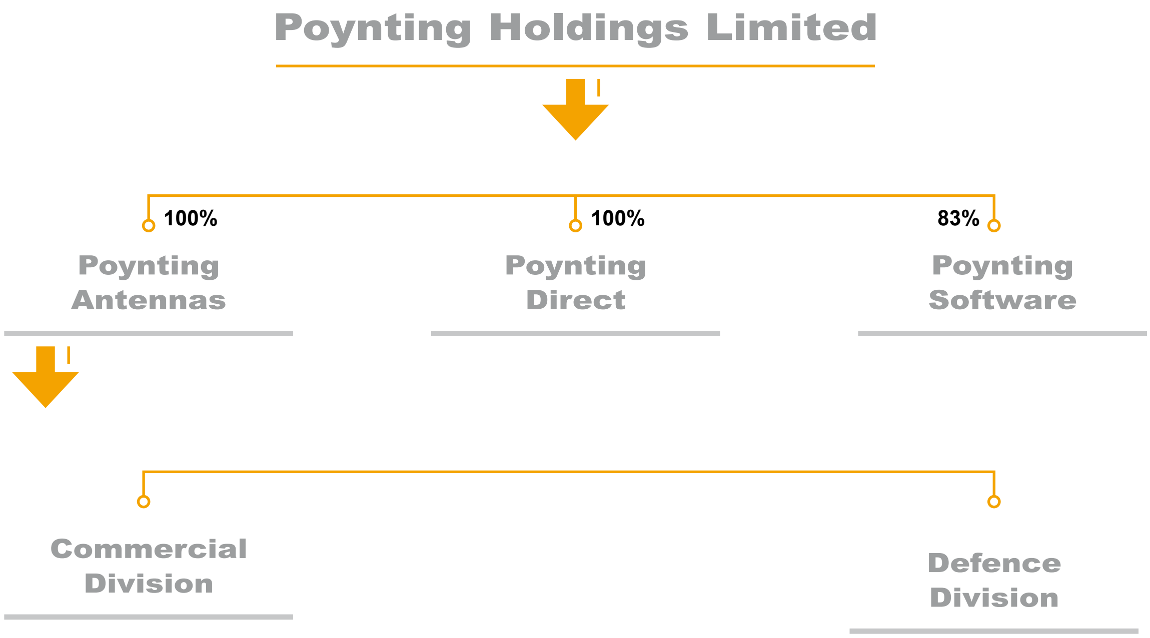
The Poynting brand: The company continues to invest considerably in promoting the Poynting brand by packaging products in colourful branded boxes, and using distinctively designed products with a consistent theme easily recognisable to customers. This has resulted in a growing number of such customers asking specifically for Poynting products.

Antenna performance and reputation: Poynting customers are aware that the company's highly qualified and experienced antenna R&D team has created products which conform and surpass specified international standards.

Niche products: Poynting is able to produce products which meet specific niche requirements, but which are not typically available to the market. Good examples of such products include its high gain, full cellular band antennas which are used for fixed cellular terminals, least cost routers, fixed internet access for people with weak signals at offices and homes and other such applications not foreseen as part of the cellular landscape. The Defence Division is also internationally recognised for its Direction Finding (DF) antennas and broadband jamming and monitoring antennas.

Quality: The company's ISO 9001:2008 accreditation certificate was issued and we continue with programmes of continuous quality improvement.

Group structure



Board of directors

Coenraad Petrus Bester[2] (55)
Independent Non-executive Chairman
BSc Eng (Elec) (UP) BSc Eng (Elec) Hons (Potch)
MBA (UP), OPM (Harvard Business School)

Andries Petrus Cronje Fourie (49)
Chief Executive Officer
BSc Eng (Elec) PhD (Wits)

Juergen Dresel[1] (43)
Managing Director
Diplo.Ing. (TU Munich) MSc Eng (Elec) (Wits)

Pieter Andries Johannes Ebersohn (46)
Financial Director
BCom (RAU) BCompt (Hons)

Jones Kalunga (34)
Sales Director
BSc Hons

Zuko Ntsele Kubukeli[2] (38)
Independent Non-executive Director
BSc (Medicine) Hons PhD (UCT)

Richard Charles Willis (41)
Non-executive Director
CA (SA)

Clive Harvey John Douglas (51)
(Alternative to Richard Willis)
BCom (Wits) National Diploma in Electrical Engineering (Wits)

(1) German (2) Independent

Introduction

The 2011 financial year showed a marked improvement over the performance of the preceding year. Building on the sound foundation of the preceding year, the board and management worked closely together to navigate the company towards profitable and sustainable growth. Although market conditions remained tough, the company managed to improve its position in the chosen segments where it competes. It therefore gives me great pleasure to present Poynting's 2011 annual report to our shareholders, key stakeholders, valued customers and business associates.

Organisational performance

The company is now consolidating its strategy of focusing on two niche markets, namely Defence and Commercial, providing the company with a robust platform against market swings. The Commercial Division has shown continuous improvement after the slowdown of 2009. Much effort went into the further streamlining of its operations. The outsourcing of non-core activities will continue, and the sales function is also being streamlined to bring it in line with the core strategy of being a provider of innovative antennas to niche markets in the wireless communications market.

The Defence Division again performed extremely well. The continued investment in long-term market activities and relationship building has and will continue to pay off, with major contracts having been awarded and completed in the reporting period. Poynting is becoming a player of note in this field.

Board performance

The board is working well as a productive team. Board meetings were well attended, and the board committees met regularly providing the board with quality inputs. There is an open and constructive interaction between the board and management. In the coming period, the board will pay special attention to the implications of the new Companies Act, 2008, as amended, to ensure compliance.

In appreciation

On behalf of the board, I extend our gratitude to the Chief Executive Officer, the management team, and the entire Poynting staff for their dedication and commitment in dealing with the challenges they are faced with on a daily basis. We have confidence in our team's ability and our customers' loyalty and appreciation. To all our shareholders, we extend our sincere appreciation for your continued confidence in the group. It remains our endeavour to create value for our shareholders. To my fellow board members and colleagues, thank you for the trust, respect and sound advice, this has enabled me to execute my role with confidence.

CP Bester
Chairman

29 September 2011

Introduction

Poynting designs, manufactures and sells antennas and telecommunications products to the cellular, wireless data and defence markets. The company operates as three divisions, namely Commercial, Defence and Base Station Equipment. The Base Station Equipment Division was discontinued in September 2010 due to a dramatic downswing in demand for the products of this division.

Business overview

Poynting's commercial products are used in cellular and 3G end-user equipment, as well as wireless data networks employing WiFi, iBurst and WiMAX technologies. During the 2010 financial year, the Commercial Division also started providing antenna installation services and this has grown in the 2011 financial year. This service offering is focused on the installation of Poynting's antennas for end-users of telecommunication companies.

The Defence Division is focused on the electronic warfare market which comprises monitoring, jamming and direction-finding antennas. This division sells to military system integrators and specialised distribution partners. Close partnerships are created with customers and antennas are often custom designed.

The Base Station Equipment Division supplied transmission infrastructure equipment mainly to cellular operators. This equipment includes base station amplifiers and diplexers as well as some in-building signal splitters and antennas for in-building repeaters and base stations. This division was discontinued earlier in this financial year as noted above.

Poynting retained a very strong Research and Development department ("R&D") of around 20 talented members including PhD and MSc level engineers who design the antennas, develop production methods, develop manufacturing plant (mainly moulds and stamping tools) and produce first prototypes. Both Commercial and Defence perform customer-specific designs to supply products to single customers ("OEM") and generic products which can be sold to various customers. Typically, the Defence sales come from large military system integration companies whereas Commercial mainly focuses on mass production products sold through distributors or to corporate customers.

Financial results

The highlights of the financial year-end results include:

- Revenue of R81,5 million, up 7% from R76,3 million. If the discontinued operations revenue is removed from both periods, the revenue from continued operations has increased by 22%.
- 54% increase in profit before taxation from R3,8 million to R5,8 million excluding the loss in discontinued operations of R2,2 million.
- EBITDA from continuing operations increased by 25% from R9,8 million in 2010 to R12,3 million in 2011.

Results in 2011 were driven by a continued excellent performance by the Defence Division. Revenues in Defence increased by 22% from 2010 to 2011 and the profit before taxation was 44% higher at R10,4 million from R7,2 million.

The Commercial Division turnover was also 22% higher, but a loss before taxation of R4,3 million versus a previous year loss of R3,7 million was recorded.

The larger loss in the Commercial Division was in spite of improved turnover and gross margin in 2011 versus 2010. This was due to increased overheads as a result of the dissolution of the Base Station Equipment Division, a large provision for bad debt, stock write-off and provisions, extraordinary legal costs and provisions and costs associated with corporate activities earlier this year.

Poynting has managed to raise an Industrial Development Corporation order finance facility of R4 million for major projects. This, together with profits and improved management of working capital, has improved the company's liquidity position.

Intangible assets have reduced over a three-year period while tangible net asset value per ordinary share has increased from 14 cents per share (2009) to 25 cents per share (2011) over the period. The current net asset value per ordinary share of 36 cents per share includes an intangible asset of 11 cents per share which the board believes is a conservative value and mainly represents value of product-related Intellectual Property ("IP").

South African operations and sales

Local sales for the Defence Division were more than half of the division's total revenues but most products are ultimately exported by our local partners. Sales growth was the result of increased demand by customers with whom we have built close relationships.

Commercial sales to local corporate customers were stable with some new customers contributing to revenues as a result of new wireless operators entering the market.

The extension of the division's service offering by providing installation of antennas as an add on service to network operators shows promise and will be expanded further in the next financial year.

Poynting Direct continued to produce good sales during the past financial year with revenues increasing to R12,4 million from R11,6 million the year before. Margins at Poynting Direct also improved, but some internal restructuring caused increased overheads and Poynting Direct produced a net loss of R573 962.

Our core strength is still our R&D capability in both Commercial and Defence. Much of the Defence Division income and orders are from custom designed antenna systems. This business is directly related to engineering input, but we are driving towards converting some of these designs to stand alone products which can be sold with no or minimal further engineering inputs. The Commercial Division is also developing new products to cater for some of the new technologies and ensure that we retain a technological advantage over competitors. At the moment these developments are carefully chosen to minimise investment for maximum return.

International operations and sales

About R15 million of Defence Division sales was from Europe. This represents more than 80% growth in sales to Europe. This is encouraging since these sales were also to a number of different customers. The Defence Division experienced an overall broadening of customer base and product range.

The Commercial Division saw a 14,5% increase in export sales which match increased local share, giving a constant 27,5% of export sales. Commercial Division sales to Europe also increased by 52% with some lower sales to the USA. The lower sales to the USA seem mainly to relate to one dominant distributor who buys goods quarterly and the timing of purchases distorts the annual figures.

Poynting Europe

Poynting Europe GmBH ("Poynting Europe") is still operated under full ownership of our European partner. Poynting sales to Poynting Europe in the Commercial Division increased by 94% on the previous year indicating some healthy recovery in the European market.

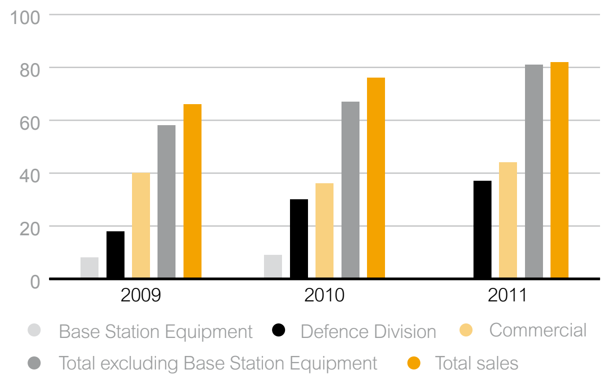
Chinese manufacture and tooling

The Commercial Division is manufacturing some of the most popular products in China and more products will be transferred to contract manufacturers in China to achieve more competitive costs. We are broadening the base of contract manufacturers in China to reduce the risks inherent in such outsourced production.

Three-year review

It is interesting to look at the company's performance since listing over a three-year period. The turnovers over the three-year period indicate the significant growth experienced by the Defence Division. The Commercial Division sales dropped in the 2010 year but have recovered in 2011 to levels higher than in 2009. The sales, excluding the discontinued Base Station Equipment Division, show strong growth especially in the last financial year where both Commercial and Defence Divisions showed turnover growth of about 22%.

Turnover (R'million)

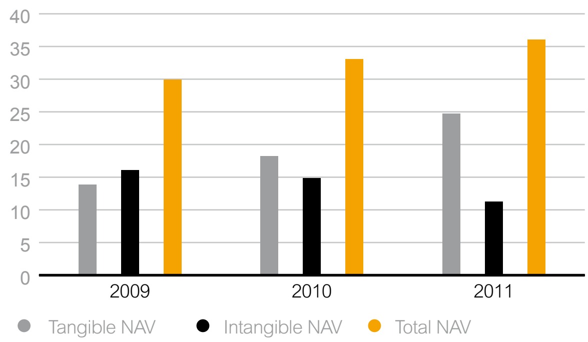


The Commercial Sales dropped from the 2008 to 2010 financial years after very strong growth in the period 2004-2008. A more detailed look at Commercial Sales per semester shows that sales in this division have shown an increasing trend for the past four semesters and that the last semester showed robust growth with the main contributor being a good recovery in export sales.

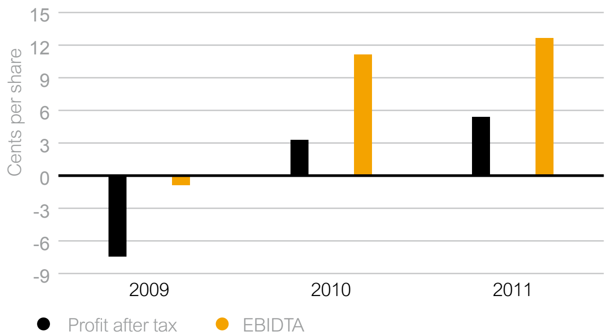
The company overall gross margins associated with sales have also increased over the past three years from 45% to 65%. Part of this increase is due to the increased contribution to overall sales by the Defence Division, but Commercial product margins have also improved significantly over the period.

The EBITDA earnings below show a healthy improvement in earnings from 2009 to 2010 with the 2011 numbers not showing much growth. This was mainly the result of closing the Base Station Equipment Division. The division contributed (and increased) overheads in 2011 and this contribution disappeared in 2011.

NAV (c per share)



Earnings from continuing operations



The impact of this is that the company's performance excluding the Base Station Equipment Division realistically should show lower earnings for 2010 and somewhat higher figures in 2011.

Another interesting aspect to note in the earnings numbers is the R6 million to R7 million differences between EBITDA earnings and Profit after Tax numbers in the 2010 and 2011 financial years. These differences are mainly attributable to amortisation of intangible assets, deferred tax provisions and depreciation on fixed assets. All of these are expenses which do not have a negative effect on company cash flow.

This is perhaps best shown in examining the company's Net Asset Value ("NAV") for the three years and observing the interplay between intangible and tangible NAV. Intangible assets have reduced over the period while tangible NAV has increased from 14c/share to 25c/share over the period. When looking at the balance sheet it should also be evident that the company's tangible NAV is dominated by current assets with a fairly small contribution of fixed assets. As such the tangible NAV figure represents a "near cash" value of the company and this has increased by R9,6 million in the last two years indicating a strong positive cash flow. The current NAV of 36c/share includes an intangible asset of 11c/share which the board believe is a conservative value and mainly represents value of product related Intellectual Property ("IP").

From a balance sheet perspective the company is in a healthy position with Current and Quick Ratios of 2,9 and 2,1 respectively. We are also very lightly geared and operate virtually without any overdraft facilities.

Figures viewed over the past three years demonstrate a considerable improvement in company financial health from the balance sheet perspective and a resumption of growth in revenues and profits – especially when considering the core Defence and Commercial Divisions.

Prospects

The Defence Division is expected to show continued revenue growth and profits in 2012. This division currently has a stronger order book than at the same point last year and has a healthy number of proposals and opportunities in the pipeline. International acceptance and demand for our Defence products is showing growth and we are developing a broader customer and product base.

The Commercial Division is starting to re-invest in product development again after some severe reduction on spending in this area for the past two years.

Good opportunities are becoming apparent in the area of cellular coverage driven by the high growth in cellular data products both locally and internationally. We envisage increased growth in cellular product sales. Our drive to combine cellular products with installations in South Africa is proving popular. The Commercial Division is also forming a close relationship with a BEE partner to start providing innovative coverage solutions to cellular service providers. This offering has been well received and we hope to expand this business in future.

We have also had discussions with an international company regarding a possible acquisition by the Commercial Division during the last financial year. Even though this proved unsuccessful, we shall continue to look for further opportunities to increase our operational scale and international footprint. We are also on the lookout for similar opportunities for corporate activity to strengthen our international footprint for the Defence Division. These are not profit forecasts and are not reviewed.

André Fourie
Chief Executive Officer

29 September 2011

The board of directors ("board") recognises the need to conduct the affairs of the company with integrity and in compliance with the King Code of Governance Principles, as set out in the King III Report ("King III"). The directors are of the opinion that the group has complied with King III in the past year, except where otherwise indicated. Future compliance with the principles contained in the King III Report, which became effective on 1 March 2010, will be reviewed and considered. The board will ensure that the principles and best practice recommendations that are applicable to the group are implemented and complied with in the new financial year, while taking into account the practicalities of the environment in which the group operates, the financial cost of compliance and the need to take action as appropriate.

Financial statements

In terms of the Companies Act 71 of 2008, ("the Companies Act"), the directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Poynting. The financial statements have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act and the Listings Requirements of the JSE Limited. To enable the board to fulfil its responsibility, management sets standards and implements systems of internal control designed to provide certainty that assets are safeguarded, and that transactions are performed and recorded in accordance with the company's policies and procedures. These standards and controls include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Board of directors

Poynting retains a unitary board structure. The board consists of four executive directors and four non-executive directors. The non-executive directors are experienced professionals who make a significant contribution towards the board's deliberations and decisions. In accordance with the articles of association, one-third of the directors retire by rotation at every annual general meeting and their re-appointment is subject to shareholders' approval. All directors are subject to re-election by shareholders at the first opportunity after their initial appointment. The roles of the chairman and chief executive officer are separate with a clear division of responsibilities to ensure a balance of power and authority between them. The board is of the opinion that this structure is effective and believes that an appropriate policy is in place to ensure that a balance of power and authority exists amongst directors, so that no one director has unfettered powers of decision-making. The chairman is an independent non-executive director who, together with the chief executive officer, provides leadership and guidance to the board and encourages proper deliberation on all matters requiring the board's attention while obtaining input from the other directors. The board also has a policy detailing the procedures for appointments to the board. Such appointments to the board are formal and transparent and a matter for the board as a whole.

The board is responsible for effective control over the affairs of the company, including strategic and policy decision-making, financial control, risk management, communication with stakeholders, internal controls and the asset management process. Although the audit committee is tasked with identifying, analysing and reporting on risk during the financial year, this was nevertheless part of the everyday function of the directors and was managed at board level. Directors are entitled, in consultation with the chairman, to seek independent professional advice about the affairs of the company, at the company's expense.

Board and board committee meetings

The board retains overall accountability for the day-to-day management and strategic direction of the company, as well as attending to the legislative, regulatory and best practice requirements. The board has delegated to the chief executive officer and the executive management authority to run the day-to-day affairs of the company. Accountability to shareholders remains paramount in board decisions, and this is balanced against the demands of the regulatory environment in which the company operates and the concerns of its other stakeholders.

To assist the board in discharging its collective responsibility for corporate governance, audit, remuneration and investment committees have been established, to which certain of the board's responsibilities have been delegated. Although the board delegates certain functions to its committees, it retains ultimate responsibility for their activities.

Audit committee

The committee consists of:

1. ZN Kubukeli, Independent non-executive (Chairman)
2. RC Willis, Non-executive Director

The committee is aware of the King III requirement and is striving to comply. The company's external auditors attend meetings by invitation. The audit committee should meet at least twice a year and its role is to assist the board by performing an objective and independent review of the company's finance and accounting control mechanisms.

The company maintains accounting and administrative control systems required for the current levels of operations.

Dates and attendance of board meetings

	17 Aug 10	25 Nov 10	23 Feb 11	14 Jun 11
C Bester (Chairman)	Yes	Yes	Yes	Yes
APC Fourie	Yes	Yes	Yes	Yes
J Dresel	Yes	Yes	Yes	Yes
J Ebersohn	Yes	Yes	Yes	Yes
J Kalunga	Yes	Yes	Yes	Yes
ZN Kubukeli	Yes	Yes	Yes	Yes
RC Willis	Yes	Yes	Yes	Yes
CHJ Douglas	Yes	–	Yes	Yes
M Caietta	Invite	Invite	–	Invite
Merchantec (Proprietary) Limited	Invite	Invite	Invite	Invite

Dates and attendance of audit and risk committee meetings

	31 Aug 10	20 Sep 10	18 Nov 10	14 Feb 11	10 Jun 11
ZN Kubukeli	Yes	Yes	Yes	Yes	Yes
RC Willis	Yes	Yes	Yes	Yes	Yes
Susan Tricker	Yes	Yes	–	–	–
J Ebersohn	Invite	Invite	Invite	Invite	Invite
H Mans for KPMG	–	Invite	–	–	Invite
Merchantec (Proprietary) Limited	Invite	Invite	Invite	Invite	Invite

Dates and attendance of investment committee meetings

	04 Nov 10	14 Feb 11	10 Jun 11
ZN Kubukeli	Yes	Yes	Yes
RC Willis	Yes	Yes	Yes
J Ebersohn	Invite	Invite	Invite
J Dresel	Invite	Invite	–
M Caietta	–	Invite	–

Dates and attendance of remuneration committee meetings

	10 Jun 11
RC Willis	Yes
C Bester	Yes
J Ebersohn	Invite

The audit committee is responsible for considering the following:

- the effectiveness of the company's information systems and other systems of internal control;
- the effectiveness of the audit function;
- the reports of the external auditors;
- the annual report and specifically the annual financial statements included therein;
- the accounting policies of the company and any proposed revisions thereto;
- the external audit findings, reports and fees and the approval thereof; and
- compliance with applicable legislation and requirements of regulatory authorities.

The audit committee must consider, on an annual basis and satisfy itself of the appropriateness of the expertise and experience of the financial director. The audit committee of Poynting is satisfied that Johan Ebersohn has the experience and expertise to fulfil his responsibilities and obligations as executive financial director of the group. The audit committee sets the principles for recommending the external auditors for non-audit services use. By virtue of the fact that the company's external auditors are invited to audit committee meetings, they have unrestricted access to the audit committee and its chairperson with a view to ensuring that their independence is not impaired. The audit committee is satisfied that the auditor was independent of the company.

Remuneration committee

The remuneration committee members are:

1. RC Willis, Non-executive Director (Chairman)
2. CP Bester, Independent Non-executive Director

The committee is aware of the King III requirement and is striving to comply.

The primary purpose of the committee is to provide guidance to the board to ensure that the group's directors and senior executives are fairly rewarded for their individual contributions to the group's overall performance and to demonstrate to all stakeholders that the remuneration of senior executive members of the group is set by a committee of board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the group.

Details of the directors' remuneration are set out on page 57 of this annual report.

The company upholds and supports the objectives of the Employment Equity Act 1998 (Act 55 of 1998). Poynting has implemented the Poynting Empowerment Trust for the benefit of its employees, the majority of whom come from previously disadvantaged backgrounds, strengthening its positioning as an employer of choice. The company's employment policies are designed to provide equal opportunities, without discrimination, to every employee.

Remuneration policy

Poynting's remuneration strategy aims to create sustainable shareholder value by motivating and retaining competent leaders. We aim to attract knowledgeable engineers to grow the intellectual property value of the group and to invent new ideas.

Primary objectives include the need to have credible remuneration policies that enhance key business goals, address needs across the different cultures and drive performance.

Overview of remuneration

Non-executive directors receive monthly or quarterly remuneration as opposed to a fee per meeting. This recognises the responsibility of directors for the efficient control of the company. A premium is payable to the chair of the board, as well as to the chairs of the subcommittees.

Remuneration is reviewed annually and is not linked to the company's share price. The board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

In remunerating executives, the group aims to motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. Remuneration is linked to key performance indicators and a portion of the remuneration is not guaranteed.

Poynting structures packages on a total cost-to-company basis which incorporates base pay, car allowance, pension, medical aid and other optional benefits. In addition, most executives qualify for individual and/or team performance incentives.

Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are fair and sensible.

Share-based incentive plans

The Poynting Empowerment Trust incentivises individuals on a share based incentive scheme.

The intention of the Empowerment Trust is to promote the effective participation in the group of employees and to incentivise such employees.

Non-executive directors' terms of appointment

Appointments to the board

The board has a policy on procedures for the appointment and orientation of directors. The nomination committee periodically assesses the skills represented on the board by Non-executive Directors and determines whether these meet the company's needs. Directors are invited to give their input in identifying potential candidates.

Board charter

The board has drafted and endorsed a charter which guides all its deliberations.

Code of ethics

All employees of the company are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in a manner which in all circumstances are above reproach.

Communication with stakeholders

The company is committed to ongoing and effective communication with stakeholders. It subscribes to a policy of sound corporate governance and open and timeous communication in line with JSE guidelines.

Dealings in securities

In respect of dealings in securities of the company as applies to the directors and the company secretary, the chairman is required to authorise such dealings in securities, prior to deals being executed. An independent non-executive director is required to authorise the chairman's dealings in securities, prior to deals being executed. All of the directors and the company secretary are aware of the legislation regulating insider trading.

A record of dealings by directors and the company secretary is retained by the company secretary. In accordance with the Listings Requirements of the JSE, the company's directors and company secretary are prohibited from dealing in securities during closed periods.

To the Shareholders of Poynting Holdings Limited

Report on financial statements

We have audited the consolidated annual financial statements of Poynting Holdings Limited, which comprise the statement of financial position at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 16 to 61.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the 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 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 on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting 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, these financial statements present fairly, in all material respects, the consolidated financial position of Poynting Holdings Limited at 30 June 2011 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified an unlawful act or omission committed by persons responsible for the management of a subsidiary of Poynting Holdings Limited which constitutes a reportable irregularity in terms of the Auditing Profession Act, and have reported such matter to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularity have been described in note 13 to the directors' report.

KPMG Incorporated
Registered Auditors

Per Heinrich Mans
Chartered Accountant (SA)
Registered Auditor
Director

Suite 501
The Pinnacle
1 Parkin Street
Nelspruit

4 November 2011

Directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2008 (as amended) and Companies Regulations, 2011 (IFRS). The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2008 (as amended) and Companies Regulations, 2011 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the next 12 months and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 13.

The consolidated annual financial statements set out on pages 16 to 61, which have been prepared on the going concern basis, were approved by the board on 29 September 2011 and were signed on its behalf by:

APC Fourie

PAJ Ebersohn

Johannesburg
29 September 2011

Certificate by Company Secretary

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, that for the year ended 30 June 2011, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Merchantec

Merchantec Proprietary Limited
Company Secretary

29 September 2011

Consolidated Annual Financial Statements

for the year ended 30 June 2011

POYNTING HOLDINGS LIMITED (Registration number 1997/011142/06)

The preparation of these consolidated annual financial statements was supervised by PAJ Ebersohn (Group Financial Director). These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of 2008 (as amended).

The directors submit their report for the year ended 30 June 2011.

1. Incorporation

The company was incorporated on 11 July 1997 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The group is engaged in the manufacture and retail of antennas and software and operates principally in South Africa.

The operating results and state of affairs of the group are fully set out in the attached consolidated annual financial statements and do not in our opinion require any further comment.

Net profit of the group was R2 608 482 (2010: R2 525 820 profit), after taxation of R1 077 203 (2010: R888 036).

3. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Accounting policies

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008, as amended, and are consistent with those applied in the prior year. For new policies adopted during the current year refer to note 2.

6. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the group during the year under review.

7. Borrowing limitations

In terms of the articles of association of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

8. Non-current assets

There have been no major changes in the nature of the non-current assets of the group during the year.

9. Dividends

No dividends were declared or paid to shareholders during the year.

10. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
APC Fourie	South African
J Dresel	German
PAJ Ebersohn	South African
J Kalunga	South African
CP Bester	South African
ZN Kubukeli	South African
RC Willis	South African
CHJ Douglas	South African

11. Secretary

The secretary of the company is Merchantec (Pty) Limited of:

Business address	2nd Floor, North Block Hyde Park Office Tower Cnr. 6th Road and Jan Smuts Avenue Hyde Park 2196
Postal address	PO Box 41480 Craighall 2024

12. Interest in subsidiaries

Name of subsidiary	**Control**	**Net income (loss) after tax R**
Poynting Antennas (Pty) Limited	**100%**	3 989 019
Poynting Software (Pty) Limited	**83%**	(820)
Cascade Avenue Trading 90 (Pty) Limited t/a Poynting Direct	**100%**	(573 963)

Poynting Software (Pty) Limited's trading has diminished over the years and is not a significant part of the group's profit during the current year, due to a lesser demand for the developed software product.

13. Reportable irregularity

A subsidiary of the company operated without the required Development, Manufacturing and Services Permit in terms of the Armaments Development and Production Act, 1968 (Act No. 57 of 1968, as amended) for the period 19 November 2010 to 6 July 2011.

This permit was subsequently issued on 7 July 2011.

Management does not expect any material loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his or her or its dealings with the entity as a result of this issue.

In accordance with the auditor's responsibilities in terms of the Auditing Profession Act, the company's auditor has reported the matter to the Independent Regulatory Board for Auditors.

14. Auditors

KPMG Incorporated will continue in office in accordance with the requirements of the Companies Act.

Statement of financial position

for the year ended 30 June 2011

Figures in Rand	Note(s)	2011 R	2010 R
Assets			
Non-current assets			
Property, plant and equipment	4	**2 081 261**	3 205 630
Intangible assets	5	**9 993 107**	13 139 407
Other financial assets	6	**53 075**	173 194
Deferred tax	8	**–**	1 020 247
		12 127 443	17 538 478
Current assets			
Inventories	9	**8 418 322**	7 743 485
Other financial assets	6	**886 383**	–
Current tax receivable		**12 678**	28 558
Trade and other receivables	10	**18 628 904**	11 186 400
Cash and cash equivalents	11	**4 851 560**	6 505 579
		32 797 847	25 464 022
Total assets		**44 925 290**	43 002 500
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Share capital	13	**24 379 920**	24 379 920
Reserves	14	**221 088**	221 088
Retained income		**7 273 930**	4 665 309
		31 874 938	29 266 317
Non-controlling interest		**27 850**	27 989
		31 902 788	29 294 306
Liabilities			
Non-current liabilities			
Loans and borrowings	15	**1 448 376**	1 918 380
Finance lease obligation	16	**127 890**	304 205
Deferred tax	8	**56 956**	–
		1 633 222	2 222 585
Current liabilities			
Bank overdraft	11	**16 198**	24 619
Loans and borrowings	15	**470 004**	3 151 873
Finance lease obligation	16	**171 513**	204 804
Trade and other payables	18	**10 193 500**	7 460 667
Current tax payable		**438 065**	438 065
Provisions	17	**100 000**	205 581
		11 389 280	11 485 609
Total liabilities		**13 022 502**	13 708 194
Total equity and liabilities		**44 925 290**	43 002 500

Statement of comprehensive income

for the year ended 30 June 2011

Figures in Rand	Note(s)	**2011 R**	2010 R
Continuing operations			
Revenue	20	**81 549 774**	76 294 313
Cost of sales		**(28 101 903)**	(27 405 284)
Gross profit		**53 447 871**	48 889 029
Other income		**482 850**	517 473
Operating expenses		**(47 628 274)**	(44 725 700)
Operating profit	21	**6 302 447**	4 680 802
Investment income	22	**269 151**	231 890
Finance costs	23	**(730 322)**	(1 123 331)
Profit before taxation		**5 841 276**	3 789 361
Taxation	24	**(1 077 203)**	(888 036)
Profit from continuing operations		**4 764 073**	2 901 325
Discontinued operations			
Loss from discontinued operations	12	**(2 155 591)**	(375 505)
Profit for the year		**2 608 482**	2 525 820
Other comprehensive income		**–**	–
Total comprehensive income		**2 608 482**	2 525 820
Net profit attributable to:			
Owners of the parent:			
Profit for the year from continuing operations		**4 764 212**	2 912 426
Loss for the year from discontinuing operations		**(2 155 591)**	(375 505)
Profit for the year attributable to owners of the parent		**2 608 621**	2 536 921
Non-controlling interest:			
Loss for the year from continuing operations		**(139)**	(11 101)
Total comprehensive income attributable to:			
Owners of the parent		**2 608 621**	2 536 921
Non-controlling interest		**(139)**	(11 101)
		2 608 482	2 525 820
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)	26	**2,95**	2,86
Diluted earnings per share (cents)	26	**2,88**	2,86
From continuing operations			
Basic earnings per share (cents)	26	**5,38**	3,29
Diluted earnings per share (cents)	26	**5,26**	3,28

Statement of changes in equity

for the year ended 30 June 2011

	Share capital R	Share premium R	Total share capital R	Share-based payment reserve R	Retained income R	Total attributable to equity holders R	Non-controlling interest R	Total equity R
Balance at 1 July 2009	**4 428**	**24 375 492**	**24 379 920**	**–**	**2 128 388**	**26 508 308**	**39 090**	**26 547 398**
Changes in equity								
Total comprehensive income for the year	–	–	–	–	2 536 921	2 536 921	(11 101)	2 525 820
Employees share option scheme	–	–	–	221 088	–	221 088	–	221 088
Total changes	–	–	–	221 088	2 536 921	2 758 009	(11 101)	2 746 908
Balance at 1 July 2010	**4 428**	**24 375 492**	**24 379 920**	**221 088**	**4 665 309**	**29 266 317**	**27 989**	**29 294 306**
Changes in equity								
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**2 608 621**	**2 608 621**	**(139)**	**2 608 482**
Total changes	**–**	**–**	**–**	**–**	**2 608 621**	**2 608 621**	**(139)**	**2 608 482**
Balance at 30 June 2011	**4 428**	**24 375 492**	**24 379 920**	**221 088**	**7 273 930**	**31 874 938**	**27 850**	**31 902 788**
Note(s)	13	13	13	14				

Statement of cash flows

for the year ended 30 June 2011

Figures in Rand	Note(s)	2011 R	2010 R
Cash flows from operating activities			
Cash receipts from customers		**74 181 491**	71 254 864
Cash paid to suppliers and employees		**(67 955 925)**	(63 520 777)
Cash generated from operations	27	**6 225 566**	7 734 087
Investment income		**269 151**	231 890
Finance costs		**(730 322)**	(1 123 330)
Tax received/(paid)	28	**15 880**	(66 225)
Net cash from operating activities		**5 780 275**	6 776 422
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	**(224 276)**	(418 069)
Acquisition of intangible assets	5	**(1 794 955)**	(3 194 392)
Acquisition of financial assets		**(766 264)**	(74 759)
Net cash flows of discontinued operations		**(1 153 654)**	(375 505)
Net cash from investing activities		**(3 939 149)**	(4 062 725)
Proceeds from options issued	13	**–**	221 088
Proceeds from loans and borrowings		**–**	2 349 608
Repayment of loans and borrowings		**(3 151 873)**	(3 022 703)
Proceeds from shareholders' loan		**–**	73 253
Repayment of shareholders' loan		**–**	(285 626)
Finance lease payments		**(209 606)**	(262 631)
Net cash from financing activities		**(3 361 479)**	(927 011)
Total cash and cash equivalents movement for the year		**(1 520 353)**	1 786 686
Cash and cash equivalents at the beginning of the year		**6 480 960**	5 435 830
Effect of exchange rate movement on cash balances		**(125 245)**	(741 556)
Total cash and cash equivalents at the end of the year	11	**4 835 362**	6 480 960

1. Presentation of consolidated annual financial statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa, 2008 (as amended), Companies Regulations, 2011, and their interpretations adopted by the International Accounting Standards Board (IASB), the Listings Requirements of the JSE Limited, the Companies Act of South Africa and the AC500 series issued by the Account Practices Board. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period, except for new standards and interpretations, effective and adopted in the current year as presented in note 2.1.

1.1 Reporting entity

Poynting Holdings Limited (the company) is a company domiciled in South Africa. The address of the company's registered office is 33 Thora Crescent, Wynberg, 2090. The consolidated financial statements for the year ended 30 June 2011 comprise the company and all its subsidiaries (together referred to as "the group" and individually as "group entities").

All information has been presented in South African Rand which is the company's functional currency. Amounts have been rounded to the nearest R1.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, the reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future, and the resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the financial position reported in the future periods are discussed below.

Allowance for slow moving, damaged and obsolete stock

The group uses an allowance for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the operating profit note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at reporting date. The quoted market price used for financial assets held by the group is the current bid price.

1. Presentation of consolidated annual financial statements (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Provisions

Provisions were raised and management's best estimate of the expenditure required to settle the present obligation at the reporting date. Additional disclosure of these estimates of provisions are included in note 17 – Provisions.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they are applied.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Allowance for credit losses

Past experience indicates a reduced prospect of collecting debtors over the age of three months. Debtors' balances over the age of three months are regularly assessed by management and provided for at their discretion.

Property, plant and equipment

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment, as discussed further in note 1.3.

1. Presentation of consolidated annual financial statements (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Leases

Management has applied its judgement to classify all lease agreements that the group is party to as operating leases if they do not transfer substantially all the risks and rewards of ownership to the group. Furthermore, as the operating lease in respect of premises is only for a relatively short period of time, management has made a judgement that it would not be meaningful to classify the lease into separate components for the land and for the buildings as the agreement will be classified in its entirety as an operating lease.

Lease agreements are classified as finance leases if they transfer substantially all the risk and rewards of the ownership to the company. Discussed further in note 1.8.

Consolidation of investments and special purpose entities

Management has applied its judgement in assessing whether the commercial and economic relationship with related entities is tantamount to control. If control exists, the relationship of control has been recognised in terms of IAS 27 Separate and Consolidated Financial Statements and SIC 12 Consolidation – Special Purpose Entities.

1.3 Property, plant and equipment

Cost of property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Day-to-day expenses incurred on property, plant and equipment are expensed directly in profit or loss for the period.

1. Presentation of Consolidated Annual Financial Statements (continued)

1.3 Property, plant and equipment (continued)

Depreciation of property, plant and equipment

Items of property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Item	Average useful life – method
Plant and machinery	5 years – straight-line
Furniture and fixtures	10 years – straight-line
Motor vehicles	4 years – straight-line
Office equipment	5 years – straight-line
IT equipment	5 years – straight-line
Computer software	2 years – straight-line
Leasehold improvements	5 years – straight-line
Production tooling	5 years – straight-line

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items, other than land to their residual values, over the estimated useful lives using a method that reflects the pattern in which the asset's future economic benefit is expected to be consumed by the company.

Derecognition of property, plant and equipment

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

When a decision is made by the directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, are met, then those specific assets will be presented separately in the statement of financial position. The assets will be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

1. Presentation of consolidated annual financial statements (continued)

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research is recognised as an expense in profit or loss when it is incurred. An intangible asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Development costs, mainly consisting of development staff remuneration, are capitalised as incurred. Amortisation of intangible assets commences once the quarterly close outs of the projects are done.

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

The amortisation period and the amortisation method for intangible assets are reviewed at every reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Models, designs and prototypes	5 years

1.5 Investments in subsidiaries

Group financial statements

On acquisition of an entity which is controlled by the company, the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale which are recognised at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

The interest of non-controlling shareholders is stated at the non-controlling's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interest of the parent.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1. Presentation of consolidated annual financial statements (continued)

1.5 Investments in subsidiaries (continued)

Special purpose entities (SPE)

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPEs risks and rewards, the group concludes that it controls the SPE.

The group had no SPEs in the current or prior years.

1.6 Financial instruments

Classification

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans, borrowings and trade and other payables.

Non-derivative financial instruments are initially valued at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial assets at fair value through profit and loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit and loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

All non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses, except for those at fair value through profit or loss.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment losses recognised to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair value. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models, if unlisted.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- Other financial liabilities are measured at amortised cost using the effective interest method.

1. Presentation of consolidated annual financial statements (continued)

1.6 Financial instruments

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- Where financial assets and financial liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process and when the financial asset or financial liability is derecognised or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognised in other comprehensive income and presented in the fair value reserve in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Derecognition of financial instruments

The group derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or expire.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting date. 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 impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Impairment losses are calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

The particular recognition methods adopted are disclosed in the individual policies stated below:

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables and are measured at amortised cost, using the effective interest method less any impairment loss.

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

1. Presentation of consolidated annual financial statements (continued)

1.6 Financial instruments (continued)

Trade and other payables

Trade and other payables are classified as other financial liabilities and are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Bank overdraft and borrowings

Bank overdraft and borrowings are classified as financial liabilities and are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

1. Presentation of consolidated annual financial statements (continued)

1.7 Tax (continued)

Tax expenses (continued)

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Secondary tax on companies arising from the distribution of dividends is recognised in profit or loss for the period.

1.8 Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income from leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability. This asset/liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Inventories

Inventories are measured 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 the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1. Presentation of consolidated annual financial statements (continued)

1.9 Inventories (continued)

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Work in progress

Work in progress consists of unfinished goods measured at the lower of cost and net realisable value. Once goods are completed they are transferred to Finished Goods.

1.10 Impairment of non-financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss is recognised immediately in profit or loss. Impairment of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating 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.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1. Presentation of consolidated annual financial statements (continued)

1.10 Impairment of non-financial assets

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

If the group reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Shares in the group held by the Share Incentive Trust are classified as treasury shares. The cost of these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation.

1.12 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods, or the services, are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured directly at the fair value of the goods or services, unless the fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

Options issued or granted to employees for services rendered or to be rendered are measured at the fair value of the equity instruments at grant date and recognised in profit or loss over the vesting period.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately, the share-based payment expense is recognised in full.

1. Presentation of consolidated annual financial statements (continued)

1.12 Share-based payments (continued)

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The present value is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1. Presentation of consolidated annual financial statements (continued)

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither 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.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value-added tax.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

The following specific recognition criterion must also be met before revenue is recognised:

- the supply of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, normally being the date the goods are delivered.

1.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in the cost of sales.

1.17 Investment income and finance expense

Investment income comprises interest income on funds invested, dividend income, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

1. Presentation of consolidated annual financial statements (continued)

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency gains and losses are reported on a net basis.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign currency gains and losses are reported on a net basis.

1.19 Earnings per share and headline earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Headline EPS is calculated by dividing the headline profit or loss by the weighted average number of ordinary shares outstanding during the period.

2. New standards and interpretations

2.1 Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these group financial statements, except for the following areas where the group has changed its accounting policies:

IAS 36 (amendment) Impairment of assets

The group adopted the amendments to IAS 36 as from 1 July 2010. Under the amendment, the group is required to determine the largest cash-generating unit to which goodwill can be allocated for purposes of impairment testing to be the applicable operating segment as defined by IFRS 8, before applying the aggregation criteria.

The change in accounting policy had no impact on the group.

IFRS 2 (amendment) Group cash-settled share-based payment

The group adopted the amendments to IFRS 2 as from 1 July 2010.

The amendments expanded the scope of IFRS 2 to include group cash-settled share-based payments. Arrangements that are settled in cash or other assets based on the price or value of the entity or another group entity's equity instruments should be accounted for as share-based payments.

An entity that receives the goods or services (receiving entity) will be required to account for the share-based payment in its separate financial statements, even if it has no obligation to settle the transaction. This entity will classify the share-based payments as equity-settled if it has an obligation to transfer its own equity instruments or if it does not have an obligation to settle the transaction.

Any other share-based payment will be classified as cash-settled.

The entity that has the obligation to settle the transaction (settling entity) will account for the arrangement as equity-settled if it has to settle in its own equity instruments. Any other settlement arrangement will be accounted for as cash-settled.

No changes were identified due to amendments to IFRS 2 in the consolidated financial statements. Consequently, the change in accounting policy had no impact on assets, profits or earnings per share.

IFRS 8 (amendment) Operating segments

The group adopted the amendment to IFRS 8, which became effective from 1 July 2010. The amendment clarified the segment information to be disclosed in the financial statements.

Information on total assets is required only if such information is regularly reported to the chief operating decision-maker (CODM).

Since this information is not regularly reported to the CODM, no disclosure relating to total assets was made in the segment report.

The change in accounting policy only impacts on presentation aspects and there is no impact on earnings per share.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 July 2011 or later.

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 9 Financial instruments

This new standard is the first phase of a three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value
- For hybrid contracts, where the host contract is within the scope of IFRS 9, the whole instrument is classified in accordance with IFRS 9 without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 1 January 2013.

The group expects to adopt the standard for the first time in the 2014 consolidated annual financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated annual financial statements.

IAS 24 Related party disclosures (revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship.
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

IAS 24 Related party disclosures (revised) (continued)

The effective date of the amendment is for years beginning on or after 1 January 2011.

The group expects to adopt the amendment for the first time in the 2012 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the company's consolidated annual financial statements.

IFRS 10 Consolidated financial statements

IFRS 10 will be adopted by the group for the first time for its financial reporting period ending 30 June 2014. IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. Under IFRS 10 an investor controls an investee when it is exposed or has rights to variable returns from its involvement with that investee; it has the ability to affect those returns through its power of the investee; and there is a link between power and returns. Control is reassessed as facts and circumstances change.

The impact on the financial statements for the group has not yet been estimated.

IFRS 12 Disclosure of interests in other entities

IFRS 12 will be adopted by the group for the first time for its financial reporting period ending 30 June 2014. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. This additional disclosure's aim is to provide information to enable users to evaluate:

- the nature of, and risks associated with, an entity's interest in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 12 will impact on the disclosure relating to interest in other entities and will have no financial impact.

IFRS 13 Fair value measurement

IFRS 13 will be adopted by the group for the first time for its financial reporting period ending 30 June 2014.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. However, it does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain IFRSs.

The impact on the financial statements for the group has not yet been estimated.

3. Operating segments

The group has three reportable segments, as described below, which are the group's strategic divisions. Management has identified the segments based on the internal reports reviewed monthly by the group's chief operating decision maker (CODM). The CODM at the reporting date is the executive committee. The responsibility of the executive committee is to assess performance and to make resource allocation decisions related to the individual operations of the group. The executive committee is the CODM as the committee is the highest level of management that performs these functions. The segment financial information provided to and used by the CODM forms the basis of the segment information disclosure in these financial statements.

The business is considered from an operating perspective based on the products manufactured and sold. The operating segments comprise:

- Commercial Division: the group has aggregated the Commercial and Poynting Direct divisions. Both of these divisions manufacture and/or sell related products and have therefore been assessed as one segment by management.
- Commercial Division: located in Wynberg, Johannesburg, where it is engaged in the development, manufacture and sale of a broad range of wireless communication products.
- Defence Division: located in Wynberg, Johannesburg, where it is engaged in the development, manufacture and sale of military-orientated wireless communication products.
- Discontinued Operations Base Station: the discontinued operation stems from the closure of the Base Station division.

The group operates internationally across all continents. Refer to note 10 for disclosure on major customers. Performance is measured based on earnings before interest, taxation, depreciation and amortisation (EBITDA), as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the industry. Sales between the segments are on an arm's length basis.

The amounts included in the internal management reports are measured in a manner consistent with that of the financial statements.

3. Operating Segments (continued)

Figures in Rand	Continued operations Commercial Division	Continued operations Defence Division	Discontinued operations Base Station	Total
2011				
Total revenues	**48 732 087**	**37 104 875**	**74 838**	**85 911 800**
Intersegment revenue	**(4 362 026)**	**–**	**–**	**(4 362 026)**
Total external revenue	**44 370 061**	**37 104 875**	**74 838**	**81 549 774**
Corporate office expense	**(837 906)**	**(632 105)**	**–**	**(1 470 011)**
Depreciation and amortisation	**(3 909 046)**	**(2 019 976)**	**(61 078)**	**(5 990 100)**
Operating profit	**(4 101 707)**	**10 917 350**	**(513 196)**	**6 302 447**
Investment income	**225 897**	**43 254**	**–**	**269 151**
Finance costs	**(400 459)**	**(323 059)**	**(6 804)**	**(730 322)**
Profit before taxation	**(4 276 269)**	**10 637 545**	**(520 000)**	**5 841 276**
Taxation	**537 362**	**(2 134 565)**	**520 000**	**(1 077 203)**
Profit from continuing operations	**(3 738 907)**	**8 502 980**	**–**	**4 764 073**
Loss from discontinued operations	**–**	**–**	**(2 155 591)**	**(2 155 591)**
Profit for the year	**(3 738 907)**	**8 502 980**	**(2 155 591)**	**2 608 482**
Reportable segments assets	**19 763 945**	**25 161 345**	**–**	**44 925 290**
Reportable segments liabilities	**(7 749 493)**	**(5 273 009)**	**–**	**(13 022 502)**

Figures in Rand	Continued operations Commercial division	Continued operations Defence division	Discontinued operations Base station	Total
2010				
Total revenues	42 400 362	30 477 065	9 481 953	82 359 380
Intersegment revenue	(6 065 067)	–	–	(6 065 067)
Total external revenue	36 335 295	30 477 065	9 481 953	76 294 313
Corporate office expense	(746 836)	(563 403)	–	(1 310 239)
Depreciation and amortisation	(3 967 404)	(1 604 811)	(400 865)	(5 973 080)
Operating profit	(3 234 773)	7 504 810	410 765	4 680 802
Investment income	117 115	113 547	1 228	231 890
Finance costs	(564 865)	(407 892)	(150 574)	(1 123 331)
Profit before taxation	(3 682 523)	7 210 465	261 419	3 789 361
Taxation	(34 758)	(591 859)	(261 419)	(888 036)
Profit from continuing operations	(3 717 281)	6 618 606	–	2 901 325
Loss from discontinued operations	–	–	(375 505)	(375 505)
Profit for the year	(3 717 281)	6 618 606	(375 505)	2 525 820
Reportable segments assets	26 452 321	14 189 448	2 360 731	43 002 500
Reportable segments liabilities	(8 431 616)	(5 276 578)	–	(13 708 194)

4. Property, plant and equipment

Figures in Rand	2011 Cost	2011 Accumulated depreciation and impairment	2011 Carrying value	2010 Cost	2010 Accumulated depreciation and impairment	2010 Carrying value
Plant and machinery	**2 766 268**	**(2 180 374)**	**585 894**	2 725 016	(1 811 596)	913 420
Furniture and fixtures	**444 088**	**(199 992)**	**244 096**	438 242	(154 375)	283 867
Motor vehicles	**335 791**	**(265 896)**	**69 895**	335 791	(213 475)	122 316
Office equipment	**336 873**	**(302 345)**	**34 528**	330 059	(226 817)	103 242
IT equipment	**1 268 613**	**(998 443)**	**270 170**	1 171 101	(826 226)	344 875
Computer software	**1 449 645**	**(1 391 028)**	**58 617**	1 449 646	(1 251 684)	197 962
Leasehold improvements	**563 010**	**(304 593)**	**258 417**	521 055	(188 529)	332 526
Production tooling	**2 558 475**	**(1 998 831)**	**559 644**	2 527 575	(1 620 153)	907 422
Total	**9 722 763**	**(7 641 502)**	**2 081 261**	9 498 485	(6 292 855)	3 205 630

Reconciliation of property, plant and equipment – 2011

Figures in Rand	Opening balance	Additions	Depreciation	Total
Plant and machinery	**913 420**	**41 243**	**(368 769)**	**585 894**
Furniture and fixtures	**283 867**	**5 846**	**(45 617)**	**244 096**
Motor vehicles	**122 316**	**–**	**(52 421)**	**69 895**
Office equipment	**103 242**	**6 813**	**(75 527)**	**34 528**
IT equipment	**344 875**	**97 518**	**(172 223)**	**270 170**
Computer software	**197 962**	**–**	**(139 345)**	**58 617**
Leasehold improvements	**332 526**	**41 956**	**(116 065)**	**258 417**
Production tooling	**907 422**	**30 900**	**(378 678)**	**559 644**
	3 205 630	**224 276**	**(1 348 645)**	**2 081 261**

Reconciliation of property, plant and equipment – 2010

Figures in Rand	Opening balance	Additions	Depreciation	Total
Plant and machinery	1 283 674	8 686	(378 940)	913 420
Furniture and fixtures	325 814	–	(41 947)	283 867
Motor vehicles	174 737	–	(52 421)	122 316
Office equipment	176 673	1 316	(74 747)	103 242
IT equipment	437 787	111 309	(204 221)	344 875
Computer software	506 837	113 700	(422 575)	197 962
Leasehold improvements	403 024	30 958	(101 456)	332 526
Production tooling	1 204 170	152 100	(448 848)	907 422
	4 512 716	418 069	(1 725 155)	3 205 630

Pledged as security

Property, plant and equipment is ceded under securities of general notorial bonds. Refer note 15.

	2011 R	2010 R
4. Property, plant and equipment (continued)		
Assets subject to finance lease (Net carrying amount)		
Plant and machinery	**–**	(10)
Leasehold improvements	**258 417**	332 526
Production tooling	**82 774**	126 637
	341 191	459 153

These assets are encumbered under a finance lease obligation. Refer note 16.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

5. Intangible assets

Figures in Rand	**2011** Cost	**2011** Accumulated amortisation and impairment	**2011** Carrying value	2010 Cost	2010 Accumulated amortisation and impairment	2010 Carrying value
Patents, trademarks and other rights	**24 740 504**	**(14 747 397)**	**9 993 107**	23 924 846	(10 785 439)	13 139 407

Reconciliation of intangible assets – 2011

Figures in Rand	**Opening balance**	**Additions**	**Amortisation**	**Impairment loss**	**Total**
Patents, trademarks and other rights	**13 139 407**	**1 794 955**	**(4 642 424)**	**(298 831)**	**9 993 107**

Reconciliation of intangible assets – 2010

Figures in Rand	Opening balance	Additions	Amortisation	Impairment loss	Total
Patents, trademarks and other rights	14 284 312	3 194 392	(4 248 321)	(90 976)	13 139 407

Internally generated intangible assets with finite useful lives

The intangible asset consists of the development expenditure for patents, trademarks and other rights incurred that are considered to possess the ability to ensure a future economic benefit on a long-term basis in future. The expenditure could be measured reliably. The deemed useful live is five years with no residual value.

The amortisation charge and impairment loss is included under operating expenses in the statement of comprehensive income.

	2011 R	2010 R
6. Other financial assets		
Derivatives at fair value through profit or loss – held for trading		
Foreign exchange contract	**886 383**	–
Loans and receivables		
Poynting Direct West Rand franchise	**–**	106 286
Unitrade 946 (Pty) Limited	**53 075**	66 908
	53 075	173 194
Total other financial assets	**939 458**	173 194
Non-current assets		
Loans and receivables	**53 075**	173 194
Current assets		
At fair value through profit or loss – held for trading	**886 383**	–
	939 458	173 194

The above loans and receivables are unsecured, bear no interest and have no fixed date of repayment.

The fair value of the contract reflects the initial and variation margin on a market to market basis. This is a level 2 fair value.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2011 and 2010.

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand	Loans and receivables	Fair value through profit or loss – held for trading	Total
2011			
Other financial assets	**53 075**	**886 383**	**939 458**
Trade and other receivables	**18 628 904**	**–**	**18 628 904**
Cash and cash equivalents	**4 851 560**	**–**	**4 851 560**
	23 533 539	**886 383**	**24 419 922**

Figures in Rand	Loans and receivables	Total
2010		
Other financial assets	173 194	173 194
Trade and other receivables	11 186 400	11 186 400
Cash and cash equivalents	6 505 579	6 505 579
	17 865 173	17 865 173

	2011 R	2010 R
8. Deferred tax		
Deferred tax (liability)/asset		
Deferred tax	**(56 956)**	1 020 247
Reconciliation of deferred tax (liability)/asset		
At beginning of the year	**1 020 247**	1 908 284
Decrease in tax losses available for set-off against future taxable income	**(1 979 275)**	(1 087 676)
Originating temporary difference on property, plant and equipment	**(32 934)**	(57 520)
Taxable temporary differences on finance leases	**(84 218)**	(28 862)
Taxable temporary differences on intangible assets	**880 963**	310 769
Deductible temporary differences on provisions	**126 315**	(33 006)
Other (taxable)/deductible temporary differences	**11 946**	8 258
	(56 956)	1 020 247

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences;
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates; and
- other deferred tax consists of rental straight-lining differences.

	2011 R	2010 R
9. Inventories		
Raw materials, components	**4 122 623**	4 993 081
Work in progress	**1 584 270**	586 706
Finished goods	**3 727 125**	3 079 966
	9 434 018	8 659 753
Inventories (write-downs)	**(1 015 696)**	(916 268)
	8 418 322	7 743 485

Inventory pledged as security

Inventories are pledged by general cessions. Refer to note 15.

	2011 R	2010 R
10. Trade and other receivables		
Trade receivables	**18 475 621**	10 965 284
Prepayments	**89 849**	157 682
Deposits	**63 434**	63 434
	18 628 904	11 186 400

Trade and other receivables pledged as security

Trade and other receivables are ceded under general cessions. Refer to notes 11 and 15.

The group has ceded order-specific debtors in favour of the Industrial Development Corporation of South Africa Limited as security for loans. Refer to note 15.

Credit quality of trade and other receivables

The credit quality of significant trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

2011	**Credit limit**	**Balance**
Debtor A – Distributor	**1 500 000**	468 538
Debtor B – Distributor	**6 000 000**	5 204 251
Debtor C – Distributor	**1 500 000**	1 281 649
Debtor D – Retail	**–**	984 153
Debtor E – Retail	**–**	957 194
2010		
Debtor A – Distributor	–	1 081 575
Debtor B – Distributor	500 000	1 069 121
Debtor C – Distributor	–	877 049
Debtor D – Retail	–	702 980
Debtor E – Retail	–	598 315

Trade receivable ageing analysis

Figures in Rand	2011 R	2010 R
Less than 30 days	**13 135 136**	7 229 045
31 to 60 days	**4 761 896**	1 305 565
61 to 90 days	**334 279**	1 188 680
91 to 120 days	**244 310**	750 551
Over 120 days	**–**	491 443
	18 475 621	10 965 284

It is the policy of the group to allow for 30 to 60 day payment terms.

Fair value of trade and other receivables

There is no material difference between the fair value of trade and other receivables and other receivables and their carrying value. Due to the short-term nature of trade and other receivables the fair value is very similar to the carrying value.

	2011 R	2010 R
10. Trade and other receivables (continued)		
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than three months past due are not considered to be impaired. At 30 June 2011, R2 050 220 (2010: R3 950 317) were past due but not impaired.		
The amount of the allowance was R1 471 612 as of 30 June 2011 (2010: R894 790). The ageing of these receivables are as follows:		
1 month past due	**383 641**	1 237 756
2 months past due	**815 126**	819 583
3 months past due	**851 453**	1 892 978
Trade debtors past due but not impaired		
60 days	**334 279**	1 188 680
90 days	**244 328**	750 551
120 days	**–**	491 443
	578 607	2 430 674
The carrying amount of trade and other receivables are denominated in the following currencies		
Rand	**8 241 494**	7 525 394
Euro	**5 937 837**	712 871
US Dollar	**4 188 061**	2 727 019
GBP	**108 228**	–
	18 475 620	10 965 284
Reconciliation of allowance for credit losses of trade and other receivables		
Opening balance	**894 790**	487 172
Allowance for credit losses	**576 822**	407 618
	1 471 612	894 790
The exposure to credit risk at the reporting date is the carrying value of each class of trade receivables mentioned above and cash and cash equivalents mentioned below. The group does not hold any collateral as security.		
11. Cash and cash equivalents		
Cash on hand	**14 675**	31 324
Bank balances	**4 836 885**	6 472 255
Bank overdraft	**(16 198)**	(24 619)
	4 835 362	6 478 960
Current assets	**4 851 560**	6 505 579
Current liabilities	**(16 198)**	(24 619)
	4 835 362	6 480 960

11. Cash and cash equivalents (continued)

The group has a foreign exchange dealing facility of R6 000 000 (2010: R6 000 000).

In 2011 the bank and loan balances are secured as follows:

- Unlimited suretyship, dated 18 February 2005 by Dr APC Fourie, excluding loan account.
- Limited suretyship of R2 000 000, dated 18 February 2005 by Dr DC Nitch excluding loan account.
- Limited suretyship of R2 000 000, dated 18 February 2005 by Mr J Dresel, excluding loan account.
- All securities for Poynting Holdings Limited have been cancelled and released.

In 2010 the bank and loan balances were secured as follows:

- Unlimited suretyship by Poynting Holdings Limited.
- Limited suretyship of R2 000 000, dated 18 February 2005 by Dr DC Nitch, loan account included.
- Limited suretyship of R2 000 000, dated 18 February 2005 by Mr J Dresel, loan account included.
- Unlimited general cession of debtors dated 18 February 2005.
- Unlimited suretyship by Dr APC Fourie, dated 22 August 1997 loan account included.
- Limited suretyship of R150 000 dated 7 January 2001 by Mr J Dresel, loan account included.
- Limited suretyship of R150 000 dated 7 February 2001 by Dr DC Nitch, loan account included.
- Limited suretyship of R500 000 dated 8 June 2001 by Dr DC Nitch, loan account included.
- Limited suretyship of R126 020 dated 8 April 2004 by Mr J Dresel, loan account included.
- Limited suretyship of R126 020 dated 8 April 2004 by Dr DC Nitch.
- Limited suretyship of R37 120 dated 10 November 2004 by Mr J Dresel, loan account included.
- Unlimited General Cession of debtors dated 18 February 2005.
- Unlimited suretyship by Poynting Holdings Limited.

There is no material difference between the fair value of cash and cash equivalents and their carrying value due to cash and cash equivalents being short-term in nature.

	2011 R	2010 R
12. Discontinued operations		
In October 2010 the group discontinued the Base Station Equipment Division. The comparative statement of comprehensive income has been represented to show the discontinued operation separately from the continuing operations. Management has sold the remaining assets to the Commercial Division piecemeal following the strategic decision to place greater focus on the group's core operations, being the manufacture of antennas for the telecommunications and defence industries. The decision was made by the board to discontinue these operations due to the lack of return on investment.		
Revenue	**74 838**	9 481 953
Expenses	**(1 748 492)**	(9 596 039)
Results from operating activities	**(1 673 654)**	(114 086)
Income tax	**520 000**	(261 419)
Net loss after tax	**(1 153 654)**	(375 505)
Impairments	**(1 001 937)**	–
	(2 155 591)	(375 505)
Effect of discontinuation on the financial position of the group		
Inventory	**703 106**	–
Intangible assets	**298 831**	–
	1 001 937	–

Inventory to the value of R703 106 and intangible assets to the value of R298 831 were written off. The intangible asset of R298 831 represents 100% of the total value of the Base Station intangible assets. The total Base Station inventory figure of R1 465 632 (30 June 2010: R1 147 793) was assessed and written off to the value of R762 526.

In the prior year annual report, the income from the Base Station Division was disclosed as income from a segment. This division was discontinued on 31 October 2010, and treated as a discontinued operation in the 30 June 2011 annual report. The comparative figures for the 12 months ended 30 June 2010 and the audited figures for 30 June 2011 were restated accordingly.

	2011 R	2010 R
13. Share capital		
Authorised		
2 000 000 000 ordinary shares at par value of R0,00005 each	**100 000**	100 000
1 908 745 726 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last general meeting. This authority remains in force until the next annual general meeting.		
Issued		
70 000 000 ordinary shares at par value of R0,00005 each	**3 500**	3 500
20 000 000 shares at R0,00005 on 9 July 2008	**1 000**	1 000
1 254 275 shares at R0,00005 on 28 December 2008	**63**	63
Treasury shares held by The Poynting Empowerment Trust	**(135)**	(135)
Share premium related to treasury shares	**(2 699 865)**	(2 699 865)
Share premium	**28 975 770**	28 975 770
Share issue costs written off against share premium	**(1 900 413)**	(1 900 413)
	24 379 920	24 379 920

14. Share-based payments

Share Option Group	**Number**	**Weighted exercise price** **R**	**Total value** **R**
Outstanding at the beginning of the year	2 255 085	0,11	245 347
Forfeited 1 July 2010	(222 971)	0,11	(24 259)
Outstanding at the end of the year	**2 032 114**	**0,11**	**221 088**

Outstanding options	**Exercise date within one year**	**Exercise date from two to five years**
Options with exercise price from 0,25 at fair value	–	221 088
Information on options granted		
Weighted fair value of options issued during the prior year	–	–

Fair value was determined by reference to publications.
The following inputs were used:

- Exercise price of R0,25
- Spot price of R0,16
- Expected volatility of 141,63%
- Option life of four years in total
- Expected dividend yield of 0%
- Risk-free rates of 7,15%, 7,33% and 7,49% for each of the three vesting periods.

	2011 R	2010 R
15. Loans and borrowings		
Held at amortised cost		
Industrial Development Corporation of South Africa Limited	–	2 314 644
The current loan bears interest at prime bank lending rate plus 2% (2010: prime bank lending rate plus 3%) and is repayable as and when the order facility becomes due.		
The loan is secured by: • General notorial bonds (BN 029515/05 and BN00004901/2002) over all movable assets. • Suretyship by Poynting Holdings Limited for R4 000 000 (2010: R8 000 000).		
In 2010 a portion of the loan bore interest at prime bank lending rate less 5%. This portion of the loan was repayable in 60 monthly instalments of R100 000 (2010: R100 000). The loan was settled in November 2010.		
The loan is secured by: • The APC Fourie Trust, APC Fourie, DC Nitch and J Dresel have ceded their loan accounts and shares as security, together with the group debtors' book.		
Unitrade 946 (Pty) Limited	**1 918 380**	2 349 609
The loan bears interest at prime bank lending rate plus 1% and is repayable in 60 monthly instalments of R39 168 (2010: R39 168) capital repayments.		
The loan is secured by: • Suretyship limited to R3 600 000 by DC Nitch, J Dresel and MP Haarhoff. • Unlimited suretyship by Poynting Holdings Limited. • Suretyship limited to R3 600 000 by APC Fourie Trust. • First Continuing Covering Mortgage Bond for R2 350 000 over Portion 1 of Erf 31 Wynberg, Gauteng, granted by Unitrade 946 (Proprietary) Limited.		
Mould Share loans	–	406 000
The loan is unsecured, interest-free and is repayable based on the quantity of items produced during the period at a fixed rate per item.		
	1 918 380	5 070 253
Non-current liabilities		
At amortised cost	**1 448 376**	1 918 380
Current liabilities		
At amortised cost	**470 004**	3 151 873
	1 918 380	5 070 253

	2011 R	2010 R
16. Finance lease obligation		
Minimum lease payments due		
– within one year	**190 365**	251 466
– in second to fifth year inclusive	**136 705**	335 107
	327 070	586 573
Less: Future finance charges	**(27 667)**	(77 564)
Present value of minimum lease payments	**299 403**	509 009
Present value of minimum lease payments due		
– within one year	**171 513**	204 804
– in second to fifth year inclusive	**127 890**	304 205
	299 403	509 009
Non-current liabilities	**127 890**	304 205
Current liabilities	**171 513**	204 804
	299 403	509 009

Interest rates are linked to prime at the contract date. All leases have fixed repayments of R20 508 (2010: R23 657) and no arrangements have been entered into for contingent rent.

17. Provisions

Reconciliation of provisions – 2011

Figures in Rand	**Opening balance**	**Raised during the year**	**Utilised during the year**	**Total**
Mould share provision	**205 581**	**–**	**(205 581)**	**–**
Provision for legal contingency	**–**	**100 000**	**–**	**100 000**
	205 581	**100 000**	**(205 581)**	**100 000**

Reconciliation of provisions – 2010

Figures in Rand	Opening balance	Raised during the year	Utilised during the year	Total
Mould share provision	228 729	282 801	(305 949)	205 581

The provision for mould shares is based on the number of items manufactured.

Legal contingency

Poynting Antennas (Proprietary) Limited has created a provision of R100 000 for the estimated costs of known legal matters. The expected loss due to legal action is R186 000 of which R86 000 is uncertain.

	2011 R	2010 R
18. Trade and other payables		
Trade payables	**4 650 308**	2 402 195
VAT	**237 091**	264 639
Payroll accruals	**1 981 236**	2 368 124
Sales prepayment control	**1 784 377**	949 230
Accrued leave pay	**51 381**	–
Accrued expenses	**1 447 857**	1 476 479
Other payables	**41 250**	–
	10 193 500	7 460 667

Fair value of trade and other payables

There is no material difference between the fair value of trade and other payables and their carrying value.

19. Financial liabilities by category

The accounting policies for financial liabilities have been applied to the line items below:

Figures in Rand	**Financial liabilities at amortised cost**	**Total**
2011		
Loans and borrowings	**1 918 380**	**1 918 380**
Trade and other payables	**10 193 500**	**10 193 500**
Bank overdraft	**16 198**	**16 198**
Finance lease obligation	**299 403**	**299 403**
	12 427 481	**12 427 481**
2010		
Loans and borrowings	5 070 253	5 070 253
Trade and other payables	7 460 667	7 460 667
Bank overdraft	24 619	24 619
Finance lease obligation	509 009	509 009
	13 064 548	13 064 548

	2011 R	2010 R
20. Revenue		
Sale of goods	**78 231 633**	75 999 046
Rendering of services	**3 318 141**	295 267
	81 549 774	76 294 313

		2011 R	2010 R
21. Operating profit			
Operating profit for the year is stated after accounting for the following:			
Operating lease charges			
Premises			
• Contractual amounts		**1 305 393**	1 079 783
Equipment			
• Contractual amounts		**784 683**	914 831
		2 090 076	1 994 614
Impairment on intangible assets		**298 831**	90 976
Impairment on trade and other receivables		**576 822**	407 618
Amortisation on intangible assets		**4 642 424**	4 248 321
Depreciation on property, plant and equipment		**1 348 276**	1 725 159
Employee costs		**27 799 880**	27 277 663
Loss on exchange differences		**125 245**	741 556
22. Investment income			
Loans and receivables		**269 151**	231 890
23. Finance costs			
Bank overdraft and other loans and payables		**730 322**	1 123 331
24. Taxation			
Major components of the tax expense			
Deferred			
Tax loss available for offset against future taxable income		**1 979 276**	1 097 480
Deductible temporary differences on property, plant and equipment		**32 934**	57 520
Taxable temporary differences on intangible assets		**(880 964)**	(320 574)
Taxable temporary differences on finance leases		**84 218**	28 862
Taxable temporary differences on provisions		**(126 315)**	33 006
Other deferred tax		**(11 946)**	(8 258)
		1 077 203	888 036
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate.			
Applicable tax rate	(%)	**28,00**	28,00
Tax loss used	(%)	**10,00**	11,00
Disallowable charges	(%)	**(12,66)**	(13,00)
	(%)	**25,34**	26,00
25. Auditors' remuneration			
Fees		**424 189**	769 761

	2011 R	2010 R
26. Earnings per share		
Basic earnings per share		
From continuing and discontinued operations (cents per share)	**2,95**	2,86
The calculation of earnings per ordinary share of 2,95 cents (2010: 2,86 cents per share) is based on earnings of R2 608 621 (2010: R2 536 921) and a weighted average number of shares in issue of 88 554 275 (2010: 88 554 275). The calculation of diluted earnings per ordinary share of 2,88 (2010: 2,86 cents per share) is based on earnings of R2 608 621 (2010: R2 536 921) a weighted average number of shares in issue of 90 586 388 (2010: 88 684 020).		
Basic earnings per share		
From continuing operations (cents per share)	**5,38**	3,29
The calculation of earnings per ordinary share of 5,38 cents (2010: 3,29 cents per share) is based on earnings of R4 764 351 (2010: R2 912 426) and a weighted average number of shares in issue of 88 554 275 (2010: 88 554 275). The calculation of diluted earnings per ordinary share of 5,26 (2010: 3,28 cents per share) is based on earnings of R4 764 351 (2010: R2 912 426) a weighted average number of shares in issue of 90 586 388 (2010: 88 684 020).		
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent	**2 608 621**	2 536 921
Diluted earnings per share		
In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.		
Where there is a discontinued operation, diluted earnings per share are determined for both continuing and discontinued operations.		
Diluted earnings per share		
From continuing operations (cents per share)	**5,26**	3,28
Headline earnings and diluted headline earnings per share		
The calculation of headline earnings per ordinary share of 3,28 (2010: 2,97 cents per share) is based on earnings of R2 907 452 (2010: R2 627 897) and a weighted average number of shares in issue of 88 554 275 (2010: 88 554 275). The calculation of diluted headline earnings per ordinary share of 3,21 (2010: 2,96 cents per share) is based on earnings of R2 907 452 (2010: R2 627 897) and a weighted average number of shares in issue of 90 586 388 (2010: 88 684 020).		
Reconciliation of headline earnings		
Profit attributable to owners of parent	**2 608 621**	2 536 921
Add: Impairment of intangible assets	**298 831**	90 976
	2 907 452	2 627 897
Headline earnings per share (c)	**3,28**	2,97
Diluted headline earnings per share (c)	**3,21**	2,96

	2011 R	2010 R
27. Cash generated from operations		
Profit before taxation	**5 841 276**	3 789 361
Adjustments for:		
Depreciation and amortisation	**5 691 870**	5 973 480
Loss on foreign exchange	**125 245**	741 556
Investment income	**(269 151)**	(231 890)
Finance costs	**730 322**	1 123 330
Impairments on intangible assets	**298 831**	90 976
Impairments of trade receivables	**521 321**	532 981
Movements in provisions	**(105 581)**	(23 148)
Changes in working capital:		
Inventories	**(1 357 102)**	2 356 475
Trade and other receivables	**(7 984 298)**	(59 330)
Trade and other payables	**2 732 833**	(6 559 704)
	6 225 566	7 734 087
28. Tax received/(paid)		
Balance at beginning of the year	**(409 507)**	(475 732)
Balance at end of the year	**425 387**	409 507
	15 880	(66 225)
29. Contingencies		
Tax consequences of undistributed reserves		
STC on remaining reserves	**661 266**	424 119

Warranty contingency

Poynting Antennas (Proprietary) Limited has a guarantee of one year since the date of shipment on its products. The claims, as a result of this guarantee, have been insignificant in the past and future claims will be difficult to predict.

Legal contingency

Poynting Antennas (Proprietary) Limited has a contingent liability for the possible losses of R100 000 due to known legal matters.

30. Related parties

Relationships

Holding company	Poynting Holdings Limited
Subsidiaries	Poynting Antennas (Proprietary) Limited
	Cascade Avenue Trading 90 (Proprietary) Limited t/a Poynting Direct
	Poynting Software (Proprietary) Limited
	Poynting Empowerment Trust
Close family member of key management	M Dresel
Entity with common shareholder and director	Unitrade 946 (Pty) Limited
Members of key management	APC Fourie
	J Dresel
	PAJ Ebersohn
	J Kalunga
	CP Bester
	ZN Kubukeli
	RC Willis
	CHJ Douglas

	2011 R	2010 R
Related party balances		
Loan accounts – Owing to related parties		
Unitrade 946 (Pty) Ltd	**(2 225 830)**	(2 349 609)
Related party transactions		
Rent paid to related parties		
Unitrade 946 (Pty) Ltd	**396 000**	360 000
Consultant fees paid to related parties		
M Dresel	**277 265**	294 517
Management fees received from		
Cascade Avenue Trading 90 (Pty) Ltd t/a Poynting Direct	**(90 000)**	(180 000)

31. Directors' emoluments

Figures in Rand	Compen-sation	Bonus	Travel	Total
Executive – 2011				
APC Fourie	**1 541 397**	**–**	**2 667**	**1 544 064**
J Dresel	**1 539 237**	**130 000**	**3 357**	**1 672 594**
PAJ Ebersohn	**934 650**	**20 000**	**–**	**954 650**
J Kalunga	**511 500**	**–**	**124 594**	**636 094**
	4 526 784	**150 000**	**130 618**	**4 807 402**
Prescribed Officer:				
DC Nitch	**1 305 609**	**–**	**3 324**	**1 308 933**
	5 832 393	**150 000**	**133 942**	**6 116 335**
Executive – 2010				
APC Fourie	1 201 393	–	25 442	1 226 835
J Dresel	1 212 130	198 905	20 000	1 431 035
PAJ Ebersohn	803 851	–	46 640	850 491
J Kalunga	20 303	–	10 000	30 303
	3 237 677	198 905	102 082	3 538 664
Prescribed Officer:				
DC Nitch	982 964	–	–	982 964
	4 220 641	198 905	102 082	4 521 628

	Compen-sation R
Non-executive – 2011	
CP Bester	**164 160**
ZN Kubukeli	**100 000**
RC Willis	**114 000**
	378 160
Non-executive – 2010	
CP Bester	145 920
ZN Kubukeli	80 000
RC Willis	38 000
	263 920

In addition to their salaries, the group does not provide non-cash benefits to directors and executive officers and does not contribute to a post-employment defined benefits on their behalf.

32. Risk management

Capital risk management

The group's objectives when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 15 and 16, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2011 and 2010 respectively were as follows:

		2011 **R**	2010 R
Total borrowings			
Finance lease obligation	16	**299 403**	509 009
Other financial liabilities	15	**1 918 380**	5 070 253
		2 217 783	5 579 262
Less: Cash and cash equivalents	11	**4 835 362**	6 478 960
Net debt		**(2 617 579)**	(899 698)
Total equity		**31 902 788**	29 294 306
Total capital		**29 285 209**	28 394 608
Gearing ratio		**(9%)**	(3%)

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

32. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2011	**Less than 1 year R**	**Between 1 and 2 years R**	**Between 2 and 5 years R**
Loans and borrowings	**470 004**	**470 004**	**978 372**
Trade and other payables	**10 193 500**	**–**	**–**
Bank overdraft	**16 198**	**–**	**–**
Finance leases obligation	**171 503**	**88 581**	**39 318**

At 30 June 2010	Less than 1 year R	Between 2 and 5 years R
Other financial liabilities	3 151 873	1 918 380
Trade and other payables	7 460 667	–
Bank overdraft	24 619	–
Finance lease obligation	204 804	304 205

Interest rate risk

The group's exposure to interest rate risk mainly concerns financial liabilities/assets. Financial liabilities/assets are fixed rate, floating rate and non-interest bearing. At present the group does not hold loans and receivables that are long-term in nature. The table below analyses the breakdown of liabilities by type of interest rate:

Financial assets	**2011 Fixed R**	**2011 Floating R**	2010 Fixed R	2010 Floating R
Trade and other receivables	**18 628 904**	**–**	11 186 402	–
Cash and cash equivalents	**–**	**4 851 560**	–	6 505 579
	18 628 904	**4 851 560**	11 186 402	6 505 579
Financial liabilities				
Trade and other payables	**10 193 500**	**–**	7 460 667	–
Bank overdraft	**–**	**16 198**	–	24 619
Other financial liabilities	**–**	**1 918 380**	–	5 070 253
Finance lease obligation	**–**	**299 403**	–	509 009
	10 193 500	**2 233 981**	7 460 667	5 603 881

32. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Financial assets which expose the group to credit risk at the reporting date were as follows:

	2011 R	2010 R
Financial instrument		
Cash and cash equivalents	**4 851 560**	6 505 580
Trade and other receivables	**18 628 904**	11 186 397
	23 480 464	17 691 977

Sensitivity analysis

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R8 042 (2010: R20 174). A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R16 085 (2010: R40 348). The analysis has been performed for floating interest rate financial liabilities. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing their cash flows and therefore in terms of the impact on net expenses.

Only floating rate liabilities will be affected

	50 basis point increase	100 basis point increase	50 basis point decrease	100 basis point decrease
ISA	11 170	22 340	28 019	56 039
Less tax at 28%	(3 128)	(6 255)	(7 845)	(15 691)
	8 042	16 085	20 174	40 348

32. Risk management (continued)

Foreign exchange risk

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies. The group companies are required to hedge their net foreign exchange risk exposure with financial institutions. To manage their net foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts transacted with financial institutions. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group risk management policy is to hedge the net exposure of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the subsequent three months.

At 30 June 2011, if the currency had weakened/strengthened by 11% against the US dollar with all other variables held constant, post-tax profit for the year would have been R397 990 (2010: R186 209) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange losses or gains on translation of US dollar denominated borrowings.

At 30 June 2011, if the currency had weakened/strengthened by 11% against the GBP with all other variables held constant, post-tax profit for the year would have been R26 701(2010: R(716)) higher, mainly as a result of foreign exchange gains or losses on translation of GBP denominated trade receivables.

At 30 June 2011, if the currency had weakened/strengthened by 11% against the Euro with all other variables held constant, post-tax profit for the year would have been R644 038 (2010: R65 375) higher, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables.

	2011 R	2010 R
Foreign currency exposure at the end of the reporting period		
Current assets		
Trade debtors, USD 620 042 (2010: USD 356 149) receivable 30 June 2011	**4 188 061**	2 728 101
Trade debtors, EUR 605 541 (2010: EUR 75 921) receivable 30 June 2011	**5 937 837**	712 898
Trade debtors, GBP 9 970 (2010: GBP 0) receivable 30 June 2011	**108 228**	–
Cash and cash equivalents, USD 78 062 (2010: USD 289 293)	**527 278**	2 215 984
Cash and cash equivalents, EUR 80 789 (2010: EUR 24 720)	**792 212**	232 121
Cash and cash equivalents, GBP 14 902 (2010: GBP 7 104)	**161 771**	81 341
Liabilities		
Trade payables, USD 8 735 (2010: USD 338 507)	**59 002**	2 592 964
Trade payables, EUR 1 192 (2010: EUR 12 734)	**11 688**	119 563
Trade payables, GBP 1 381 (2010: GBP 7 893)	**14 991**	90 415
Exchange rates used for conversion of foreign items were:		
USD	**6,75**	7,66
GBP	**10,86**	11,45
EUR	**9,81**	9,39

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

30 June 2011 **Shareholders' analysis**	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	129	37,50	96 111	0,11
1 001 – 10 000 shares	86	25,00	483 569	0,53
10 001 – 50 000 shares	74	21,51	2 092 851	2,29
50 001 – 100 000 shares	19	5,52	1 484 271	1,63
100 001 – 1 000 000 shares	29	8,43	6 857 064	7,51
1 000 001 shares and over	7	2,03	80 240 408	87,93
Totals	344	100,00	91 254 274	100,00
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	8	2,33	73 854 637	80,93
Share trust	1	0,29	2 700 000	2,96
Public shareholders	335	97,38	14 699 637	16,11
Totals	344	100,00	91 254 274	100,00

Directors and associates

Andries Petrus Cronje Fourie Trust	*	Executive Director (APC Fourie)	Indirect	36 048 016	39,50
Derek Colin Nitch	**	Director of an affiliate	Direct	14 004 379	15,35
Juergen Dresel	**	Executive Director	Direct	12 864 662	14,10
Coenraad Petrus Bester	**	Non-executive Director	Direct	100 000	0,11
Zuko Ntsele Kubukeli	**	Non-executive Director	Direct	30 000	0,03
Richard Charles Willis	**	Non-executive Director	Direct	20 000	0,02
Jones Kalunga	**	Executive Director	Direct	1 000	0,00
Conexus Capital Trust #2 Acc	*	Associated Holding (RC Willis)	Indirect	10 786 580	11,82
				73 854 637	80,93

** Non-beneficial ** Beneficial*

Beneficial shareholders holding 5% or more

Andries Petrus Cronje Fourie Trust	Executive Director (APC Fourie)	2	Indirect	36 048 016	39,50%
Derek Colin Nitch	Director of an affiliate	1	Direct	14 004 379	15,35%
Juergen Dresel	Executive Director	1	Direct	12 864 662	14,10%
Conexus Capital Trust #2 ACC	Associated Holding (CHJ Douglas)	2	Indirect	10 786 580	11,82%

1 Beneficial 2 Non-beneficial

Directors' interests in securities

Securities: No securities have been furnished by Poynting or its subsidiaries for the benefit of any director (other than above), manager or any other associate of any director or manager.

The Empowerment Trust	30 June 2011	30 June 2010
Shares	667 887	2 700 000
Notice of offer accepted during the year	–	(2 032 113)
Shares after notice of offer left for distribution	667 887	667 887

A notice of offer was issued on 10 June 2010 for 2 255 084 shares.

30 June 2010 Shareholders' analysis	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	127	36,18	96 319	0,11
1 001 – 10 000 shares	95	27,07	547 639	0,60
10 001 – 50 000 shares	79	22,51	2 214 847	2,43
50 001 – 100 000 shares	19	5,41	1 458 312	1,60
100 001 – 1 000 000 shares	24	6,84	6 546 749	7,17
1 000 001 shares and over	7	1,99	80 390 408	88,09
Totals	351	100,00	91 254 274	100,00
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	8	2,28	73 854 637	80,93
Share trust	1	0,28	2 700 000	2,96
Public shareholders	342	97,44	14 699 637	16,11
Totals	351	100,00	91 254 274	100,00

Directors and associates					
Andries Petrus Cronje Fourie Trust	Executive Director (APC Fourie)	2	Indirect	36 048 016	39,50
Derek Colin Nitch	Director of affiliate	1	Direct	14 004 379	15,35
Juergen Dresel	Executive Director	1	Direct	12 864 662	14,10
Coenraad Petrus Bester	Non-executive Director	1	Direct	100 000	0,11
Zuko Ntsele Kubukeli	Non-executive Director	1	Direct	30 000	0,03
Richard Charles Willis	Non-executive Director	1	Direct	20 000	0,02
Jones Kalunga	Executive Director	1	Direct	1 000	0,00
Conexus Capital Trust #2 Acc	Associated Holding (RC Willis)	2	Indirect	10 786 580	11,82
				73 854 637	80,93

1 Beneficial 2 Non-beneficial

Beneficial shareholders holding 5% or more					
Andries Petrus Cronje Fourie Trust	Executive Director (APC Fourie)	2	Indirect	36 048 016	39,50
Derek Colin Nitch	Director of an affiliate	1	Direct	14 004 379	15,35
Juergen Dresel	Executive Director	1	Direct	12 864 662	14,10
Conexus Capital Trust #2 ACC	Associated Holding (CHJ Douglas)	2	Indirect	9 543 900	10,46

1 Beneficial 2 Non-beneficial

Coen Bester

Independent Non-executive Chairman

Coen Bester initially lectured in the faculty of Electronic Engineering at Potchefstroom University. From there he went on to become the founder and CEO of two companies. Following the sale of the second company to a listed entity, he founded BrainWorks Management in 1999. Amongst his responsibilities, he acts as mentor to a number of high-technology companies in the information, communications and electronics markets and serves on the boards of a number of such companies. Coen earned an Electronic Engineering Degree from the University of Pretoria and an Honours Degree in Electronic Engineering at the University of Potchefstroom. He completed an MBA at Pretoria University and an OPM course at Harvard Business School.

André Fourie

Chief Executive Officer

André graduated with a BSc Eng (Elec) in 1985 and received a PhD in 1991 from Wits University. He began his professional life in academia during which he lectured a final year course on antennas, and authored and co-authored approximately 50 academic papers and four books on antennas and computational mathematics. André was a founder of the company Poynting Group which specialised in consulting in electromagnetics. He started Poynting Antennas in 2000 which has grown from an eight-person company to its current 134 employees.

Juergen Dresel

Managing Director

Juergen completed his IT and Telecommunication studies with a Dipl. Ing degree at the Technical University of Munich, Germany in 1993. In 2000 he completed an MSc in electrical engineering at Wits University. Juergen started his engineering career with work that comprised antenna design and development in the frequency range from 10 kHz up to 6 GHz, antenna placement simulations, and project management. In 2005 Juergen took over the management of the defence section of Poynting Antennas where he concentrates his efforts on management and sales of large defence-related projects.

Zuko Kubukeli

Independent Non-executive Director

Zuko is the executive director of Pan-African Capital Holdings (Proprietary) Limited, responsible for strategy and acquisitions, which involves a number of appointments to listed and unlisted companies. He is a principal of the first cleantech private equity fund in Africa, Inspired Evolution Fund, and principal of the Pan-African Private Equity Fund 1. Zuko has been extensively involved in sourcing, structuring and managing investments for the funds as well as raising capital. Previously he was executive director of the Specialised Funds division at Brait, a South African blue-chip private equity company. He was involved in devising the company's investment philosophy, criteria and process in selecting hedge fund managers from the universe of managers in South Africa and abroad.

Johan Ebersohn

Financial Director

Johan Ebersohn was appointed as Poynting's financial director on 3 November 2008. Johan graduated from Rand Afrikaans University with a BCom in 1985. In 1988 he completed his BCompt (Hons) degree at UNISA and he completed his articles with PricewaterhouseCoopers in 1991. He has extensive experience and skills in the financial operations of companies. Johan joins Poynting from Central Panasonic (Proprietary) Limited where he gained 16 years' experience as the financial/operational director.

Clive Douglas

Non-executive alternate Director

Clive Douglas was appointed as non-executive director on 3 November 2008. Clive completed his BCom (Finance and Accountancy) degree at the University of Witwatersrand in 1986. In 1987, he joined Melville Douglas Investment Management (Proprietary) Limited as a portfolio manager where he became managing director in 1995. In 2001, Melville Douglas was sold to Standard Bank and Clive was appointed managing director of Standard Private Bank. In 2006, Clive established Clive Douglas Investments (Proprietary) Limited.

Richard Willis

Non-executive Director

Richard Willis has been appointed as an alternate director to Clive Douglas. Richard qualified as a Chartered Accountant in 1994 after having completed his articles at Deloitte. Since then Richard has occupied various positions, both locally and internationally, including head of the Melville Douglas Group; chief operating officer of Standard Private Bank and financial director of Virgin Money South Africa. Currently, Richard is chief operating officer at Clive Douglas Investments (Proprietary) Limited.

Jones Kalunga

Sales Director

Jones obtained his BSc Hons in Applied Physics through the National University of Science and Technology in Zimbabwe in 2000. In 2001, he began his career at Poynting as a research and development engineer and was promoted to Business Unit Manager in 2005, at which time he designed and industrialised several successful products. In 2007, Jones was promoted to business development manager and initiated and nurtured some of the company`s most valuable relationships with local and international clients.

Poynting Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06)
Share code: POY ISIN: ZAE000121299
("Poynting" or "the company")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the fourth annual general meeting of shareholders of the company will be held at 10:00 on Wednesday, 18 January 2012 at 33 Thora Crescent, Wynberg, Sandton, 2090, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the company determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act 71 of 2008, the record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 6 January 2012. Accordingly, the last day to trade Poynting Holdings Limited shares in order to be recorded in the Register to be entitled to vote will be Friday, 30 December 2011.

As normal business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 30 June 2011, including the reports of the auditors, directors and the audit committee.

2. To re-elect, Zuko Ntsele Kubukeli who, in terms of Article 117 of the company's Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

3. To re-elect, Richard Charles Willis who, in terms of Article 117 of the company's Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on page 64 of the annual report to which this notice is attached.

4. To appoint, Zuko Ntsele Kubukeli as a member and chairman of the audit committee of Poynting Holdings Limited

5. To appoint, Richard Charles Willis as a member of the audit committee of Poynting Holdings Limited.

6. To appoint, Clive Harvey John Douglas as a member of the audit committee of Poynting Holdings Limited.

   An abbreviated curriculum vitae in respect of each member of the audit committee appears on page 64 of the annual report to which this notice is attached.

7. To confirm the re-appointment of KPMG Inc as independent auditors of the company with Heinrich Mans, being the individual registered auditor who has undertaken the audit of the company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

8. To ratify the Non-executive Directors' remuneration for the year ended 30 June 2011 as reflected in note 31 to the annual financial statements.

   As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

9. **SPECIAL RESOLUTION NUMBER 1**
   Non-executive Directors' remuneration
   "Resolved that, in terms of the provisions of sections 66(8) and (9) of the Companies Act 71 of 2008, the annual remuneration payable to the non-executive directors of Poynting Holdings Limited ("the company") for their

services as directors of the company for the financial year ending 30 June 2012, be and is hereby approved as follows:

	Approved fee for the year ended 30 June 2011	Proposed fee for the year ended 30 June 2012
Board		
Chairman*	**R144 000**	R155 000
Member	**R48 000**	R52 000
Audit and Risk Committee		
Chairman	**R52 000**	R56 000
Member	**R12 000**	R13 000
Human Resources and Remuneration Committee		
Chairman	**R40 000**	R43 000
Member	**R12 000**	R13 000
Nomination Committee		
Chairman	**R40 000**	R43 000
Member	**R12 000**	R13 000

* *The chair of the board does not receive additional remuneration if he/she is a member of or chairs any subcommittee of the board*

Reason for and effect of special resolution number 1
The reason for and effect of special resolution number 1 is to approve the remuneration of the Non-executive Directors of the company for their services as directors for the ensuing financial year.

10. **ORDINARY RESOLUTION NUMBER 1**
Approval of remuneration policy
"Resolved that the remuneration policy of the directors of Poynting Holdings Limited ("the company"), as set out on page 12 of the annual report, be and is hereby approved, as a non-binding advisory vote of shareholders of the company in terms of the King III Report on Corporate Governance."

11. **ORDINARY RESOLUTION NUMBER 2**
Control of authorised but unissued ordinary shares
"Resolved that the authorised but unissued ordinary shares in the capital of Poynting Holdings Limited ("the company") be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act 71 of 2008, the Memorandum of Incorporation of the company and the Listings Requirements of the JSE Limited, as amended from time to time."

12. **ORDINARY RESOLUTION NUMBER 3**
Approval to issue ordinary shares, and to sell treasury shares, for cash
"Resolved that the directors of Poynting Holdings Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:
- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or

- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act 71 of 2008, the Memorandum of Incorporation of the company and its subsidiaries and the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") from time to time."

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia,* on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

13. SPECIAL RESOLUTION NUMBER 2

General approval to acquire shares

"Resolved, by way of a general approval that Poynting Holdings Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the company in terms of sections 46 and 48 of the Companies Act 71 of 2008, the Memorandum of Incorporation of the company and its subsidiaries and the JSE Listings Requirements, as amended from time to time."

The JSE Listings Requirements currently provide, *inter alia,* that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;

- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital;
- the company may only effect the repurchase once a resolution has been passed by the board of directors ("the board") of the company confirming that the board has authorised the repurchase, that the company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the group;
- the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Reason for and effect of special resolution number 2

The reason for and effect of this special resolution number 2 is to obtain an authority for, and to authorise, the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares.

It is the intention of the directors of the company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

13.1 Other disclosure in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures which are contained in the annual report of which this notice forms part:

- directors and management – page 4;
- major shareholders of Poynting Holdings Limited – page 62 to 63;
- directors' interests in securities – page 63; and
- share capital of the company – page 49.

13.2 Material changes

There have been no material changes in the affairs or financial position of the company and its subsidiaries since the company's financial year-end and the date of this notice.

13.3 Directors' responsibility statement

The directors, whose names are given on page 4 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

13.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the ordinary business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be sufficient for the group's requirements.

The company may not enter the market to proceed with the repurchase until its designated adviser, Merchantec Proprietary Limited, has discharged all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

14. **SPECIAL RESOLUTION NUMBER 3**

Financial assistance in terms of sections 44 and 45 of the Companies Act

"Resolved that, to the extent required by the Companies Act 71 of 2008 ("the Companies Act"), the board of directors of the company ("the board") may, subject to compliance with the Memorandum of Incorporation of the company, sections 44 and 45 of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of a loan, a guarantee, the provision of security or otherwise, to:

14.1 any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company for any purpose or in connection with any matter, including, but not limited to, the acquisition of or subscription for any option or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and

14.2 the directors or prescribed officers of the company (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the company's or group of companies' share or other employee incentive schemes, for the purpose of, or in connection with, the acquisition of or subscription for any option or any securities issued or to be issued by the company or a related or inter-related company, where such financial assistance is provided in terms of any scheme that does not satisfy the requirements of section 97 of the Companies Act, which authority shall be valid until the company's next annual general meeting."

Reason for and effect of special resolution number 3

The reason for and effect of this special resolution number 3 is to obtain an authority for the board, and to authorise the company, by way of a special authority, to provide direct or indirect financial assistance by way of a loan, a guarantee, the provision of security or otherwise.

The board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that –

(i) immediately after providing the financial assistance, the company will satisfy the solvency and liquidity test as contemplated in the Companies Act; and

(ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

15. **ORDINARY RESOLUTION NUMBER 4**

Signature of documents

"Resolved that each director of Poynting Holdings Limited ("the company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and filed with the Companies and Intellectual Property Commission, in the case of special resolutions, where necessary."

OTHER BUSINESS

To transact such other business as may be transacted at the annual general meeting of the company.

Voting and proxies

Special resolutions to be adopted at this annual general meeting require approval from 75% of the shares represented in person or by proxy at the meeting. Ordinary resolutions to be adopted require approval from a simple majority, which is more than 50% of the shares represented in person or by proxy at the meeting.

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours (excluding Saturdays, Sundays and public holidays) before the time of the meeting.

Kindly note that meeting participants, which include proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

By order of the Board

Merchantec

Merchantec Proprietary Limited
Company Secretary

29 September 2011
Johannesburg

Form of proxy

Poynting Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06
Share code: POY ISIN: ZAE000121299
("Poynting" or "the company")

For use only by ordinary shareholders who:
- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the fourth annual general meeting of shareholders of the company to be held at 33 Thora Crescent, Wynberg, Sandton, 2090, at 10:00 on Wednesday, 18 January 2012 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

I/We (BLOCK LETTERS please)

of (address)

Telephone work ( ) Telephone home ( )

being the holder/custodian of ordinary shares in the company, hereby appoint (see note):

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the company convened for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	Against	Abstain
1.	To receive, consider and adopt the annual financial statements of the company and group for the financial year ended 30 June 2011			
2.	To approve the re-election as director of Zuko Ntsele Kubukeli who retires by rotation			
3.	To approve the re-election as director of Richard Charles Willis who retires by rotation			
4.	To approve the appointment of Zuko Ntsele Kubukeli as member and Chairman of the Audit Committee			
5.	To approve the appointment of Richard Charles Willis as member of the Audit Committee			
6.	To approve the appointment of Clive Harvey John Douglas as member of the Audit Committee			
7.	To confirm the re-appointment of KPMG Inc as auditors of the company together with Heinrich Mans for the ensuing financial year			
8.	To ratify the Non-executive Directors' remuneration for the year ended 30 June 2011			
9.	**Special resolution number 1** Approval of the Non-executive Directors' remuneration			
10.	**Ordinary resolution number 1** Approval of the remuneration policy			
11.	**Ordinary resolution number 2** Control of authorised but unissued ordinary shares			
12.	**Ordinary resolution number 3** Approval to issue ordinary shares, and to sell treasury shares, for cash			
13.	**Special resolution number 2** General approval to acquire shares			
14.	**Special resolution number 3** Approval of financial assistance in terms of sections 44 and 45 of the Companies Act			
15.	**Ordinary resolution number 4** Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed at on 2011/12

Signature

Assisted by (if applicable)

Abridged electronic copy approval at AGM

Notes to form of proxy

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in “own name”.
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder’s choice in the space provided, with or without deleting “the Chairperson of the meeting”. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an “X” has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder’s authorisation to the proxy including the Chairperson of the annual general meeting, to vote on such shareholder’s behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company’s transfer secretaries or waived by the Chairperson of the annual general meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company’s register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. **Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:**

    Hand deliveries to:
    Computershare Investor Services Proprietary Limited
    Ground Floor, 70 Marshall Street
    Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services Proprietary Limited
    PO Box 61051
    Marshalltown, 2107

    to be received by no later than 10:00 on Monday, 16 January 2012 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

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Election form for electronic post

Poynting Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06
Share code: POY ISIN: ZAE000121299
("Poynting" or "the company")

To be completed by shareholders and for return to the company as per detail below

To:
The Directors
Poynting Holdings Limited

I/We, the undersigned (please print) ______________________________

of (address) ______________________________

____

being the holder/custodian of [   ] ordinary shares in the capital of the company do hereby elect to receive any documents or notices from Poynting Holdings Limited, by electronic post, to the extent that the company is permitted to do so to distribute any notices, documents, records or statements in terms of the Companies Act 2008 (as amended) and any and every other statute, ordinance, regulation or rule in force from time to time, including the JSE Listings Requirements, concerning companies and affecting Poynting Holdings Limited.

I/We hereby furnish the following email address and/or fax number for such electronic communication:

EMAIL ADDRESS	
FAX NUMBER	

Any written amendment or withdrawal of any such notice of consent by me/us, shall only take effect if signed by me/us and received by the company.

Signed at ______________________________ on ______________________________ 2011/12

Signature ______________________________

Assisted by me (where applicable) ______________________________

Please complete, detach and return this election form to Poynting Holdings Limited not later than 31 March 2011:

- hand deliver to 33 Thora Crescent, Wynberg or
- email to Fatima.sacoor@poynting.co.za; or
- fax to 086 620 0565.

Election form for electronic post

Poynting Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06
Share code: POY ISIN: ZAE000121299
("Poynting" or "the company")

29 September 2011

Dear Poynting Holdings Limited Shareholder

Notice of publication of annual financial statements for the financial year ended 30 June 2011

Poynting Holdings Limited hereby gives notice in terms of Section 31(1) of the Companies Act 2008 (as amended) to all its shareholders of the publication of the annual financial statements of the company for the financial year end 30 June 2011.

A copy of the annual financial statements of the company may be obtained by a shareholder, without charge:

1. By downloading a copy of the annual financial statements from the company's website www.poynting.co.za, or
2. By requesting a copy of the annual financial statements from Poynting Holdings Limited by means of either:
   a. Email: Fatima.sacoor@poynting.co.za
   b. Fax: 086 620 0565
   c. Post to PO Box 76579, Wendywood 2144

   or
3. By post-delivery as per the records on file with your current brokers.

(Please note that the AR 2012 will only be available in electronic format unless a specific hard copy is requested.)

Yours faithfully

PAJ Ebersohn

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Corporate information

Country of incorporation and domicile
South Africa

Nature of business and principal activities
The group is engaged in the manufacture and retail of antennas and software

Directors
APC Fourie
J Dresel
PAJ Ebersohn
J Kalunga
CP Bester
ZN Kubukeli
RC Willis
CHJ Douglas

Registered office
33 Thora Crescent
Wynberg
Johannesburg
South Africa
2090

Postal address
PO Box 76579
Wendywood
Johannesburg
South Africa
2144

Bankers
ABSA Bank Limited

Auditors
KPMG Inc
Chartered Accountants (SA)
Registered Auditors

Secretary
Merchantec (Proprietary) Limited

Company registration number
1997/011142/06

Poynting
Holdings Limited
Making wireless happen

33 Thora Crescent
Wynberg, Johannesburg
2090
South Africa

Poynting Antennas (Proprietary) Limited
PO Box 76579
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