Poynting
Holdings Limited
Making wireless happen

Annual Report 2010

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Poynting Holdings Limited
Making wireless happen

www.poynting.co.za

Our vision 2010

Poynting Holdings Limited ("Poynting"), through its subsidiaries, provides products to make wireless communication easier and more affordable. Our roots are in Africa and the developing world where our products will improve the standard of living and stimulate economical growth. Our mission is to "Make Wireless Happen" by providing products and business models which will drive wireless adoption.

Poynting uses innovative designs to deliver excellent products – often at low cost. Poynting strives to provide a friendly and exciting work environment, in which 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 have become increasingly popular in developing markets and this popularity is expected to spread to the rest of the world. We aim to become a world class wireless product supplier, provide growth to shareholders, reward our employees and benefit the communities we encounter through our activities.

Contents

website: www.poynting.co.za

Financial highlights for the year ended 30 June 2010

Revenue

R76,3 million up 16%

Operating profit

R13,7 million turnaround from a loss of R9,4 million to a profit of R4,3 million

Gross profit

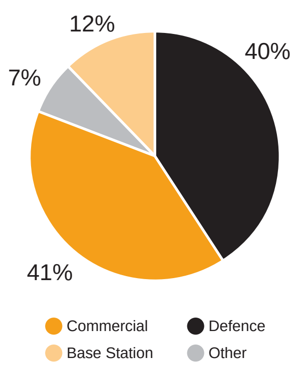
66% to R48,9 million

Cash flow

R6,4 million from operating activities

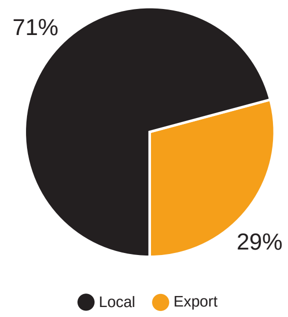
Sales per technology category from July 2009 – June 2010

Total R76,3 million

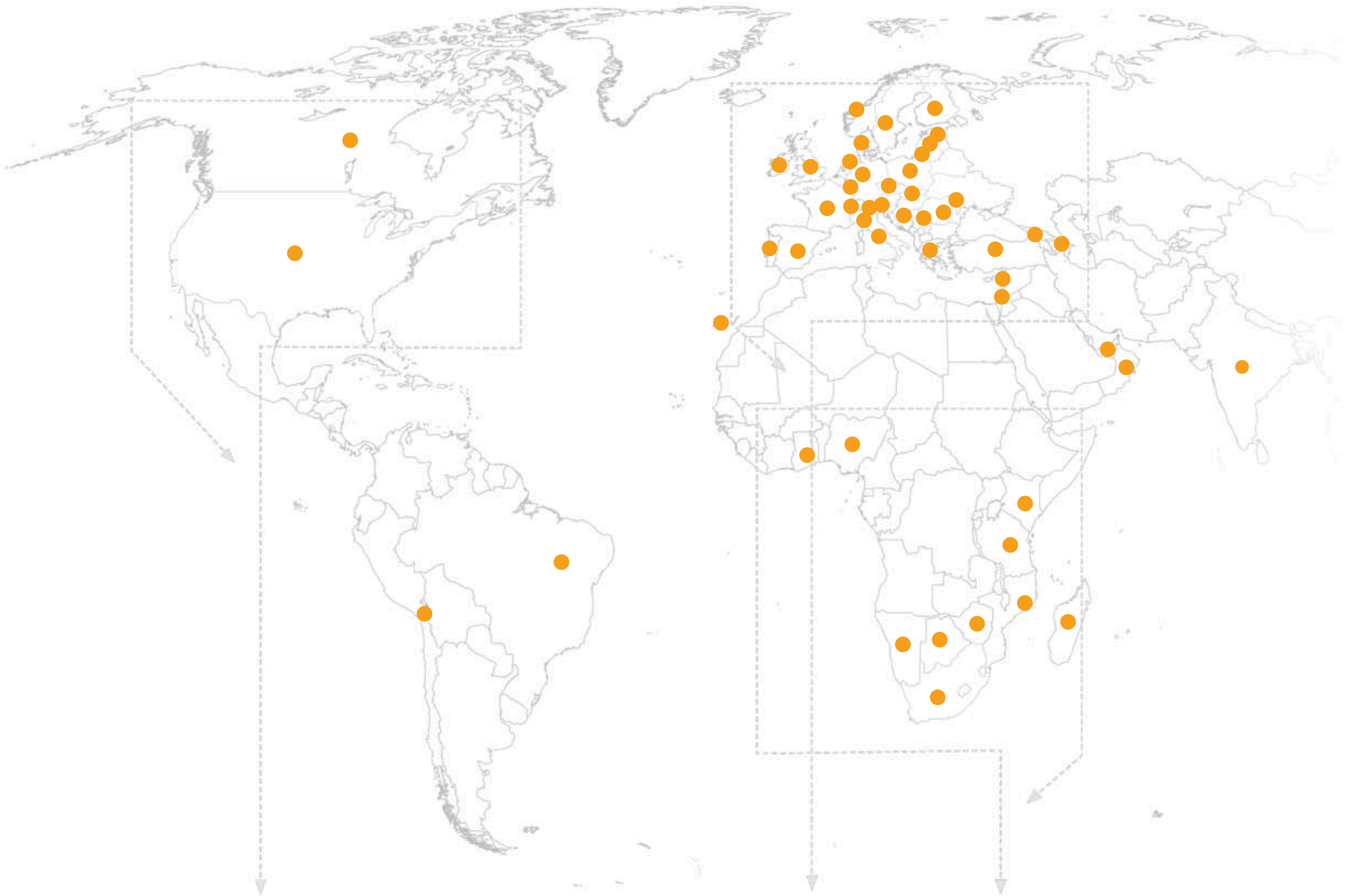


Export and local sales from July 2009 – June 2010

Total R76,3 million



Global footprint



ESTABLISHED CLIENTS PER COUNTRY

American Markets

Bolivia
Brazil
Canada
USA
Mexico

European and Other Markets

Albania
Austria
Azerbaijan
Belgium
Canary Islands
Croatia
Czech Republic
Denmark
Estonia
Finland
France
Georgia
Germany
Greece
India
Ireland
Israel
Italy
Latvia
Lebanon
Lithuania
Moldova
Nepal
Netherlands
Norway
Oman
Poland
Portugal
Romania
San Marino
Slovakia
Slovenia
Spain
Sweden
Switzerland
Turkey
UAE
United Kingdom

African Markets

Botswana
Ghana
Kenya
Madagascar
Mozambique
Namibia
Nigeria
South Africa
Tanzania
Zimbabwe

Poynting strengths

Australasian Markets

- Japan
- Korea
- Malaysia
- Singapore
- Taiwan
- Thailand
- Australia
- New Zealand

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 which allows the company to stay ahead of 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 was an existing antenna which found application as a Neotel Customer Premises Equipment ("CPE") outdoor antenna – this antenna is currently the 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 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 are 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 which 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.

Low labour component to products: The labour component as a percentage of the cost of sales is around 15%.

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 a partnership with a Chinese manufacturer that assembles larger volume products directly in China which provides 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: Cascade Avenue Trading 90 (Pty) Limited trading as Poynting Direct 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.

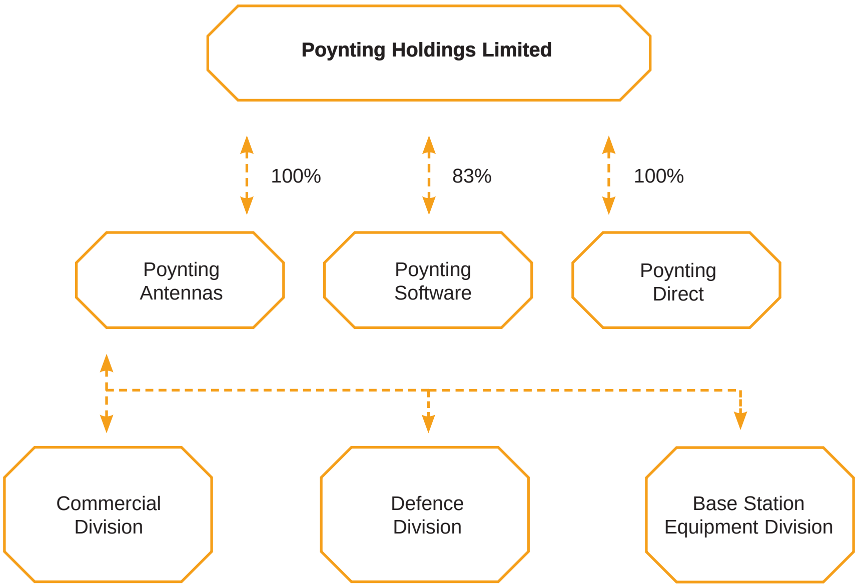
The Poynting brand: The company continues to invest considerably in promoting the Poynting brand by packaging products in colourful branded boxes and using distinctively designed products, with a consistent theme, which are easily recognisable to customers. This has resulted in a growing number of such 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 to 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 signal 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 9001:2000 accreditation has been maintained in the past year and we continue with programmes of continuous quality improvement.

Group structure



Board of directors

Coenraad Petrus Bester (54)
Independent non-executive Chairman
BSc Eng (Elec) (UP) BSc Eng (Elec) Hons (Potch)
MBA (UP) OPM (Harvard Business School)

Juergen Dresel[(1)] (42)
Managing Director
Diplo.Ing. (TU Munich) MSc Eng (Elec) (Wits)

Pieter Andries Johannes Ebersohn (45)
Financial Director
BCom (RAU) BCompt (Hons)

Clive Harvey John Douglas (50)
(Alternative to Richard Willis)
BCom (Wits) National Diploma in Electrical Engineering (Wits)

Andries Petrus Cronje Fourie (48)
Chief Executive Officer
BSc Eng (Elec) PhD (Wits)

Zuko Ntsele Kubukeli (37)
Independent non-executive Director
BSc (Medicine) Hons PhD (UCT)

Richard Charles Willis (40)
Non-executive Director
CA(SA)

Jones Kalunga[(2)] (33)
Sales Director
BSc (Hons)

(1) German
(2) Appointed 7 June 2010
Other than the appointment of Jones Kalunga on 7 June 2010, there have been no other changes to the board.

Chairman's statement

Introduction

The 2010 financial year was tough but rewarding. Despite depressed market conditions, the group showed a marked improvement over the performance of the preceding year. The corrective measures that were introduced in 2009 bore fruit, and management has shown real commitment in applying prudent management practices.

We believe that a platform has been created that will provide a sound foundation for future growth. Operational costs have been contained, and are now at levels that will enable the company to grow profitably as and when market conditions improve. We are optimistic that the market will improve towards the end of the financial year. It therefore gives me great pleasure to present Poynting's 2010 annual report to our shareholders, key stakeholders, valued customers and business associates.

Organisational performance

We anticipated performance improvements in our previous annual report, and consistent with this, are pleased to confirm that the company returned to profitability in the period under review. The company's strategy of focusing on niche markets in the antenna field has proved to be successful. Whilst the Commercial Division is still recovering from the economic slowdown, the Defence Division had a record year. 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. We want to congratulate Juergen Dresel and his team on their excellent effort.

The focus in the coming financial year will be on the growth of top line revenue. For this reason, minor restructuring of the operational divisions was introduced in order to free up executives to focus their attention on external opportunities. As part of the restructuring activities, Jones Kalunga was elected onto the board as Sales Director. This will provide the board with better insight into market opportunities and emphasises the outward focus of the group.

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 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

23 September 2010

Chief Executive Officer's report

Introduction

Poynting Holdings Limited ("Poynting") designs, manufactures and sells antenna and telecommunication products to the cellular, wireless data and defence markets. The company operates as three divisions, namely Commercial, Defence and Base Station Equipment.

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. This service offering is focused on the installation of Poynting's antennas for end-users of the large network service providers.

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 internationally via specialised distribution partners. Close partnerships are created with customers and antennas are often custom designed.

The Base Station Equipment Division supplies 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.

Poynting retained a very strong Research and Development department ("R&D") of around 30 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 OEMs whereas Commercial mainly focuses on mass production products sold through distributors or to corporate customers. The Base Station Equipment Division mainly sells equipment which is manufactured from pre-existing approved designs which were purchased from SAAB-Grintek.

Poynting's wholly-owned subsidiary, Cascade Avenue Trading 90 (Proprietary) Limited, trading as Poynting Direct, operates as a South African channel partner for sales of Commercial products. Poynting Direct has five branches located in Pretoria, Johannesburg, Durban and Cape Town. They also sell through an online portal: www.antennas.co.za. Poynting Direct sells to end users as well as to trade customers such as IT service providers, cellular equipment shops and Wireless Internet Service Providers ("WISPs").

Financial results

The highlights of the financial year end results include:

- Revenue of R76,29 million, up 16% from R65,82 million;
- Gross profits of R48,89 million, up 66% from R29,40 million;
- R13,66 million increase in operating profit from a loss of R9,36 million to a profit of R4,30 million; and
- R6,40 million cash generated from operations.

Overall company revenue increased by 16% while company profit after tax of R2,53 million was achieved compared to a loss of R6,57 million in the 2009 financial year. The main reason for improvement was due to the excellent performance of the Defence Division. Revenues in the Commercial Division stabilised and overheads in this division were considerably reduced. Poynting Direct increased sales by 41% to R11 million in 2010.

The Commercial Division contributed 41% (2009: 49%) of turnover, the Defence Division 40% (2009: 27%) of turnover and Base Station Equipment 12% (2009: 12%) and other 7% (2009: 12%) during the 2010 financial year. Commercial revenue declined by 4% while the Defence Division saw a healthy increase of 74% in revenue during the reporting period.

The Defence Division produced healthy profits during the financial year whereas the Commercial and Base Station Equipment Divisions showed a small loss and profit respectively.

Poynting has managed to raise an Industrial Development Corporation order finance facility of R8 million for major projects. This, together with profitable results and improved management of working capital, has improved the company's liquidity position.

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. Most of the sales growth was the result of increased demand by customers with which we have built close relationships rather than an expansion of customer base or geographical areas.

The Base Station Equipment sales were very good during the first half of the financial year up to December 2009 but have declined considerably during the final six months up to June 2010. Management has decided to close down the Base Station Equipment Division after year end and absorb the products into the Commercial Division to reduce overheads associated with running a separate division.

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 perform well during the past financial year with revenues increasing to R11 million for the period compared to R8,1 million in 2009. Poynting Direct has grown sales rapidly, mainly in the 3G market where they provide antenna solutions to end users to improve wireless Internet access. Poynting Direct has also opened a fifth branch in Pinetown, Durban recently which will expand their footprint.

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

USA developments

The Defence Division is continuing to explore opportunities in the USA. Certain projects to provide specialised military antennas to customers have been in progress for more than a year. These alternatives have not produced much revenue yet, but considerable potential exists.

The Commercial Division has continued sales into the USA and has retained our distributors in this region. Market conditions in the USA still seem subdued and no real revenue growth was experienced during the period under review. The current strong Rand also hampers the competitiveness of our products in this market.

Poynting Europe

Poynting Europe GmBH ("Poynting Europe") is still operated under full ownership of our European partner operating this business. Sales to Poynting Europe were disappointing during the past financial year with total Commercial product sales to Europe even lower than before the formation of Poynting Europe.

The intended purchase of a substantial or complete share in Poynting Europe has faltered since we have not been able to achieve a deal structure which is acceptable to both parties. Management still believes that European sales are key to the growth of Poynting and is investigating various options.

Original Equipment Manufacturer ("OEM") customers

The Defence Division has dominant OEM customers located in South Africa and Europe who account for the majority of its turnover. Our Electronic Warfare antennas are recognised as world-leading products and because they are part of larger systems which undergo rigorous qualification, our relationships have considerable long-term value. Our relationship with these partners and the growth in their businesses are the key factors governing the growth and performance of our Defence Division.

Chinese manufacture and tooling

Commercial turnover from OEM sales locally and internationally has stabilised. The Commercial Division supplies several local and international customers with antennas for embedded cellular devices. These include vehicle tracking, payment terminals, wireless metering solutions and others. Poynting has developed some leading edge technologies in the field of embedded multi-band antennas which puts us in a very competitive position in this market.

Prospects

The Defence Division is expected to show continued revenue growth and profits in 2011. This division currently has a stronger long-term order book than at the same point last year and has a healthy number of proposals and opportunities in the pipeline. The Defence Division had to increase overheads and infrastructure to cope with the increased revenues, but is seeing an increase in orders of "off-the-shelf" products, which makes it easier to scale operations.

The Commercial Division product sales have stabilised at lower levels than those which were achieved in previous years. Our product range is still in demand and we have not experienced any loss of existing customers. We have seen much lower sales to such customers, however, especially in our export markets. The Commercial Division acquired new promising customers during the tough year and is also involved with some exciting new products and projects. The division is well positioned to benefit from an improving market.

The Base Station Equipment Division has been absorbed into the products still being sold by the Commercial Division. We are not very optimistic about the short-term sales of Base Station equipment and are experiencing low trading as is the case with our competitors.

In conclusion I wish to thank our chairman, Coen Bester, for his competent leadership as chairman of the board, fellow directors and employees of the company for their contribution during the past financial year. I am confident that we have the strategy,people and overhead structure in place to ensure a more successful 2011.

André Fourie
Chief Executive Officer

23 September 2010

Corporate governance statement

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 II Report ("King II"). The directors are of the opinion that the group has complied with King II 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 and 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, 1973 (Act 61 of 1973), as amended ("the 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 accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Act.

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 three 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 for attending to the legislative, regulatory and the 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 concern 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.

Dates and attendance of board meetings

	27 Jul 09	02 Nov 09	23 Feb 10	04 Jun 10
CP Bester (Chairman)	Yes	Yes	Yes	Yes
APC Fourie	Yes	Yes	Yes	Yes
J Dresel	Yes	Yes	Yes	Yes
PAJ Ebersohn	Yes	Yes	Yes	Yes
ZN Kubukeli	Yes	–	Yes	Yes
RC Willis	Yes	Yes	Yes	Yes
CHJ Douglas	Yes	Yes	Yes	Yes
M Caietta	–	Invite	Invite	Invite
Merchantec (Proprietary) Limited	Invite	Invite	Invite	Invite

Dates and attendance of audit and risk committee meetings

	28 Sep 09	21 Oct 09	16 Feb 10	30 Jun 10
ZN Kubukeli	Yes	Yes	Yes	Yes
RC Willis	–	–	Yes	Yes
SL Tricker	–	–	–	Invite
PAJ Ebersohn	Invite	Invite	Invite	Invite
Merchantec (Proprietary) Limited	Invite	Invite	Invite	Invite
H Mans for KPMG	Invite	–	–	–

Dates and attendance of investment committee meetings

	23 Apr 10	11 May 10
ZN Kubukeli	Yes	Yes
RC Willis	Yes	Yes
PAJ Ebersohn	Invite	Invite
Merchantec (Proprietary) Limited	Invite	Invite

Dates and attendance of remuneration committee meetings

	07 Dec 09	20 Jan 10	18 Mar 10	09 Jun 10
RC Willis	–	–	–	Yes
CP Bester	Yes	Yes	Yes	Yes
PAJ Ebersohn	Invite	Invite	Invite	Invite

Audit committee

The committee consists of:
1 RC Willis Non-executive Director (Chairman)
2 ZN Kubukeli Independent non-executive Director

The previous chairperson Zuko Kubukeli stepped down as chairman of the committee effective 28 February 2010 and Richard Willis was appointed 1 March 2010 to steer the committee. In addition Susan Tricker was invited to attend meetings of the committee from 28 June 2010 as an independent skilled individual to ensure independence as recommended by the King II Report. 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. 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

Corporate governance statement (continued)

- 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.

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 II 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 47 of this annual report.

Employment equity

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 which 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.

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 is 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.

Report of the independent auditors

To the members of Poynting Holdings Limited and its subsidiaries

We have audited the consolidated financial statements of Poynting Holdings Limited and its subsidiaries, which comprise the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 14 to 52.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Poynting Holdings Limited and its subsidiaries as at 30 June 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc

Per: Heinrich Mans
Chartered Accountant (SA)
Registered Auditor
Director

23 September 2010

Suite 501
The Pinnacle
1 Parkin Street
Nelspruit

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 financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated 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 year then ended, in conformity with International Financial Reporting Standards (“IFRS”). The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 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, 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 financial statements. The consolidated financial statements have been examined by the group’s external auditors and their report is presented on page 11.

The consolidated financial statements set out on pages 14 to 52, which have been prepared on the going concern basis, were approved by the board on 23 September 2010 and were signed on its behalf by:

APC Fourie
Director

PAJ Ebersohn
Director

Johannesburg

23 September 2010

Certificate by company secretary

In our capacity as company secretary, we hereby confirm, in terms of section 268G (d) of the Companies Act 1973 (61 of 1973), as amended ("the Act"), that for the year ended 30 June 2010, the company has lodged with the Companies and Intellectual Property Registration Office 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

23 September 2010

Directors' report

The directors submit their report for the year ended 30 June 2010.

1. Incorporation

The group 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 financial statements and do not in our opinion require any further comment.

Net profit of the group was R2 525 820 (2009: R6 570 121 loss) after taxation of R888 036 (2009: (R3 553 932)).

A major component of the business comprises the development of new products. Development costs are capitalised on a quarterly basis when all the requirements of IAS 38 are met. As a result, 10% (2009: 22%) of annual remuneration was capitalised.

3. Going concern

The consolidated 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. The directors are of the opinion that the group will be a going concern for the foreseeable future.

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 of South Africa, 61 of 1973, 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 and issued share capital of the group during the year under review.

7. Borrowing limitations

In terms of the articles of association of the group, the directors may exercise all the powers of the group 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 group during the year and to the date of this report are as follows:

Name	Nationality	Date of appointment
APC Fourie	South Africa	Appointed 17 July 1997
J Dresel	German	Appointed 21 February 2000
CP Bester	South African	Appointed 21 January 2004
ZN Kubukeli	South African	Appointed 8 May 2008
CHJ Douglas	South African	Appointed 3 November 2008
PAJ Ebersohn	South African	Appointed 3 November 2008
RC Willis	South African	Appointed 3 November 2008
J Kalunga	South African	Appointed 7 June 2010

11. Secretary

The secretary of the group is Merchantec (Proprietary) 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 (Proprietary) Limited	**100**	**3 827 572**
Poynting Software (Proprietary) Limited	**83**	**(65 712)**
Cascade Avenue Trading 90 (Proprietary) Limited t/a Poynting Direct	**100**	**24 422**

Poynting Software (Proprietary) 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. Auditors

KPMG Inc will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

14. Special resolutions

During the period under review the following special resolution was tabled and approved:

20 January 2010
Special resolution for the general approval to acquire shares by the company.

Statement of financial position as at 30 June 2010

Figures in Rand	Note	2010	2009
Assets			
Non-current assets			
Property, plant and equipment	3	**3 205 630**	4 512 716
Intangible assets	4	**13 139 407**	14 284 312
Other financial assets	6	**173 194**	98 435
Deferred tax	8	**1 020 247**	1 908 284
		17 538 478	20 803 747
Current assets			
Inventories	9	**7 743 485**	10 632 944
Current tax receivable		**28 558**	–
Trade and other receivables	10	**11 186 400**	11 127 070
Cash and cash equivalents	11	**6 505 579**	5 479 226
		25 464 022	27 239 240
Total assets		**43 002 500**	48 042 987
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Share capital	12	**24 379 920**	24 379 920
Reserves		**221 088**	–
Retained income		**4 665 309**	2 128 388
		29 266 317	26 508 308
Non-controlling interest		**27 989**	39 090
		29 294 306	26 547 398
Liabilities			
Non-current liabilities			
Other financial liabilities	14	**1 918 380**	1 382 000
Finance lease obligation	15	**304 205**	515 171
		2 222 585	1 897 171
Current liabilities			
Bank overdraft	11	**24 619**	43 396
Other financial liabilities	14	**3 151 873**	4 361 348
Loans from shareholders	5	**–**	212 373
Finance lease obligation	15	**204 804**	256 469
Trade and other payables	17	**7 460 667**	14 020 371
Current tax payable		**438 065**	475 732
Provisions	16	**205 581**	228 729
		11 485 609	19 598 418
Total liabilities		**13 708 194**	21 495 589
Total equity and liabilities		**43 002 500**	48 042 987
Number of ordinary shares in issue		**88 554 274**	88 554 274
Net asset value per ordinary share (cents)		**33,08**	29,98
Net tangible asset value per ordinary share (cents)		**18,24**	13,85

Statement of comprehensive income for the year ended 30 June 2010

Figures in Rand	Note	2010	2009
Revenue	19	**76 294 313**	65 818 670
Cost of sales		**(27 405 284)**	(36 418 588)
Gross profit		**48 889 029**	29 400 082
Other income		**508 180**	1 589 694
Operating expenses		**(45 091 912)**	(40 349 172)
Operating profit/(loss)	20	**4 305 297**	(9 359 396)
Investment income	21	**231 890**	358 952
Finance costs	23	**(1 123 331)**	(1 123 609)
Profit/(Loss) before taxation		**3 413 856**	(10 124 053)
Taxation	24	**(888 036)**	3 553 932
Profit/(Loss) for the year		**2 525 820**	(6 570 121)
Other comprehensive income		**–**	–
Total comprehensive income/(loss)		**2 525 820**	(6 570 121)
Profit/(Loss) attributable to:			
Owners of the parent		**2 536 921**	(6 571 053)
Non-controlling interest		**(11 101)**	932
		2 525 820	(6 570 121)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**2 536 921**	(6 571 053)
Non-controlling interest		**(11 101)**	932
		2 525 820	(6 570 121)
Earnings/(Loss) per share	35	**2,86**	(7,51)
Fully diluted earnings/(loss) per share (cents)	35	**2,86**	(7,51)
Headline earnings/(loss) per share (cents)	36	**2,97**	(7,58)
Fully diluted headline earnings/(loss) per share (cents)	36	**2,96**	(7,58)

Statement of changes in equity for the year ended 30 June 2010

Figures in Rand	Share capital	Share premium	Total share capital	Share-based payment reserve	Retained income	Total attributable to equity holders	Non-controlling interest	Total equity
Balance at 1 July 2008	**3 365**	**5 272 796**	**5 276 161**	**–**	**8 699 441**	**13 975 602**	**38 158**	**14 013 760**
Changes in equity								
Total comprehensive loss for the year	–	–	–	–	(6 571 053)	(6 571 053)	932	(6 570 121)
Issue of shares	1 063	20 801 673	20 802 736	–	–	20 802 736	–	20 802 736
Share issue cost	–	(1 698 977)	(1 698 977)	–	–	(1 698 977)	–	(1 698 977)
Total changes	1 063	19 102 696	19 103 759	–	(6 571 053)	12 532 706	932	12 533 638
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: Options issued	**–**	**–**	**–**	**221 088**	**–**	**221 088**	**–**	**221 088**
Total changes	**–**	**–**	**–**	**221 088**	**2 536 921**	**2 758 009**	**(11 101)**	**2 746 908**
Balance at 30 June 2010	**4 428**	**24 375 492**	**24 379 920**	**221 088**	**4 665 309**	**29 266 317**	**27 989**	**29 294 306**
Note(s)	12	12	12					

Statement of cash flows for the year ended 30 June 2010

Figures in Rand	Note	2010	2009
Cash flows from operating activities			
Cash receipts from customers		**71 254 861**	69 289 261
Cash paid to suppliers and employees		**(63 896 279)**	(69 180 561)
Cash generated from/(used in) operations	26	**7 358 582**	108 694
Investment income		**231 890**	358 952
Finance costs		**(1 123 331)**	(1 123 609)
Tax paid	27	**(66 225)**	(22 703)
Net cash from/(used in) operating activities		**6 400 916**	(678 666)
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	**(418 069)**	(2 638 565)
Proceeds on sale of property, plant and equipment	3	**–**	120 910
Acquisition of other intangible assets	4	**(3 194 392)**	(6 839 957)
Proceeds on sale of financial assets		**(74 759)**	(98 435)
Net cash used in investing activities		**(3 687 220)**	(9 456 047)
Cash flows from financing activities			
Proceeds on share issue	12	**–**	19 103 759
Proceeds from options issued		**221 088**	–
Proceeds from other financial liabilities		**2 349 608**	1 540 097
Repayment of other financial liabilities		**(3 022 703)**	–
Proceeds from shareholders' loan		**73 253**	–
Repayment of shareholders' loan		**(285 626)**	(891 425)
(Increase)/Payment of finance lease liabilities		**(262 631)**	183 343
Net cash from financing activities		**(927 011)**	19 935 774
Net increase in cash and cash equivalents		**1 786 685**	9 801 061
Cash and cash equivalents at the beginning of the year		**5 435 830**	(4 365 231)
Effect of exchange rate movement on cash held		**(741 555)**	–
Cash and cash equivalents at the end of the year	11	**6 480 960**	5 435 830

Accounting policies

1. Presentation of consolidated financial statements

The 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 of South Africa. The consolidated 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.2.

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 2010 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 group's functional and presentation 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 have 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 balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

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 balance sheet 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.

1. Presentation of consolidated financial statements (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation (continued)

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 balance sheet date. Additional disclosure of these estimates of provisions are included in note 16.

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 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 doubtful debts

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 regard to the determination of estimated useful lives and residual values of items of property, plant and equipment, as discussed further in note 1.3.

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. Leases are 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 and SIC 12.

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 property, plant and equipment at the group's date of transition to IFRS was determined by reference to its fair value at that date.

Accounting policies (continued)

1. Presentation of consolidated financial statements (continued)

1.3 Property, plant and equipment (continued)

Cost of property, plant and equipment (continued)

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.

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

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Major repairs and maintenance that meets the recognition criteria is capitalised.

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 as follows:

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 are 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.

1. Presentation of consolidated financial statements (continued)

1.3 Property, plant and equipment (continued)

Derecognition of property, plant and equipment (continued)

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.

1.4 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 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 Basis of consolidation

Group financial statements

On acquisition 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 shareholder's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority 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 financial statements (continued)

1.5 Basis of consolidation (continued)

Special purpose entities ("SPE")

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

The group had no SPEs in the current year.

1.6 Financial instruments

Classification

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, including service concession 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.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

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 though 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 financial statements (continued)

1.6 Financial instruments (continued)

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 directly in equity, through the statement of changes 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 they 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 uncollectible, 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.

Trade and other receivables are classified as loans and receivables.

1. Presentation of consolidated financial statements (continued)

1.6 Financial instruments (continued)

Impairment of financial assets (continued)

Trade and other payables

Trade and other payables are classified as other financial liabilities and are initially measured at amortised cost, using the effective interest 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 taxation is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences, unless specifically exempt.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 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 and 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 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 for 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 Decrease/(increase) in inventories

Decrease/(increase) in 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 decrease/(increase) in inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the decrease/(increase) in inventories to their present location and condition.

The cost of decrease/(increase) in 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.

1. Presentation of consolidated financial statements (continued)

1.9 Decrease/(increase) in inventories (continued)

The cost of decrease/(increase) in 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 decrease/(increase) in inventories are sold, the carrying amounts of those decrease/(increase) in 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.

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 a 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; and
- 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 of assets carried at cost less any accumulated depreciation or amortisation 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 financial statements (continued)

1.10 Impairment of non-financial assets (continued)

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 as 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 services received are recognised in full.

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. Presentation of consolidated financial statements (continued)

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 risk 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.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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.

1.15 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.

1. Presentation of consolidated financial statements (continued)

1.15 Revenue (continued)

Gross revenue comprises the invoice value of sales of goods and excludes value added taxation.

The following specific recognition criteria 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 cost of sales.

1.17 Investment income and finance expense

Investment income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in 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, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. 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.

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

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, 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 financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss is recognised directly in equity, any exchange component of that gain or loss is recognised directly 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.

1. Presentation of consolidated financial statements (continued)

1.18 Translation of foreign currencies (continued)

Foreign currency transactions (continued)

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

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 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 1 (AC 101) (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a balance sheet at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows'.

The effective date of the standard was for years beginning on or after 1 January 2009.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 1 July 2010 or later periods but are not relevant to its operations:

IAS 24 (Revised) Related Parties Disclosure

IAS 24 (Revised) will be adopted by Poynting Holdings Limited for the first time for its financial reporting period ending 30 June 2011. The standard will be applied retrospectively. The standard addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities. No new related party relationships were identified due to the change in the definition of a related party.

IFRS 2 (Amendment) Group Cash-settled Share-based Payment

The amendments to IFRS 2 will be adopted by Poynting Holdings Limited for the first time for its financial reporting period ending 30 June 2011.

The amendments expand 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 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 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.

IFRS 8 (Amendment) Operating Segments

The amendment to IFRS 8, which clarifies the segment information required regarding total assets, will be adopted by Poynting Holdings Limited for the first time for its financial reporting period ending 30 June 2011. Information on total assets is required only if such information is regularly reported to the chief operating decision-maker.

This amendment will impact the disclosure relating to total assets in the segment report.

IFRS 9 Financial Instruments

IFRS 9 will be adopted by Poynting Holdings Limited for the first time for its financial reporting period ending 30 June 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

All other standards have been assessed and only the relevant standards have been included.

3. Property, plant and equipment

Figures in Rand	**2010** **Cost**	**Accumulated depreciation and impairment**	**Carrying value**	2009 Cost	Accumulated depreciation and impairment	Carrying value
Plant and machinery	**2 725 016**	**(1 811 596)**	**913 420**	2 716 326	(1 432 652)	1 283 674
Furniture and fixtures	**438 242**	**(154 375)**	**283 867**	438 242	(112 428)	325 814
Motor vehicles	**335 791**	**(213 475)**	**122 316**	335 791	(161 054)	174 737
Office equipment	**330 059**	**(226 817)**	**103 242**	328 744	(152 071)	176 673
IT equipment	**1 171 101**	**(826 226)**	**344 875**	1 070 292	(632 505)	437 787
Computer software	**1 449 646**	**(1 251 684)**	**197 962**	1 335 946	(829 109)	506 837
Leasehold improvements	**521 055**	**(188 529)**	**332 526**	490 097	(87 073)	403 024
Production tooling	**2 527 575**	**(1 620 153)**	**907 422**	2 375 692	(1 171 522)	1 204 170
Total	**9 498 485**	**(6 292 855)**	**3 205 630**	9 091 130	(4 578 414)	4 512 716

Reconciliation of property plant and equipment – 2010

Figures in Rand	**Opening balance**	**Additions**	**Depre-ciation**	**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**

Reconciliation of property, plant and equipment – 2009

Figures in Rand	Opening balance	Additions	Disposals	Depre-ciation	Total
Plant and machinery	773 326	856 512	(55 626)	(290 538)	1 283 674
Furniture and fixtures	203 447	154 988	–	(32 621)	325 814
Motor vehicles	31 526	209 685	–	(66 474)	174 737
Office equipment	150 435	106 536	–	(80 298)	176 673
IT equipment	429 097	194 213	–	(185 523)	437 787
Computer software	295 044	652 068	–	(440 275)	506 837
Leasehold improvements	234 275	241 938	–	(73 189)	403 024
Production tooling	1 393 833	222 625	–	(412 288)	1 204 170
	3 510 983	2 638 565	(55 626)	(1 581 206)	4 512 716

Figures in Rand	**2010**	2009

3. Property, plant and equipment (continued)

Assets subject to finance lease (net carrying amount)

	2010	2009
Plant and machinery	**(10)**	61 411
Leasehold improvements	**332 526**	403 024
Property, plant and equipment	**126 637**	111 475
	459 153	575 910

These assets are encumbered under finance lease obligations. Refer to note 15.

Property, plant and equipment is ceded under securities. Refer to note 14.

4. Intangible assets

Figures in Rand	**2010 Cost**	**2010 Accumulated depreciation and impairment**	**2010 Carrying value**	2009 Cost	2009 Accumulated depreciation and impairment	2009 Carrying value
Patents, trademarks and other rights	**23 924 846**	**(10 785 439)**	**13 139 407**	20 730 454	(6 446 142)	14 284 312

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**

Reconciliation of intangible assets – 2009

Figures in Rand	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	10 919 696	6 839 957	(3 475 341)	14 284 312

Internally generated intangible assets with finite useful lives

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

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

Figures in Rand	**2010**	2009

5. Loans from shareholders

	2010	2009
APC Fourie		
The loan is unsecured, bears interest at prime less 2% (2009: prime plus 2%) and has no fixed terms of repayment	**–**	(200 989)
DC Nitch		
The loan is unsecured, bears interest at 15,5% (2009: 15,5%), and has no fixed terms of repayment	**–**	(11 384)
	–	(212 373)

Figures in Rand	2010	2009
6. Other financial assets		
Loans and receivables		
Unitrade 946 (Proprietary) Limited	**66 908**	–
The loan is unsecured, interest free and has no fixed terms of repayment.		
Poynting Direct West Rand franchise	**106 286**	98 435
The loan is unsecured, interest free and has no fixed terms of repayment.		
	173 194	98 435
Non-current assets		
Loans and receivables	**173 194**	98 435

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

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	Total
2010		
Trade and other receivables	**12 081 190**	**12 081 190**
Cash and cash equivalents	**6 505 579**	**6 505 579**
Other financial assets	**173 194**	**173 194**
Allowance for doubtful debts	**(894 790)**	**(894 790)**
	17 865 173	**17 865 173**
2009		
Trade and other receivables	11 614 242	11 614 242
Cash and cash equivalents	5 479 226	5 479 226
Other financial assets	98 435	98 435
Allowance for doubtful debts	(487 172)	(487 172)
	16 704 731	16 704 731

Figures in Rand	2010	2009
8. Deferred tax		
Deferred tax asset		
Taxable temporary difference on property, plant and equipment	**(162 114)**	(104 597)
Taxable temporary difference on intangible assets	**(3 679 034)**	(3 999 606)
Deductible temporary difference on finance leases	**(7 526)**	21 336
Deductible temporary difference on provisions	**651 305**	684 311
Tax losses available for set off against future taxable income	**4 217 616**	5 305 292
Other deferred tax*	**–**	1 549
	1 020 247	1 908 285
Reconciliation of deferred tax asset (liability)		
At beginning of the year	**1 908 284**	(1 593 857)
Increase in tax losses available for set off against future taxable income	**(1 087 676)**	4 119 429
Deductible temporary difference on property plant and equipment	**(57 520)**	(54 183)
Taxable temporary difference on intangible assets	**310 769**	(942 092)
Deductible temporary difference on provisions	**(33 006)**	323 126
Taxable temporary difference on finance leases	**(28 862)**	64 010
Other deductible/(taxable) temporary differences*	**8 258**	(8 149)
	1 020 247	1 908 284

**** 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 deferred tax arising on the straight-lining of leases, discounting of debtors and creditors and a taxation rate change.*

Figures in Rand	2010	2009
9. Inventories		
Raw materials, components	**4 993 081**	6 637 760
Work in progress	**586 706**	923 798
Finished goods	**3 079 966**	4 285 716
	8 659 753	11 847 274
Allowance for obsolete inventories	**(916 268)**	(1 214 330)
	7 743 485	10 632 944

Inventory pledged as security

Inventories are encumbered by general cessions. Refer to note 14.

Figures in Rand	2010	2009
10. Trade and other receivables		
Trade receivables	**11 650 887**	11 546 272
Prepayments	**157 682**	67 970
Sundry receivables	**272 621**	–
Allowance for bad debt	**(894 790)**	(487 172)
	11 186 400	11 127 070

Trade and other receivables pledged as security

Trade and other receivables are ceded under general cessions. Refer to note 11 and 14.

The group has ceded its debtors' book in favour of the Industrial Development Corporation of South Africa Limited as security for loans. Refer to note 14.

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:

Figures in Rand	Credit limit	Balance
2010		
Debtor A	**–**	**1 081 575**
Debtor B	**500 000**	**1 069 121**
Debtor C	**–**	**877 049**
Debtor D	**–**	**702 980**
Debtor E	**–**	**598 315**
2009		
Debtor A	–	2 527 831
Debtor B	–	1 550 970
Debtor C	1 000 000	772 094
Debtor D	–	750 536
Debtor E	–	633 199

	2010	2009
Trade receivable ageing analysis		
Less than 30 days	**7 229 045**	3 303 181
31 to 60 days	**1 305 565**	5 221 640
61 to 90 days	**1 188 680**	1 494 614
91 to 120 days	**750 551**	661 041
Over 120 days	**1 177 047**	865 796
	11 650 888	11 546 272

It is the policy of the group to allow for 30-60 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.

Figures in Rand	**2010**	2009

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 2010, R2 026 586 (2009: R1 070 674) were past due but not impaired.

The amount of the allowance was R894 790 as of 30 June 2010 (2009: R487 172).

Figures in Rand	**2010**	2009
The ageing of these receivables are as follows:		
1 month past due	**49 077**	231 018
2 months past due	**69 032**	23 245
3 months past due	**776 681**	232 909
Trade debtors past due but not impaired		
60 days	**944 701**	239 300
90 days	**681 519**	571 087
120 days	**400 366**	260 287
	2 026 586	1 070 674
The carrying amount of trade and other receivables are denominated in the following currencies:		
Rand	**8 210 998**	7 934 190
EUR	**712 871**	890 508
USD	**2 727 019**	2 721 574
	11 650 888	11 546 272
Reconciliation of allowance for credit losses of trade and other receivables		
Opening balance	**487 172**	310 289
Allowance for credit losses	**407 618**	186 113
Unused amounts reversed	**–**	(9 230)
	894 790	487 172

The exposure to credit risk at the reporting date is the fair 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.

Figures in Rand	2010	2009
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	**31 324**	11 071
Bank balances	**6 472 255**	5 468 155
Bank overdraft	**(24 619)**	(43 396)
	6 478 960	5 435 830
Current assets	**6 505 579**	5 479 226
Current liabilities	**(24 619)**	(43 396)
	6 480 960	5 435 830

The group has a foreign exchange dealing facility of R6 000 000 (2009: R3 500 000).

The bank and loan balances are secured as follows:
Unlimited suretyship, dated 22 August 1997, by Dr APC Fourie, loan account included.
Limited suretyship of R150 000, dated 07 January 2001 by Mr J Dresel, loan account included.
Limited suretyship of R150 000, dated 07 February 2001 by Dr DC Nitch, loan account included.
Limited suretyship of R500 000, dated 08 June 2001 by Dr DC Nitch, loan account included.
Limited suretyship of R126 020, dated 08 April 2004 by Mr J Dresel, loan account included.
Limited suretyship of R126 020, dated 08 April 2004 by Mr D Nitchiporov.
Limited suretyship of R37 120, dated 10 November 2004 by Mr J Dresel, loan account included.
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 Poynting Holdings Limited.

There is no material difference between the fair value of cash and cash equivalents and their carrying value.

Figures in Rand	2010	2009
12. 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 of R0,00005	**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 employment 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

13. Share-based payments

Outstanding options	Exercise date within one year	Exercise date from two to five years	Exercise date after five years
Options with exercise price of 25 cents per share	–	221 088	–

Information on options granted during the 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%; and
- Risk-free rates of 7,15%, 7,33% and 7,49% for each of the three vesting periods.

Figures in Rand	2010	2009
14. Other financial liabilities		
Held at amortised cost		
Unitrade 946 (Proprietary) Limited Loan 1	**–**	10 086
The loan is interest free, unsecured and has no fixed terms of repayment.		
ABSA Bank Limited	**–**	197 862
The loan bears interest at prime lending rate plus 2% and is repayable in equal instalments of R0 (2009: R23 323) over 60 months.		
Industrial Development Corporation of South Africa Limited	**2 314 644**	4 653 400
The current loan bears interest at prime bank lending rate plus 3% and is repayable as and when the order facility becomes due.		

The loan is secured by:
- General notarial bonds (BN 029515/05 and BN00004901/2002) over all movable assets;
- Suretyship by Poynting Holdings Limited for R8 000 000.

The prior year:
The loan bears interest at prime bank lending rate less 5% and is repayable in 60 monthly instalments of R100 000 (2009: R100 000).

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 debtor book;
- Cession of shares: 150 000 ordinary shares at R0,001 by Poynting Holdings Limited in Poynting Antennas (Proprietary) Limited;
- Suretyship of R4 650 000 (prior year) by J Dresel, APC Fourie and DC Nitch;
- Prior year: A notarial bond has been registered over movable assets to the sum of R4 000 000 in favour of the lender plus additional costs, of which R1 000 000 shall be advanced on lodgement of the said bond at the relevant deeds office.

	2010	2009
Mould Share loans	**406 000**	882 000
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.		

Notes to the consolidated financial statements (continued)
for the year ended 30 June 2010

Figures in Rand	2010	2009
14. Other financial liabilities (continued)		
Unitrade 946 (Proprietary) Limited Loan 2	**2 349 609**	–
The loan bears interest at prime bank lending rate plus 1% and is repayable in 60 monthly instalments of R39 167,67.		
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 Petrus Cronje 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; and • Unrestricted cession of material damage policy including Sasria cover over Portion 1 of Erf 31 Wynberg, Gauteng, granted by Unitrade 946 (Proprietary) Limited.		
	5 070 253	5 743 348
Non-current liabilities		
At amortised cost	**1 918 380**	1 382 000
Current liabilities		
At amortised cost	**3 151 873**	4 361 348
	5 070 253	5 743 348
There is no material difference between the fair value of other financial liabilities and their carrying value.		
15. Finance lease obligation		
Minimum lease payments due		
– within one year	**251 466**	310 225
– in second to fifth year inclusive	**335 107**	598 237
	586 573	908 462
Less: Future finance charges	**(77 564)**	(136 822)
Present value of minimum lease payments	**509 009**	771 640
Present value of minimum lease payments due		
– within one year	**204 804**	256 469
– in second to fifth year inclusive	**304 205**	515 171
	509 009	771 640
Non-current liabilities	**304 205**	515 171
Current liabilities	**204 804**	256 469
	509 009	771 640

Interest rates are linked to prime at the contract date. Leases have repayments totalling R23 657 (2009: R24 179) and no arrangements have been entered into for contingent rent. For assets encumbered under these agreements refer to note 3.

16. Provisions

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**
Reconciliation of provisions – 2009				
Mould share provisions	415 150	–	(186 421)	228 729

The provision for mould shares is based on the number of items manufactured. It is expected that the majority of resources will outflow in the 2011 financial year.

Figures in Rand	2010	2009
17. Trade and other payables		
Trade payables	**2 402 195**	4 484 804
VAT	**264 639**	599 837
Payroll accruals	**2 368 124**	3 945 586
Sales prepayment control	**949 230**	3 431 001
Accrued leave pay	**–**	–
Other payables	**–**	120 319
Accrued expenses	**1 466 479**	1 125 110
Accrual	**–**	313 714
Other accrued expenses	**10 000**	–
	7 460 667	14 020 371

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 as the trade payables have been discounted.

18. Financial liabilities by category

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

Figures in Rand	Financial liabilities at amortised cost	Total
2010		
Other financial liabilities	**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 and instalment sale agreements	**509 009**	**509 009**
	13 064 548	**13 064 548**
2009		
Loans from shareholders	212 373	212 373
Other financial liabilities	5 743 348	5 743 348
Trade and other payables	14 020 371	14 020 371
Bank overdraft	43 396	43 396
Finance lease obligation and instalment sale agreements	771 640	771 640
	20 791 128	20 791 128

Notes to the consolidated financial statements (continued)
for the year ended 30 June 2010

Figures in Rand	2010	2009
19. Revenue		
Sale of goods	**76 012 846**	65 639 665
Rendering of services	**281 467**	179 005
	76 294 313	65 818 670
20. Operating profit		
Operating profit/(loss) for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	**407 162**	321 929
Equipment		
• Contractual amounts	**914 831**	954 927
Lease rentals on operating lease		
• Contractual amounts	**672 621**	778 171
	1 994 614	2 055 027
Profit on sale of property, plant and equipment	**–**	(65 284)
Impairment on intangible assets	**(90 976)**	–
Reversal of impairment on loans to group companies	**–**	–
Amortisation on intangible assets	**(4 248 321)**	(3 475 341)
Depreciation on property, plant and equipment	**(1 725 156)**	(1 581 210)
Employee costs	**(27 277 663)**	(23 084 144)
(Loss)/Profit on foreign exchange	**(741 555)**	156 894
21. Investment income		
Interest income		
Loans and receivables	**231 890**	358 952
22. Impairment of assets		
Material impairment losses recognised		
Intangible assets	**(90 976)**	–
Impairment was calculated as the carrying amount less the value in use. Value in use was determined using cash flow projections from most recent budgets/forecast.		
23. Finance costs		
Bank overdraft	**29 750**	52 441
Other	**1 093 581**	1 071 168
	1 123 331	1 123 609

Total interest expense, calculated using the effective interest method, on financial instruments not at fair value through profit or loss amounted to R1 123 331 (2009: R1 123 609).

Figures in Rand	2010	2009
24. Taxation		
Major components of the tax expense		
Current		
Local income tax – current period	**–**	(51 791)
Deferred		
Tax loss available for offset against future taxable income	**1 097 480**	(4 119 429)
Deductible temporary differences on property, plant and equipment	**57 520**	54 183
Taxable temporary differences on intangible assets	**(320 574)**	942 092
Taxable temporary differences on finance leases	**28 862**	(64 010)
Taxable temporary differences on provisions	**33 006**	(323 126)
Other deferred tax*	**(8 258)**	8 148
	888 036	(3 502 142)
	888 036	(3 553 933)
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)	**11,00**	(0,65)
Disallowable charges	**–**	(1,71)
Permanent differences	**(13,00)**	9,46
	26,00	35,10

The estimated tax loss available for set off against future taxable income is R14 857 919 (2009: R18 660 597).

**Other deferred tax consists of deferred tax arising on the straight-lining of leases, discounting of debtors and creditors.*

Figures in Rand	2010	2009
25. Auditors' remuneration		
Fees	**769 761**	630 111
26. Cash generated from operations		
Profit/(Loss) before taxation	**3 413 856**	(10 124 053)
Adjustments for:		
Depreciation and amortisation	**5 973 477**	5 056 551
Profit on sale of property, plant and equipment	**–**	(65 284)
Foreign exchange losses	**741 555**	–
Interest received	**(231 890)**	(358 952)
Finance costs	**1 123 331**	1 123 609
Impairment loss	**90 976**	–
Movements in provisions	**(23 148)**	(186 421)
Changes in working capital:		
Decrease/(Increase) in inventories	**2 889 459**	(2 378 419)
Decrease/(Increase) in trade and other receivables	**(59 330)**	2 728 172
(Decrease)/Increase in trade and other payable	**(6 559 704)**	4 313 491
	7 358 582	108 694
27. Tax paid		
Balance at beginning of the year	**(475 732)**	(550 226)
Current tax for the year recognised in profit or loss	**–**	51 791
Balance at end of the year	**409 507**	475 732
	(66 225)	(22 703)

Notes to the consolidated financial statements (continued)
for the year ended 30 June 2010

Figures in Rand	2010	2009
28. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	**542 410**	729 434
– in second to fifth year inclusive	**435 000**	984 410
	977 410	1 713 844

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

	2010	2009
29. Contingencies		
Tax consequences of undistributed reserves		
STC on remaining reserves	**424 119**	193 496

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.

30. Related parties

Relationships

Holding company	Poynting Holdings Limited
Subsidiaries	Poynting Antennas (Proprietary) Limited
	Poynting Empowerment Trust
	Poynting Software (Proprietary) Limited
	Cascade Avenue Trading 90 (Proprietary) Limited t/a Poynting Direct
Family member of key management	M Dresel
Common director	CrunchYard (Proprietary) Limited
	Unitrade 946 (Proprietary) Limited
Members of key management	APC Fourie (Executive director)
	J Dresel (Executive director)
	PAJ Ebersohn (Executive director)
	J Kalunga (Executive director)
	CP Bester (Non-executive Chairman)
	ZN Kubukeli (Non-executive director)
	CHJ Douglas (Non-executive director)
	RC Willis (Non-executive director)

	2010	2009
Related party transactions		
Consultant fees paid to related parties		
M Dresel	**294 517**	372 563
CrunchYard (Proprietary) Limited	**–**	328 500
Rent paid to related parties		
Unitrade 946 (Proprietary) Limited	**360 000**	320 530

Figures in Rand	Basic salary	Bonus	Travel allowance	2010	2009
31. Directors' emoluments					
Executive					
APC Fourie	**1 201 393**	**–**	**25 442**	**1 226 835**	938 879
DC Nitch[1]	**–**	**–**	**–**	**–**	566 628
AC Nitch[1]	**–**	**–**	**–**	**–**	209 503
MP Haarhoff[1]	**–**	**–**	**–**	**–**	159 714
J Dresel	**1 212 130**	**198 905**	**20 000**	**1 431 035**	1 740 980
T Abbott[1]	**–**	**–**	**–**	**–**	275 482
PAJ Ebersohn	**803 851**	**–**	**46 640**	**850 491**	566 640
A Selikow[1]	**–**	**–**	**–**	**–**	187 100
SO Mullah[2]	**–**	**–**	**–**	**–**	90 911
J Kalunga[4]	**20 303**	**–**	**10 000**	**30 303**	–
	3 237 677	**198 905**	**102 082**	**3 538 664**	4 735 837
Non-executive					
CP Bester	**145 920**	**–**	**–**	**145 920**	120 000
ZN Kubukeli	**80 000**	**–**	**–**	**80 000**	80 000
MK Hill[3]	**–**	**–**	**–**	**–**	182 354
RC Willis	**38 000**	**–**	**–**	**38 000**	–
	263 920	**–**	**–**	**263 920**	382 354

[1] *Resigned 3 November 2008*
[2] *Resigned 7 October 2008*
[3] *Sadly passed away on 31 May 2009*
[4] *Appointed 7 June 2010*

Details of service contracts

Comparative figures for 2009 included share options exercised of R802 735 (2010: nil) and medical aid contributions of R33 664 (2010: nil).

32. Segment reporting

Primary reporting format – operating segments

At 30 June 2010, the company is organised into three main operating segments:

- Defence
- Commercial
- Base Station

The basis for segmentation is the reporting basis used by management. The Commercial business has more stable growth as this is the established business unit. The Defence Division is a high growth unit, representing the recent expansion area. All branches have been included between the operating segments.

No further information is presented for the primary segment as the group does not have material dedicated segment assets.

The group monitors performance by segment based solely on revenue and gross profit margins.

Figures in Rand	**2010**	2009
Revenue		
Commercial	**31 091 450**	32 235 142
Defence	**30 475 683**	17 521 122
Base Station	**9 481 953**	7 935 752
Other	**5 245 226**	8 126 654
	76 294 312	65 818 670
Other revenue		
Commercial	**347 335**	855 323
Defence	**21 917**	492 649
Base Station	**15 227**	145 321
Other	**123 701**	96 371
	508 180	1 589 664
Profit/(Loss) after tax		
Commercial	**(2 619 830)**	(9 218 493)
Defence	**6 617 934**	2 974 302
Base Station	**(375 505)**	283 112
Other	**(1 085 680)**	(609 042)
	2 536 919	(6 570 121)

33. Comparative figures

Certain comparative figures have been reclassified.
The effects of the reclassification are as follows:

Profit or loss		
Allowance for credit losses	**–**	251 548
Cost of sales	**–**	(251 548)

34. Risk management

Capital risk management

The group's objectives when managing capital are 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 5, 14, 15, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

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.

Financial risk management

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

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 into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in Rand	Less than 1 year	Between 2 and 5 years
At 30 June 2010		
Other financial liabilities	**3 151 873**	**1 918 380**
Trade and other payables	**7 460 667**	**–**
Bank overdraft	**24 619**	**–**
Finance lease obligation and instalment sale agreement	**204 804**	**304 205**
At 30 June 2009		
Other financial liabilities	4 361 348	1 382 000
Trade and other payables	14 020 371	–
Bank overdraft	43 396	–
Finance lease obligation and instalment sale agreement	256 469	515 171

Interest rate risk

The group's exposure to interest rate risk mainly concerns financial liabilities/assets. 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 on page 50 analyses the breakdown of liabilities by type of interest rate:

34. Risk management (continued)

Figures in Rand	Fixed	Floating
2010		
Financial assets		
Trade and other receivables	**11 186 400**	**–**
Cash and cash equivalents	**–**	**6 505 579**
	11 186 400	**6 505 579**

	Non-interest bearing	Floating
2010		
Financial liabilities		
Trade and other payables	**7 460 667**	**–**
Bank overdraft	**–**	**24 619**
Other financial liabilities	**–**	**5 070 253**
Finance lease obligation and instalment sale agreements	**–**	**509 009**
	7 460 667	**5 603 881**

	Fixed	Floating
2009		
Financial assets		
Trade and other receivables	11 127 070	–
Cash and cash equivalents	–	5 479 226
	11 127 070	5 479 226

	Non-interest bearing	Floating
2009		
Financial liabilities		
Trade and other payables	14 020 371	–
Bank overdraft	–	43 396
Other financial liabilities	–	5 743 348
Loans from shareholders	–	212 373
Finance lease obligation and instalment sale agreements	–	771 640
	14 020 371	6 770 757

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 R20 174 (2009: R4 650).

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R40 348 (2009: R9 300).

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 of their cash flows and therefore in terms of the impact on net expenses.

34. Risk management (continued)

Credit risk

The financial instruments that expose the group to credit risk mainly are 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 its 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. Refer to note 10 for details on the quality and provision for impairment of trade receivables.

Financial assets exposed to credit risk at year end were as follows:

Figures in Rand	**2010**	2009
Financial instrument		
Trade and other receivables	**11 186 400**	11 127 070
Cash and cash equivalents	**6 505 579**	5 479 226

Foreign exchange risk

The group does not hedge foreign exchange fluctuations. Foreign exchange exposure, including any commitments, is reviewed on an ongoing basis.

At 30 June 2010, 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 R186 209 (2009: R22 350) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables.

At 30 June 2010, 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 R(716) (2009: R11 785) higher, mainly as a result of foreign exchange gains or losses on translation of GBP denominated trade receivables.

At 30 June 2010, 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 R65 375 (2009: R154 152) higher, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables.

Figures in Rand	**2010**	2009
Foreign currency exposure at the end of the reporting period		
Current assets		
Trade debtors, USD356 149 (2009: USD351 627) receivable 30 June 2010	**2 728 101**	2 721 574
Trade debtors, EUR75 921 (2009: EUR81 838) receivable 30 June 2010	**712 898**	890 508
Cash and cash equivalents USD289 293 (2009: USD103 712)	**2 215 984**	802 732
Cash and cash equivalents, EUR24 720 (2009: EUR103 390)	**232 121**	1 125 031
Cash and cash equivalents, GBP7 104 (2009: GBP0)	**81 341**	–
Liabilities		
Current liabilities, USD338 507 (2009: 418 879)	**2 592 964**	3 242 102
Current liabilities, EUR12 734 (2009: 6 357)	**119 563**	69 173
Current liabilities, GBP7 893 (2009: 11 682)	**90 415**	148 800
Exchange rates used for conversion of foreign items were:		
USD	**7,66**	7,74
GBP	**11,45**	12,74
EUR	**9,39**	10,88

35. Earnings per share and fully diluted earnings per share

The calculation of earnings per ordinary share of 2,86 cents (2009: loss of 7,51 cents per share) is based on earnings of R2 536 921 (2009: loss of R6 571 053) and a weighted average number of shares in issue of 88 554 275 (2009: 87 493 935).

The calculation of fully diluted earnings per ordinary share of 2,86 cents (2009: loss of 7,51 cents per share) is based on earnings of R2 536 921 (2009: loss of R6 571 053) and a weighted average number of shares in issue of 88 684 020 (2009: 87 493 935).

36. Headline earnings per share and fully diluted headline earnings per share

The calculation of headline earnings per ordinary share of 2,97 cents (2009: loss of 7,58 cents per share) is based on earnings of R2 627 897 (2009: loss of R6 636 333) and a weighted average number of shares in issue of 88 554 275 (2009: 87 493 935).

The calculation of fully diluted headline earnings per ordinary share of 2,96 cents (2009: loss of 7,58 cents per share) is based on earnings of R2 627 897 (2009: loss of R6 636 333) and a weighted average number of shares in issue of 88 684 020 (2009: 87 493 935).

Figures in Rand	**2010**	2009
Reconciliation of headline earnings		
Profit/(Loss) attributable to owners of parent	**2 536 921**	(6 571 049)
Add: Impairment of intangible assets	**90 976**	–
Less: Profit on sale of assets	**–**	(65 284)
	2 627 897	(6 636 333)

Major shareholders and directors' interest

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

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 Jun 2010**	30 Jun 2009
Shares	**2 700 000**	2 700 000
Notice of offer accepted during the year	**(2 032 113)**	–
Shares after notice of offer left for distribution	**667 887**	2 700 000

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

30 June 2009 **Shareholders' analysis**			Number of shareholders	%	Number of shares	%
Shareholder spread						
1 – 1 000 shares			127	33,16	96 835	0,11
1 001 – 10 000 shares			105	27,42	610 248	0,67
10 001 – 50 000 shares			96	25,07	2 499 264	2,74
50 001 – 100 000 shares			18	4,70	1 412 369	1,55
100 001 – 1 000 000 shares			30	7,83	7 487 830	8,21
1 000 001 shares and over			7	1,83	79 147 728	86,73
Totals			383	100,00	91 254 274	100,00
Public/non-public shareholders						
Non-public shareholders						
Directors and associates			8	2,09	76 626 193	83,97
Share trust			1	0,26	2 700 000	2,96
Public shareholders			374	97,65	11 928 081	13,07
Totals			383	100,00	91 254 274	100,00
Beneficial shareholders holding 5% or more						
Andries Petrus Cronje Fourie Trust	Indirect	Executive Director (APC Fourie)		2	36 048 016	39,50
Derek Colin Nitch	Direct	Director of affiliate		1	14 004 379	15,35
Juergen Dresel	Direct	Executive Director		1	12 864 662	14,10
Conexus Capital Trust #2 Acc	Indirect	Associated Holding (CHJ Douglas)		2	9 543 900	10,46
1 Beneficial	2 Non-beneficial					

Directors' CVs

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 be 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 170 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 in 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 Mr 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.

Notice of annual general meeting

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 third annual general meeting of shareholders of the company will be held at 33 Thora Crescent, Wynberg, Sandton, 2090, at 10:00 on Wednesday, 19 January 2011 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 30 June 2010, including the directors' report and the report of the auditors therein.

2. To re-elect, Juergen Dresel who, in terms of Article 117 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

3. To re-elect, Pieter Andries Johannes Ebersohn who, in terms of Article 117 of the company's articles of association, 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 54 of the annual report to which this notice is attached.

4. 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 for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

5. To approve the non-executive directors' remuneration for the year ended 30 June 2010 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:

   ## ORDINARY RESOLUTION NUMBER 1

   Control of authorised but unissued ordinary shares

6. **"Resolved** by way of a general authority 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 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited from time to time."

   ## ORDINARY RESOLUTION NUMBER 2

   Approval to issue ordinary shares, and to sell treasury shares, for cash

7. **"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, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of 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 2 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, excluding the company's Designated Adviser, Merchantec (Proprietary) Limited, and the controlling shareholders together with their associates.

SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

8. **"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 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE") 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;
- 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 or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;

- 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; and
- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf."

8.1 Reason for and effect of special resolution number 1

The reason for and effect of this special resolution number 1 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.

8.2 Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, 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 53
- directors' interests in securities – page 53
- share capital of the company – page 40.

Litigation statement

There are no legal or arbitration proceedings against the group nor, as far as the directors are aware, are there any legal or arbitration proceedings pending or threatened against the group which may have, or have had, in the 12 months preceding the date of this annual report, a material effect on the company's financial position.

8.3 Material change

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

8.4 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 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

8.5 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of twelve 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 of all of its responsibilities in terms of the JSE Listings Requirements in so far as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

ORDINARY RESOLUTION NUMBER 3

Signature of documents

9. **"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 this resolution which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office, in the case of special resolutions."

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

VOTING AND PROXIES

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a 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.

By order of the board

Merchantec

Merchantec (Proprietary) Limited
Company Secretary

23 September 2010
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")

Poynting Holdings Limited
Making wireless happen

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 third annual general meeting of ordinary shareholders of the company to be held at 33 Thora Crescent, Wynberg, Sandton, 2090, at 10:00 on Wednesday, 19 January 2011 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 purpose 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 2010			
2. To approve the re-election as director of Juergen Dresel who retires by rotation			
3. To approve the re-election as director of Pieter Andries Johannes Ebersohn who retires by rotation			
4. To confirm the re-appointment of KPMG Inc. as auditors of the company together with Heinrich Mans as the individual registered auditor for the ensuing financial year			
5. To ratify the non-executive directors' remuneration for the financial year ended 30 June 2010			
6. Ordinary resolution number 1 Control of authorised but unissued ordinary shares			
7. Ordinary resolution number 2 Approval to issue ordinary shares, and to sell treasury shares, for cash			
8. Special resolution number 1 General approval to acquire shares			
9. Ordinary resolution number 3 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 2010

Signature

Assisted by (if applicable)

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 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.

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 the entire 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 forty-eight 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; and
    - The vote(s) of the senior ordinary shareholder (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, 17 January 2011 (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.

General 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
CP Bester
ZN Kubukeli
CHJ Douglas
PAJ Ebersohn
RC Willis
J Kalunga

Registered office
33 Thora Crescent
Wynberg
2090

Postal address
PO Box 76579
Wendywood
2144

Auditors
KPMG Inc
Chartered Accountants (SA)

Designated Adviser
Merchantec Capital

Secretary
Merchantec (Proprietary) Limited

Company registration number
1997/011142/06

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