Poynting Holdings Limited

Making wireless happen

2012 INTEGRATED REPORT AND ANNUAL FINANCIAL STATEMENTS

Our Vision

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

We use intelligent and innovative designs to deliver excellent products – often at a low cost. We specify products honestly and behave with overall integrity. Poynting will always strive to provide a friendly and exciting work environment.

Hard-working employees of all races and beliefs work in small teams with a high level of autonomy, freedom and responsibility. All are expected to know and enact the company strategy. Poynting people are brave, headstrong and love challenges.

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

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

ABOUT THIS REPORT

The annual report covers the economic, environmental, social activities and financial issues of the Group for the year ended 30 June 2012. The content and structure of this report conforms to the recommendations and the principles laid out in the King III report, and complies with the South African Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act") and the Listings Requirements of the JSE Limited ("JSE").

It provides an account of the Group's progress to date and offers a forward-looking perspective in terms of future goals, targets and strategies. It aims to provide a transparent, balanced and holistic view of the Group's performance.

The report summarises key aspects of the Group and provides a strategic overview of the activities within the Group. The underlying strength of the report is the commitment to corporate governance and ethical behaviour.

Board responsibility for integrated annual report

The directors of Poynting acknowledge responsibility for the integrity of the integrated annual report. The directors have applied their minds to the report and believe that it covers material issues and fairly presents the integrated performance of the Group, with the understanding that further work is needed to identify, describe and measure key performance indicators in each area of its activities.

The Board therefore approves the release of the 2012 integrated annual report.

Chairman / Chief Executive Officer

An electronic version of this annual report is available on the Poynting Antennas website:

www.poynting.co.za.

"This report aims to provide a transparent, balanced and holistic view of the Group's performance"

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POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

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POYNTING OVERVIEW

HIGHLIGHTS

CASH 258.60%

Cash increased by 258.60% from R4.852 million in 2011 to R17.398 million in 2012

Profit from continuing and discontinued operations 177.29%

Profit from continuing and discontinued operations increased by 177.29% from R2.608 million in 2011 to R7.233 million in 2012

EPS 177.29%

Basic earnings per ordinary share increased by 177.29% from 2.95 cents to 8.18 cents per share from continuing and discontinued operations

HEPS 149.70%

Headline earnings per ordinary share increased by 149.70% from 3.28 cents to 8.19 cents per share from continuing and discontinued operations

Profit from continuing operations 51.83%

Profit from continuing operations increased from by 51.83% from R4.764 million to R7.233 million in 2012

SALES PER TECHNOLOGY CATEGORY FROM JULY 2011 - JUNE 2012

EXPORT AND LOCAL SALES FROM JULY 2011 - JUNE 2012

POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

BUSINESS PROCESSES

Management processes

Poynting is striving to ensure that through corporate governance and strategic management, the Company is achieving its set goals. The board reviews the corporate governance guidelines on a quarterly basis and the Designated Advisors are consulted with all major decision making.

Operational processes

Purchasing – Poynting has a top team of procurement officers who monitor suppliers to ensure that we will be able to receive quality goods on time and that the supply chain will not be disrupted in the near future.

The manufacturing process is scrutinised and innovative ideas are implemented to reduce costs and increase efficiency.

Advertising – During the year we have elevated various advertising campaigns to promote the brand name as well as the awareness of the functionality of our products to the public. In addition, we forward monthly new product releases and quarterly newsletters to our database of customers and other interested parties to keep our clients abreast of new developments.

Sales – Sales of the different business units are headed up by experts in each division since the sales process differs across divisions. Our sales teams often travel overseas to attend trade shows where valuable business contacts are reinforced and our products are compared to those of our competitors. All sales teams have well developed sales strategies and targets which get measured continuously with monthly comparisons to budget.

Supporting processes

Accounting – Accounting principles as prescribed by IFRS are enforced and audited by one of the top four firms in South Africa.

Recruitment policies are reviewed by the remuneration committee and our top positions are filled by candidates who have been evaluated by independent third parties, as well as during the interview processes at Poynting.

Technical support – Poynting is known for our effective and workable technical problem solving support for our clients.

The supplier chain is monitored based on the costs incurred on the assembled products. Deviations from the approved costings are investigated and resolved. Management accounts are tabled monthly per division and commentary on any major fluctuations, based on budgets and previous month actuals, are investigated and addressed. Weekly meetings are held with senior staff members and issues are tabled regarding the separate divisional reports. Quarterly board meetings have financial feedback as a standing item on all agendas. Risk charts are also evaluated in these meetings.

In the specialised markets we focus on products which are unique and customised. These antennas have specific electrical, mechanical or environmental requirements. This suits us well as we can utilise our unique and strong engineering skills to obtain better margins.

WHAT WE DO

Poynting designs, manufactures and supplies antennas and telecommunication products to the cellular, wireless data and defence markets, both within South Africa and internationally through its subsidiaries and partner companies. Poynting's export markets primarily incorporate Europe, the United States of America ("USA"), the Middle East and Asia.

The Commercial Division concentrates on equipment manufacturers, telecommunication companies and end users locally and internationally.

The Defence Division concentrates on Electronic Warfare and Communication products as well as governmental and semi-governmental organisations.

Poynting Direct sells via an online shop as well as two branches to retail and trade customers.

The Cellular Coverage Solutions ("CCS") Division sells via partners with close ties to network operators and our own sales force. This has allowed us to build personal relationships, understand our clients' requirements and sell products more successfully.

We also offer unique products through technical competency and good service to our clients. We assist our clients to secure their contracts by giving them an edge through antenna technology. We try to partner with our clients by tailoring solutions to their specific needs.

For telecommunications companies, our products are a means for them to reach a customer or improve service to a customer, and the combination of the supply and installation of products differentiates us from competitors.

Overall, the board is optimistic about the prospects of the Group. This optimism is supported by improved macroeconomic data both locally and internationally.

The Defence Divisions focus on the following strategies:

- Partnering with our clients for certain products;
- Expanding our distribution network; and
- Selling our existing products.

The Commercial Division focuses on the following strategies:

- Expanding our footprint in Africa;
- Expanding the footprint in Europe; and
- Being the leader in the market place by developing new and innovative products.

The Commercial Division designs, develops, customises, industrialises and manufactures antennas and telecommunication products to the cellular industry. Products are industrialised to reduce costs through innovation and design. The Commercial Division also uses Chinese manufacturers for higher volume products and to reduce production and transport costs. Currently, new products focus on cellular fourth generation ("4G"), also known as Long Term Evolution ("LTE") antennas with some new products listed below:

- Low gain, cross polarised LTE antenna;
- Medium gain, LTE panel antenna;
- Puck Machine-to-Machine ("M2M") omni LTE antenna;
- Indoor Distributed Antenna System ("DAS") omni and panel antennas suitable for LTE/4G systems; and
- Conversion of most current products to cover LTE frequencies.

Poynting Direct Strategies

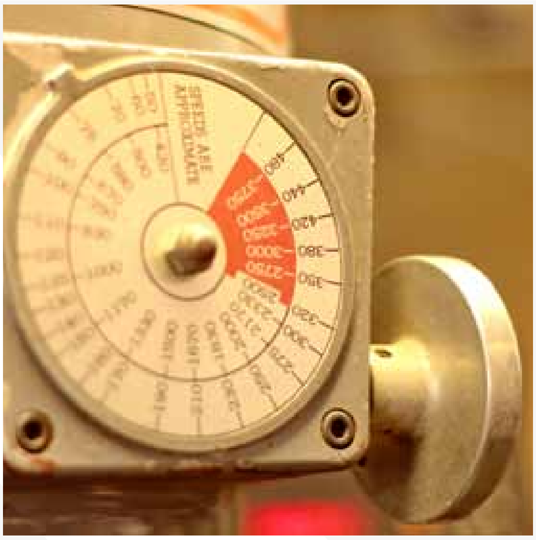
Increase sales to trade customers;

Selling of installation solution; and

Selling integrated product packages.

The Defence and Specialised Divisions designs, develops, customises, industrialises, manufactures and supplies typically wideband antennas. These antennas are categorised as follows:

- DF (Direction Finding) antennas;
- Monitoring antennas (active and passive);



"The goal of corporate governance should be to enhance value creation for shareholders"

- Jamming antennas (directional and omni-directional);
- LPDAs (Log Periodic Dipole Arrays);
- RCIED countermeasure antennas (vehicle mount and dismounted);
- RF Electronics to support the antenna range;
- Specialised antennas; and
- Communication antennas.

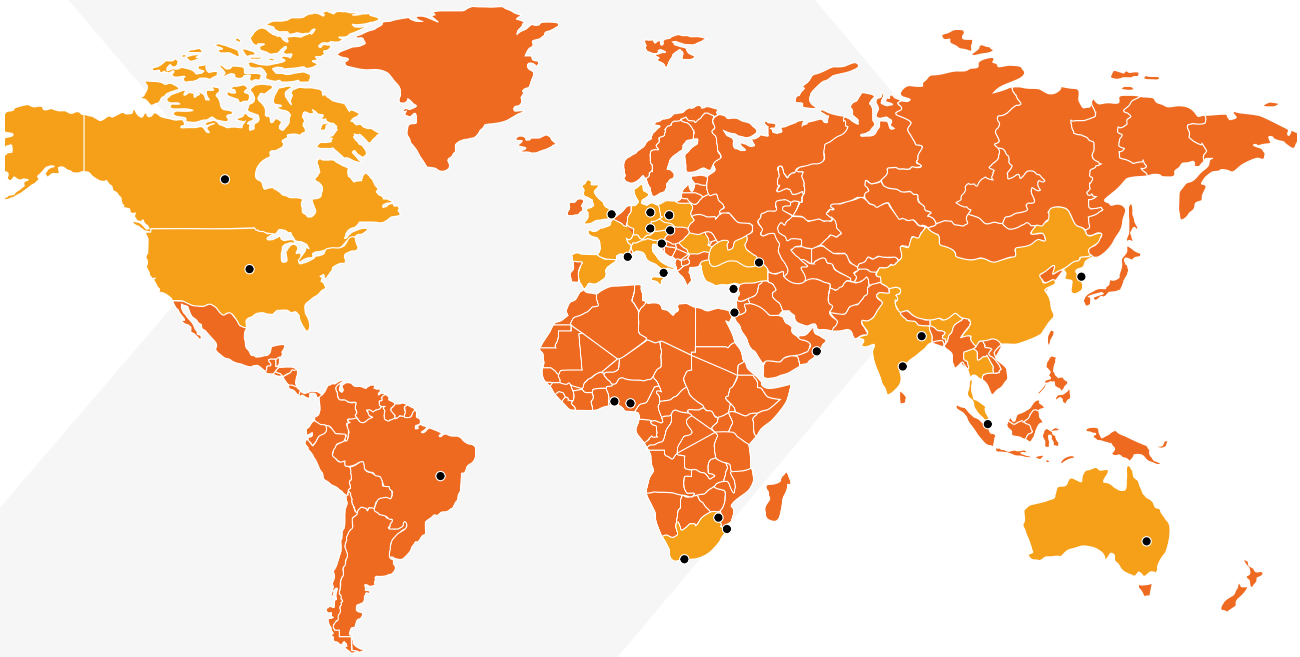
The CCS business unit has two main thrusts namely, installation of 3G and wireless end user products and the design and manufacture of innovative micro base station solutions.

WHERE WE OPERATE

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

The Defense and Specialised Divisions sell products into their respective antenna market places worldwide.

Poynting currently has numerous distributors based around the world selling its Defense and Specialised products. The maps below show our current global presence.



Presence   No Presence

Established clients per country:

American Markets	Brasil, Canada, USA
African Markets	Ghana, Mozambique, Nigeria, South Africa, Zimbabwe
Australasian Markets	Korea, Singapore, Australia
European and Other Markets	Austria, Czech Republic, Denmark, France, Georgia, Germany, India, Israel, Italy, Lebanon, Nepal, Oman, Poland, United Kingdom

INITIATIVE	2012 PROGRESS	2013 GOAL	REFERENCE
Efficiency	Streamline operational processes. Some of the commercial manufacturing facilities outsourced to China	Reducing overheads spend which relates to direct cost savings. Increase net profit percentages	Costing of hours applied in projects monitoring gross profit margins
Product relevance	Increase engineering capacity for new products	Enhancing product development to increase demands for new and existing products	Development of new products and market growth
Customer service	Move to new premises to facilitate a more efficient one on one interaction with customers	Easier and more timeous response to customers	Customer feedback
Accelerate growth	Growing the turnover of the Group	Strategic mergers and acquisitions	Increased turnovers that support the increased EBITDA

FACTORS THAT WILL INFLUENCE OUR FUTURE

Poynting is in the communications industry. Our future success depends on how the Company can contribute, in an innovative and effective manner, to the antenna solutions required in the marketplace. The Commercial Division is again starting to re-invest in product development after a severe reduction in spending in this area for the past two years.

The challenge for us is to keep track of the economic trends in South Africa and internationally, in order to ensure we place ourselves in an advantageous position to provide the market with efficient communication solutions.

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

Main drivers for our products are cellular data and other wireless technologies. These technologies are showing growth rates of between 15% and 40% per annum. The main application still remains the "last mile" or often the last few 100 meters in getting a high speed data/voice connection to a customer from the closest optical available connection.

The primary driver in the cellular market (and general telecoms market) is data. It is in this market that most of our current product range find application either as booster antenna systems for internet access by individuals or business, or used with M2M applications such as vending machines, credit card terminals, ATMs, vehicle tracking and the like.

The next generation LTE/4G cellular data technologies require two or more antennas per end user device. LTE/4G antennas are required to operate over a wider frequency band which requires more advanced antenna designs. Two LTE antennas should ideally be combined in one product which increases design complexity. These "complexities" act as barriers to entry for many competitors – especially lower cost companies from Asia. Our exposure in Europe facilitated our early development of these antennas, which was further aided by using expertise, designs and methods developed for military antennas. This confluence of demanding requirements, brilliant antenna engineers and existing military expertise resulted in a number of patented inventions. Poynting hence has a number of unique, differentiated LTE/4G products with IP protected by registered patents and designs. This puts us in a unique market position since our earlier products were often not IP protected due to limited funds available for registering patents, and less innovative products due to the simpler requirements of 2G, 3G and 3.5G products.

Poynting endeavours to supply its customers with the highest level of service and to this effect, Poynting is expanding its service footprint as and when the demand requires.

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STAKEHOLDERS	REQUIREMENTS	ENGAGEMENT	CHALLENGES	STATUS
Investors and shareholders	Poynting is an innovative entity that generates sustainable returns for investors	• Investor relations • Financial results reporting and discussions • Annual general meeting • Individual engagements	• Improvement on previous financial results	Substantial improvement
Clients	Our clients require innovative cost effective antenna solutions, giving them the competitive edge	• Client engagement processes through different services classified on a high level as implementation, support and product developments	Providing top quality antennas at a market related price. Inventing novel designs which can be internationally registered	High – client interaction to ensure understanding of requirements has reached high levels. We have also registered more IP in 2012 than in previous 10 years of existence
Partners	The distributors of our products require innovative problem solving solutions and technical support	High level communications and active day to day support	Ensuring that the distributors remain the leaders in the market place	Medium
Employees	Ensuring personal growth inspiration and allowing individuals to grow. Being the antenna company of choice	Strong emotional support. Arranging social functions	Ensuring the human resource department takes care in personnel's requirements. Retaining key employees	High
Industry players	Being the preferred antenna company	Attending worldwide shows. Effective and innovative antenna designs	Ensuring that we are the leaders in the market	Medium
Suppliers	Ensuring accurate orders and timeous payments	Quality engineers, visiting suppliers premises and engaging in discussions when new material is required	Ensuring that suppliers provide quality products at reasonable prices	Medium
Community	Uplifting the community with social development programs	Staying abreast of community concerns and educating the community regarding antenna usage, as well as the environmental impact. Internships and learnerships	Ensuring that the community perceives our products as useful and environment friendly. Funding small enterprise development and social IT programs	High - establishment of the Poynting Foundation is a big move in this regard
Government and regulators	Complying with regulations	Meeting with relevant officials on a regular basis and being actively involved in discussions regarding the change in regulations	Ensure compliance as well as keeping abreast of developments	High

THE REASONS FOR OUR EXISTENCE

Poynting is a unique, specialised and innovative developer of commercial and military antennas. Clients use the expertise of our highly qualified engineers to achieve improved communications or to enhance their products in the market place. We outperform our competitors mainly due to our exceptional antenna design engineers and design methods developed over the years. We have also focused on niche markets and formed client relationships built over many years in the respective markets to ensure relevant product development and, of course, a ready market for these once developed.

MODERATING OUR BEHAVIOUR

Ethics

Poynting has always employed a multi-cultural employee team and engaged with customers and suppliers from a variety of cultures. Poynting hence considers racial discrimination, sexism and other forms of discrimination entirely unacceptable. This is communicated via our vision, company policies and culture. Management ensures prompt reaction to eliminate any contradictory behavior.

The board constantly considers the short- and long-term impacts of Poynting's strategy on the economy, society and the environment. Where possible our antennas are designed to ensure that the natural environment is not compromised. We have designed a subterranean base station that reduces the impact on the environment significantly.

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. The Social and Ethics committee was established during the year and the responsibility of the committee is to ensure that Poynting and its employees act in a responsible manner so as to be a good corporate citizen.

The impact of Poynting's decisions on internal and external stakeholders is monitored on a constant basis and feedback is investigated and resolved where possible.

Risk

The directors 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.

Risks are assessed on an on-going basis and management evaluates the risk charts on a monthly basis, where any significant changes are discussed. Pre-emptive decisions are taken when risks are identified to minimise the impact of these risk factors on the economic, social and environmental responsibilities of Poynting.

Remuneration

The Group's remuneration policy is in-line with Poynting's strategies. Strict codes of conduct are in place to ensure that an honest and credible working environment is created and sustained. Target incentives, reviewed and approved by the audit committee, are in place to ensure that exceptional employees are rewarded for their efforts in a controlled and authorised manner.

The Poynting Empowerment Trust ensures long-term sustainable benefits for previously disadvantaged employees.

Governance

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

"We focus on products that are unique and not available on shelf "

OUR GOVERNANCE TEAM

Coenraad Petrus Bester (56)

BSc Eng (Elec) (UP) BSc Eng (Elec) Hons (Potch)

MBA (UP), OPM (Harvard Business School)

Independent Non-executive Chairman

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

Andries Petrus Cronje Fourie (50)

BSc Eng (Elec) PhD (Wits)

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 for 18 years, authored and co-authored approximately 50 academic papers and four books on antennas and computational mathematics. Most of the aforementioned academic work took place in parallel with entrepreneurial activities such as contract research, starting companies and industrial consulting work. André started Givati Fourie and Associates in 1991 to provide specialised design services to the industry as well as to invent and design own products. This company was disbanded in 1996 and Poynting Innovations was formed in that same year with a similar business purpose.

André then founded Poynting Antennas in 2000 which was a major change resulting in growth from an eight-person company to the current JSE AltX listed company employing 124 employees.

Juergen Dresel (44)

Diplo.Ing. (TU Munich) MSc Eng (Elec) (Wits)

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.

Pieter Andries Johannes Ebersohn (47)

BCom (Rau) BCompt (Hons)

Financial Director

Johan 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 joined Poynting from Central Panasonic Proprietary Limited where he gained 16 years' experience as the financial/operational director.

Zuko Ntsele Kubukeli (39)

BSc (Medicine) Hons PhD (UCT)

Independent Non-Executive Director

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

Richard Charles Willis (42)

CA (SA)

Independent Non-Executive Director

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.

Clive Harvey John Douglas (52)

CA (SA)

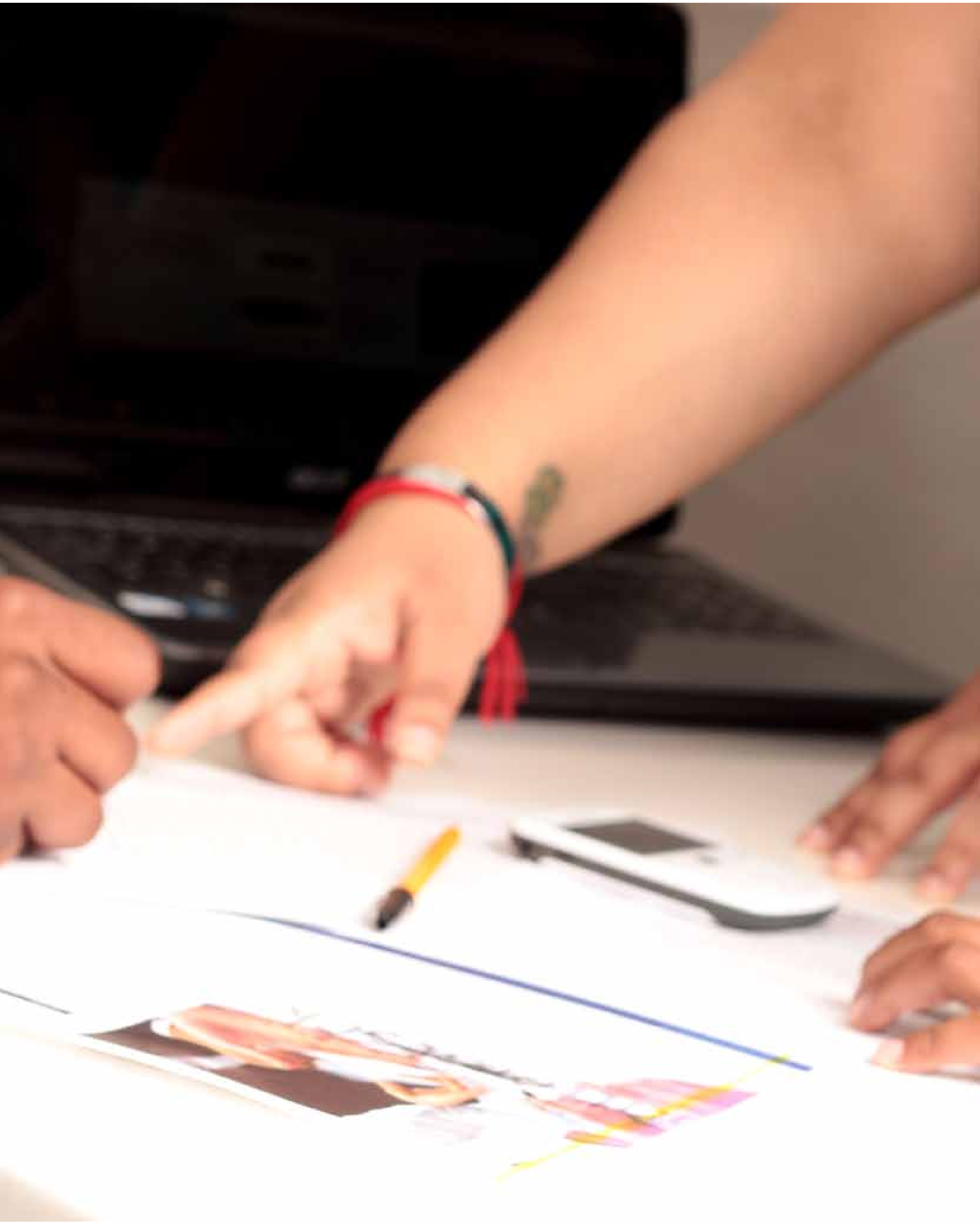
(Alternative to Richard Willis)

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.

Jones Kalunga (35)

Sales Director BSc Hons

(Resigned 02 November 2011)



STRATEGIC REVIEW

The Defence Division clients require products that are designed to their specifications, which are often integrated into systems offered by leading international system houses and as such, offer long-term secure revenues. The Commercial Division's clients require low cost antennas with superior manufacturing technologies, providing clients with products that are able to compete meaningfully in terms of both price and performance in the international market.

Poynting has weekly kick-off meetings where clients' requests are discussed with a panel of experts to ensure the most reliable and cost saving technologies are used for the manufacture of the products, ultimately providing the correct applications as a solution to the clients' requests.

Poynting is striving to ensure that we are recognised as the preferred supplier of innovative antenna products and solutions locally and internationally.

Poynting and its employees are committed to act honestly, fairly, ethically and with integrity and to conduct themselves in a professional, courteous and respectful manner and to create an environment of responsibility and accountability.

International acceptance and demand for our products is growing and we are developing a broader customer and product base. The Commercial Division is investing into product development, a major growth drive to ensure we can compete and surpass the technology currently available in the marketplace. This is further supported by manufacturing of high volume products in China. Relationships with our Chinese partners have been built over many years and these close relationships give us considerable cost benefits, better scalability and better logistics to deliver products to international customers. Combining the design excellence from Poynting with the production efficiencies of our Chinese partners is of considerable strategic importance and ensures our international competitiveness.

The Group has shown a strong increase in margins which is a direct result of the strategy to continuously enhance the manufacturing chain with innovative ideas. In addition, the overhead costs of the Group have been reduced compared to previous years with resulted in a stronger profit after tax position, being the value driver for stakeholders.

The turnover of the Group has not shown any significant increases over the past two financial years due to the focus on internal efficiencies and profitability. The board feels that we can now embark on more aggressive turnover growth by increased investment in new products, mergers and acquisitions and expansion of international market access and/or product areas.

The following strengths and opportunities will give us an advantage over our competitors and will give us the opportunity to grow:

Strengths

- Being in the business for 10+ years (indicative of stability and experience);
- Strong technical competence;
- Strong sales teams and sales channels;
- Improved controls (finance/projects/ materials);
- Qualified and experienced staff;
- Wide range of quality, world-class, competitive products;
- Manufacture in China linked to strong and long-term relationships;
- Client relationships which allow meeting/understanding of unique market/client requirements; and
- A strong "know-how" and IP portfolio.

Opportunities

- New product areas such as defence communication antennas, LTE/4G products, micro base station products and DTV products;
- Spread our global footprint – we are still a "small fish" in a very large pond, offering lots of potential; and
- We attract a lot of development work for products which has given us more IP and existing items to sell.

We experience the following weaknesses and pressures that might have an impact on our growth rate going forward:

Weaknesses

- The antenna market in South Africa is limited and expansion internationally takes time and responsible planning;
- LTE antennas are still a new development worldwide and the phasing in of this new technology will still take time; and
- Major telecommunications players are delaying some of their major capital expenditure programs which in turn would have a direct impact on the amount of equipment we can supply.

Pressures

- Exchange rate fluctuations;
- Staff retention - loss of IP should key staff members leave;
- The brain drain from South Africa; and
- Quality parts/inputs from supply chain, especially machined items and imitation products from China.

CHAIRMAN'S REVIEW

Read this first

In his most recent book, "Thinking Fast and Slow", Nobel Prize winner Daniel Kahneman concludes that luck and serendipity play a much bigger role in business (and life) outcomes than we would like to believe and admit. Venture capitalist and start-up guru Randy Komisar, reminds us that in business, our "Plan A" seldom ends up being the answer to our vision, and that it takes bold and risky experiments to evolve the real business plan. Most successful companies end up implementing a "Plan E". He shares a further sobering observation: it takes, on average, about fifty-eight product attempts to land a very successful product.

One should therefore be very careful in interpreting the performance of a company when looking at the snapshot of a year as portrayed by its set of financials. Was it good leadership, exceptional execution, great governance, or just plain old luck? Of course, one would like to report that it was all of the aforementioned and that luck had very little to do with it. Isn't that what shareholders would like to hear and executive management expect? Statements like that boost confidence. It would not be totally honest though.

To medium sized companies like Poynting, external influences and surprises are part of daily life. The ability to quickly adapt to limit the downside is paramount to survival. Yet, it is often in these challenges that huge opportunities open. Sensing those opportunities is what makes high-tech companies thrive. Luck is mined. Building a great company requires the priceless ability to embed this type of behavior in the processes of the company and in the mentality of its people. It takes time to achieve this. This requires talent and hard work.

Its more than luck

When you page through this annual report, you will pleasantly agree that it was a good year all round for Poynting. Yes, the company had some lucky breaks, but it cannot be denied that good business acumen, dedicated commitment and disciplined execution played a big part too. The result of all this is that cash flow has improved significantly. Confidence in the evolving Poynting strategy has manifested in a range of new products. The mood in the Company is positive and employees are confident.

If you read beyond the financial figures, the report will provide insight into the many activities that sit behind the figures. The opportunities that exists, the major risks the Company faces, and the technologies it is betting future shareholder value on. You will see why the board and management are excited about the future of the Company, but you will also realise how challenging it is to build a thriving company in the global world. Competition is fierce, and production cost is forever being driven downwards. Margins count like never before. Hence, you will learn that the Company is working around the clock to get its China production facility to produce at the cost and quality that is demanded. You will also see that the Defense Division is becoming entrenched as a niche player in the international antenna market, and how the Company is capitalising on opportunities in the cellular base station market.

Poynting's board meetings are well attended. Robust conversations are required to find a balance between explosive growth, the conservation of cash, and the managing of risks. Entrepreneurial spirit runs high in the Company, and it is a challenge to find a balance between the go-getter spirit of entrepreneurs and the governance requirements of a listed entity. The work of the board committees are eagerly followed and often challenged. All in all, I believe we have achieved a constructive balance and that the board is indeed adding value and providing stability and balance.

In appreciation

On behalf of the board, I would like to salute the Chief Executive Officer, the management team and all Poynting employees for their dedicated effort and positive attitude as they face life in the fast lane every day. This includes long hours in sticky airports, too many tourist class meals and weekends away from loved ones. We all do this because we believe in the vision of the Company to "make wireless happen".

To my fellow board members - thank you for your trust, honest and open feedback, sound advice and the respect you have shown. It is a great honor and most energising to sit at the end of the table. In the end we cannot choose what luck will bestow on us, but we know what we have in each other, what we have in each employee, and what we have in our customers.

It is my pleasure to present Poynting's 2012 integrated report.

Sincerely

Coen Bester
Poynting Chairman

CEO'S REVIEW

My report provides the factual information and future insights for Poynting. These excite, inspire and drive us but fail to portray the true Company spirit. I recommend that you also read the Chairman's report by Coen Bester which also provides a view of our business realities; shows Poynting's immense potential; but also the risks inherent in being a shareholder in an ambitious high growth technology company.

INTRODUCTION

This year has been the third year in a consolidation process which I now believe has restored the Company to financial health. Poynting is now in a position to enter into a new growth phase where investments in new technology, acquisitions and expansion of our product areas and regional access will become strong growth drivers.

RESULTS OVERVIEW

The highlights of the financial year end results include:

- Cash increased by 258.60% from R4.852 million in 2011 to R17.398 million in 2012;
- Profit from continuing and discontinued operations increased by 177.29% from R2.608 million in 2011 to R7.233 million in 2012;
- Headline earnings per ordinary share increased by 149.70% from 3.28 cents in 2011 to 8.19 cents per share in 2012 from continuing and discontinued operations; and
- Profit from continuing operations increased by 51.83% from R4.764 million to R7.233 million in 2012.

The substantial increase in group profits was achieved, despite a slightly reduced overall turnover and substantial reduction in Defence Division profits. This reflects a substantially more balanced and well-managed company. The positive R12 million cash flow is mainly attributed to non-cash expenses of around R6.4 million of depreciation and amortisation combined with the R7.2 million profit after tax. Profits before tax ("PBT") from the Defence Division decreased by R4.3 million, but this was offset by an increase in Commercial profits of R4.6 million, while the new CCS Division contributed R1.9 million PBT in its maiden year, thereby providing healthy overall Company growth. It should be noted that the Defence Division profit reduction was expected and was largely due to an exceptional profit from the previous year, which was not sustainable. The reduced Defence profit before tax still comprises 74% of overall profit. The large turnaround in Commercial profitability served to eliminate large prior year losses and pushed this Division to breakeven performance. A modest but important maiden profit was added by the new CCS Division from a low turnover.

The Defence Division is growing in terms of territory, reputation and customer base. Almost all Defence products are ultimately delivered to international clients. While it takes many years to establish credibility and brand loyalty in this specialised high technology field, the Defence Division has now reached a "tipping point" where our expertise, products and capabilities are internationally recognised and respected. Poynting's presence at international exhibitions is now attracting far more interest than in the past. Our customer base has also shown healthy growth and we rely far less on single customers as there are now approximately 7 customers providing sales exceeding R1 million/annum.

The Commercial Division's return to profitability is encouraging and helped us claw back at prior year losses. This is mainly the result of improved gross margins resulting from moving the manufacture of certain products to China, lower operating costs and Poynting Direct returning to profitability. Commercial sales are increasingly driven by cellular data users as well as M2M cellular applications.

CCS Division has introduced some novel small base stations. Some of these incorporate equipment containers buried into the ground to reduce visual impact, provide equipment security and are easier to cool. Current sales still represent only a small number of units mainly for pilot and trial systems.

Three year overview

It is useful to examine the Company's performance over the last three years to illustrate the "bigger" picture in terms of the Company's return to financial health and establishing a platform for growth. The profit after tax picture looks attractive but hides the real picture.

Poynting's profit after taxation ("PAT") requires some explanation – there has been high depreciation and amortisation as well as a tax figure which up to 2012 has been a provision as no actual taxes were paid. The EBITDA numbers below give a more realistic picture of performance:

POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

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Profit after taxation

- 2009: (R 6 570 121)
- 2010: R 2 525 820
- 2011: R 2 608 482
- 2012: R 7 233 016

EBITDA

- 2009: (R 4 302 845)
- 2010: R 10 654 279
- 2011: R 12 293 147
- 2012: R 14 845 841

Note that EBITDA figures show a more measured organic growth of around 20% per annum when neglecting the 2009 negative figure. Perhaps the most significant illustration of the 3 year programme is given by the cash position below:

Cash and cash equivalents

- 2009: R 5 435 830
- 2010: R 6 480 960
- 2011: R 4 835 362
- 2012: R 17 397 833

Net tangible asset value

- 2009: 14.02
- 2010: 18.24
- 2011: 24.74
- 2012: 32.81

It is clear that the Company has become cash generative to a measure which is larger than the PAT figure in 2012. Company Net Tangible Asset Value below also shows the real extent of financial health where intangible assets were exchanged for tangible assets and these have grown from 14 cents per share in 2009 to 32 cents per share in 2012. The 32 cents per share also is made up of close to 19 cents of cash and most of the remainder “near cash” in nature (stock and debtors).

Poynting is hence now in a position to divert its focus on internal efficiencies and operations and to start refocusing on a more aggressive growth strategy by using its cash resources and shares to invest in new products, acquisitions and growing export market access.

SUBSEQUENT EVENTS

As announced on SENS on 7 August 2012, Poynting entered into a Sale of Business Agreement, dated 10 July 2012, with Radiant Antennas Proprietary Limited ("Radiant Antennas") to acquire the business of Radiant Antennas as a going concern. The acquisition will expand Poynting's current Defence product range to include HF, VHF and UHF communications antennas and masts, unlock operational efficiencies and further entrench Poynting in the international defence industry. The business of Radiant Antennas was moved into Poynting's premises at 33 Thora Crescent, Wynberg on 13 August 2012. The effective date of the transaction was 1 July 2012.

PROSPECTS

We were concerned about the international Defence market but during the past few months we have seen sustained orders and demand and we do not believe we shall suffer any downturn this year. Poynting Defence Division's order book is bigger than for the same period a year ago with a healthy pipeline and increasing client base. The purchase of Radiant Antennas is also strategically important since it also provides products and customers in the Military communications market whereas previously Poynting mainly supplied to the more specialised Electronic Warfare market. The Military communications market is much larger in numbers and provides good growth opportunities.

The Defence Division is also benefitting from its improved international reputation. This division has a much more streamlined sales and marketing process driven by a capable team. We hope to further expand our customer base and geographic reach. Our acquisition drive will also be mainly aimed at increasing international market access from a Defence perspective. We hope to make or initiate at least one acquisition or major investment to increase our international reach within this financial year. The Defence Division is also continuously engaged in both custom design projects for clients as well as designs of products with wider appeal. We are experiencing a gradual increase in product versus project/custom product sales. Product sales are clearly more scalable since they do not require the considerable high level engineering inputs and hence have positive impact on net profit margins.

The Commercial Division is finding healthy demand for its cellular antenna range. This division has developed the first LTE or 4G products mainly as result of demand from the European market. This resulted in considerable new antenna inventions and designs, making a few of these new products currently unique worldwide. We are seeing a surprising international demand and have obtained advanced orders from some customers before first production runs. We have also signed up new international distributors due to this technological leadership in LTE products. Local customers are also showing interest due to the recent

"The goal of corporate governance should be to enhance value creation for shareholders"

POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

launch of LTE in South Africa. The LTE/4G technologies are a boost to the antenna market since two antennas are required for routers, modems and other end user devices. Without multiple, and often proper outdoor antennas, the dramatic 100 Mb/s speeds of LTE are not achievable in most locations. Many of our antennas are also now industrialised and made in China where we have achieved very good relationships over the past 3 to 6 years. Poynting employees from R&D, management, production and quality departments are travelling to and working in China about once a month. Our long standing relationships give us an edge on most international competitors. Most competitor products are produced by Chinese manufacturers and we are now on equal cost footing with the Poynting design and brand giving us a distinct advantage.

CCS Division is in the early stages of market penetration. Overall market potential for the micro base stations is massive but it is too early to say if these solutions will achieve market penetration. The CCS division has designed base station solutions incorporating novel patented technologies and designs. These offer several advantages to network operators – especially in the context of base station densification required by cellular data growth. These customers are however conservative and approval processes and sales cycles are lengthy. 2013 will give a strong indication of the viability and potential of this new product range.

Poynting is also participating in the Digital Migration project of the Department of Communication ("DoC") where 11.5 million households will convert from analogue to digital TV ("DTV") in the next two to three years. We have developed new technologies in this area and have registered several patents which will give us a competitive advantage. We are participating in the DoC tender for 5 million subsidised set-top boxes ("STB") as a member of a consortium. We

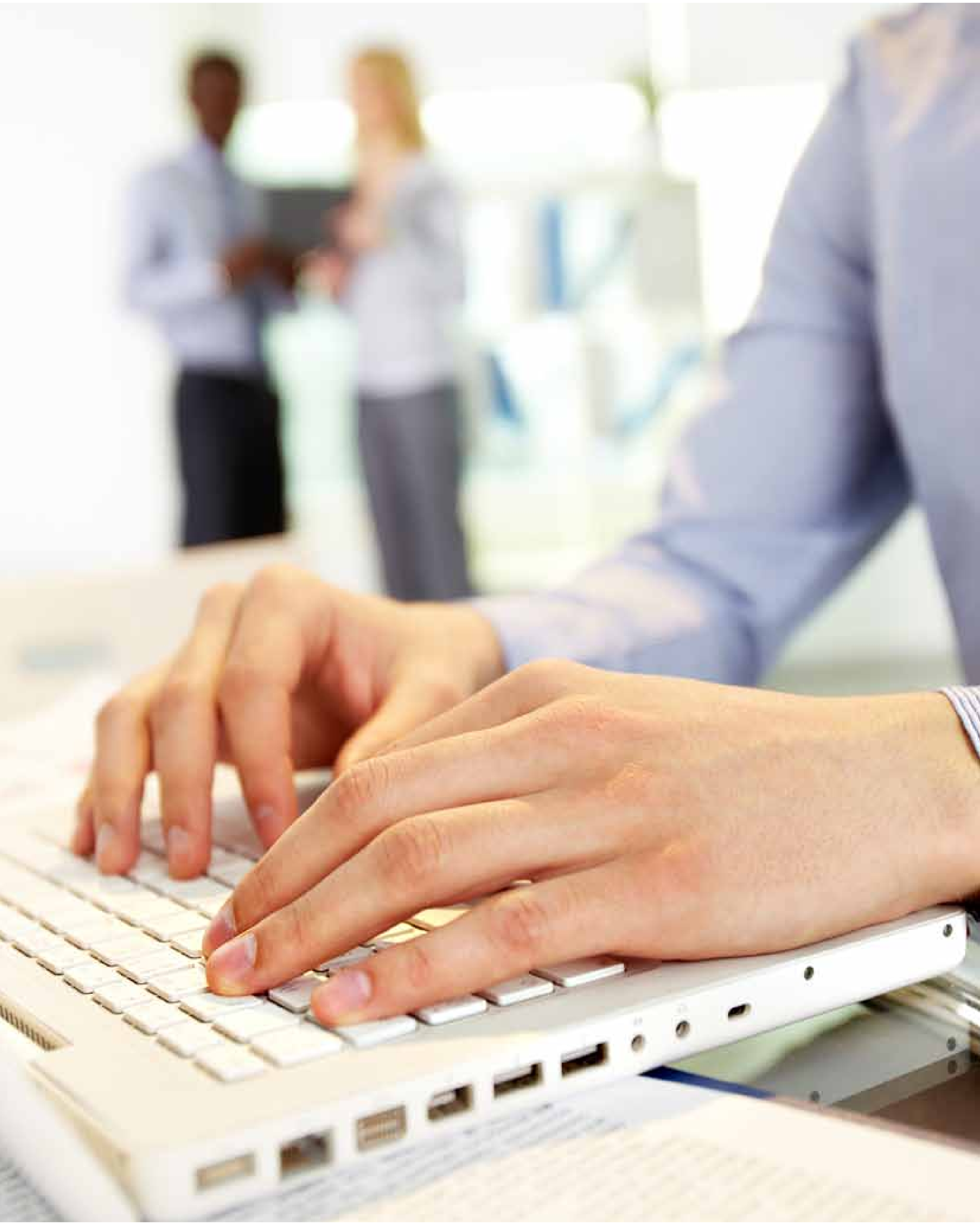
are offering installation services and technology for this ambitious project and will also offer a ground breaking, new low cost TV antenna for this project once the tender becomes public. Success or partial success in any of these opportunities will have substantial financial benefits for Poynting over a number of years. All tenders are and will be strongly contested and probability of success is uncertain. Hence, the DTV migration offers sizeable opportunities in the next few years – in addition to the subsidised 5 million units an estimated remaining 10 million TVs will also require conversion. This DTV migration is driven by international treaties and the remainder of Africa will also migrate and create additional demand for antennas, installations and STBs.

Overall, the level of technology innovation in Poynting has reached high levels. Between 10 to 20 patents, provisional patents and registered designs were filed in 2012. These are in the areas of LTE, DTV, micro base stations and defence antennas. Poynting has in the past lacked the financial ability to protect IP and operating using patented products may provide a new dimension of growth and protection against competitors in various markets in future.

Poynting will aggressively pursue company growth by acquisitions and investments aimed at entering new markets in the coming year. We are building strong cash reserves and a recovery in our share price puts us in a position where we can use acquisitions to increase market capitalisation, improve liquidity and provide more sustainable growth.

Sincerely

Andre Fourie
Poynting CEO



CHIEF FINANCIAL OFFICER'S REVIEW

"We are confident that we will be able to grow in the future"

Financial highlights of the year

Poynting showed a substantial increase in Group profits compared to the prior year's profit from continuing and discontinued operations which increased by 177.29% from R2.608 million in 2011 to R7.233 million in 2012. The positive R12 million cash flow is mainly attributed to non-cash expenses of around R6.4 million of depreciation and amortisation combined with the R7.2 million profit after tax. Poynting successfully outsourced a major portion of the Commercial Division's manufacturing to China which resulted in lower production costs. In addition, the new CCS Division developed an innovative subterranean base station that has generated a high demand from cellular service providers. Revenue streams remained stable and as a result Poynting has embarked on a merger and acquisition drive to increase turnover.

Sustainability of revenue

We are confident that we will be able to sustain revenue in the future if the merger and acquisition drives are successful. This will result in considerable growth which in return will have a positive effect on the Group's profit after taxation. We have managed to build business relationships with our clients in the specialised products division that will enable Poynting to benefit from these relationships for at least the next few years.

Our pipeline of orders remains positive and we have sufficient capacity to execute these orders in the near future. We are also constantly monitoring the order intake of the Divisions to ensure that we will have sufficient resources to fulfill the orders in the future.

Intangible assets and amortisation

Due to the development of the new subterranean base station, as well as the investment into new technology products, Poynting capitalised R5.227 million of intangible assets compared to the R1.8 million in the prior year, indicating Poynting's ability to stay ahead of the market with innovative ideas during the 2012 financial year. A roadmap of new product developments is already in the pipeline for the next financial year. Amortisation of R5.234 million was in line with the prior year's amortisation figures.

Dividends

Poynting has considered the allocation of a dividend to its shareholders due to the high levels of cash flow within the Group. However, it was decided to utilise the surplus cash to increase the turnover of the Group with possible mergers and acquisitions as the top line of the Group remained static compared to last year. Once the turnover shows market related increases Poynting will review the dividend policy and consider rewarding stakeholders.

The Group has shown significant gains in the past few years and we do not foresee a deviation from this trend in the next few years as there is still a growing demand for innovative, high quality technology products in the market.

Sincerely

Johan Ebersohn
Poynting FD


Control
Passed

CORPORATE GOVERNANCE

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

Financial statements

In terms of the Companies Act, 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 their interpretations adopted by the International Accounting Standards Board ("IASB"), the Companies Act and the Listings Requirements of the JSE. To enable the board to fulfill 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 three non-executive directors. The non-executive directors are experienced professionals who make a significant contribution towards the board's deliberations and decisions.

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 and risk committee is tasked with identifying, analysing and reporting on risk during the financial year, this was nevertheless part of the everyday function of the directors and was managed at board level. Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Company, at the Company's expense.

Board and board committee meetings

The board retains overall accountability for the day-to-day management and strategic direction of the Company, as well as attending to the legislative, regulatory and best practice requirements. The board ensures that the solvency and liquidity of the Company is continuously monitored and that the Company's performance and interaction with its stakeholders is guided by the Constitution and the Bill of Rights.

The board has delegated authority to the Chief Executive Officer and executive management to run the day-to-day affairs of the Company. Accountability to shareholders remains paramount in board decisions, and this is balanced against the demands of the regulatory environment in which the Company operates and the concerns of its other stakeholders. To assist the board in discharging its collective responsibility for corporate governance, audit, remuneration and investment committees have been established, to which certain of the board's responsibilities have been delegated. Although the board delegates certain functions to its committees, it retains ultimate responsibility for their activities.

Main role and responsibilities of the Directors

The board is responsible for the Group's overall good corporate governance.

Director duties and responsibilities are prescribed by law. The board discharges, inter alia, the following duties and responsibilities in the interests of good governance:

- Provide strategic direction to the Company, while appreciating that strategy, risk, performance and sustainability are inseparable. They also monitor the implementation of the strategy;
- Retain full and effective control of the Company while providing effective leadership;
- Act as the focal point for and custodian of corporate governance;
- Are responsible for the governance of risk;
- Seek the optimum balance for the Company between conformance with the dictates of good governance and performance;
- Ensure that the Company is and is seen to be a responsible corporate citizen;
- Communicate with stakeholders and ensure full, timely and transparent disclosure of all material matters;
- Review the size and composition of the board in terms of the mix of skills-diversity and the requirements for the appropriate constitution of board committees;
- Agree on the procedure to allow directors to obtain independent professional advice where necessary;
- Have agreed upon procedures to manage conflict of interest;
- Have unrestricted access to Company information and records;
- Delegate appropriate powers to management and monitor the exercise of that delegated power on an ongoing basis; and
- Are responsible for information technology governance.

The Chairman

The Chairman of the board is an independent non-executive director. The roles of the Chairman and Chief Executive Officer remain separate. The Chairman's performance is evaluated annually.

Non-Executive Directors

The non-executive directors are not involved in the day-to-day business of the Company' nor are they full-time salaried employees of the Company and/or any of its subsidiaries. All non-executive directors' appointments are formalised through letters of appointment. The non-executive directors enjoy no benefits from the Group for their services as directors, other than their fees and potential capital gains and dividends on their interests in ordinary shares.

Independence of directors

The independent non-executive directors are independent in terms of both King III and the Listings Requirements. None of these directors participate in the share incentive scheme.

In addition, the independent non-executive directors:

- Were not representatives of any shareholder who has the ability to control or materially influence management or the board;
- Were not employed by the Company or the Group in any executive capacity in the preceding three financial years;
- Were not members of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- Were not professional advisers to the Company or the Group, other than in the capacity as a director;
- Were not suppliers or material suppliers to the Company or Group, or to clients of the Group;
- Had no material contractual relationship with the Company or Group; and
- Were free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act in an independent manner.

Executive directors

The Chief Executive Officer's performance is evaluated annually by the Chairman and the remuneration committee members.

The executive directors are individually mandated and are held accountable for:

- The implementation of the strategies and key policies determined by the board;
- Managing and monitoring the business and affairs of the Company in accordance with approved business plans and budgets;

"Good corporate governance is about human dynamics in a complete organisational setting which is devoted to creating economic value"

- Prioritising the allocation of capital and other resources; and
- Establishing the best management and operating practices.

Chief Executive Officer and delegation of authority

The Chief Executive Officer is tasked with the running of the business and the implementation of policies and strategies approved and adopted by the board. The governance and management function of the Chief Executive Officer is aligned with that of the board. In the delegation of responsibilities the Chief Executive Officer confers authority on management and is accountable for doing so. In this sense, the accountability of management is a direct reflection of the CEO's authority. Appropriate measures are in place and are communicated to management. Monitoring levels of authority are applied within the Group, particularly in regards to human resources, capital expenditure, procurement and contracts.

Board selection, appointment and rotation

Directors are appointed by means of a transparent and formal procedure, governed by the nomination committee's terms of reference. The nomination committee is responsible for selecting and recommending the appointment of competent, qualified and experienced directors. The board as a whole appoints directors, who are subject to an induction program. This process of the appointment is in line with the recommendations of

King III. Re-appointment to the board is not automatic, although directors may recommend themselves for re-election. In terms of Article 24.7 of the Company's Memorandum of Incorporation, a third of the directors retire by rotation annually. The names of the directors eligible for re-election are submitted at the annual general meeting, accompanied by appropriate biographical details, as set out in the integrated report.

All directors are subject to re-election by shareholders at the first opportunity after their initial appointment.

Training and updating the knowledge of directors

Directors are supplied with the information necessary to discharge their responsibilities, individually and as a board and in certain instances as board committee members. All new directors are engaged in a formal orientation procedure. All directors have unhindered access to management, the Company Secretary and to any Company information (records, documents and property) which may in any way assist them in the responsible fulfillment of their duties. Directors are entitled to seek independent and professional advice relating to the affairs of the Company. The Company Secretary is responsible for providing the Chairman and directors, both individually and collectively, with advice on corporate governance, compliance with legislation and the Listings Requirements.

Company Secretary

The board of directors has considered the competence, qualifications and experience of the Company Secretary, which is an independent entity. The Company Secretary, Merchantec Proprietary Limited, is an approved Sponsor and Designated Advisor of the JSE. The board is satisfied with the secretarial function, that the relationship is at are arms-length as well as with the experience of the senior members of the Company Secretary.

All directors have access to the advice and services of the Company Secretary. As highlighted in the board charter, the Company Secretary assists the board in meeting its fiduciary obligation to the shareholders. In this regard, the Company Secretary's tasks include: developing and implementing policies and processes regarding corporate governance matters, assessing board membership needs, ensuring the board is appropriately constituted and proposing director candidates. The Company Secretary is responsible for the functions specified in the Companies Act. All meetings of shareholders, directors and board sub-committees are properly recorded, as per the requirements of the Companies Act.

Committee structure

The directors have delegated specific functions to committees, to assist the board in meeting their responsibilities. The board has established standing committees in this regard. The board committees are constituted with sufficient non-executive representation. The board committees are subject to regular evaluation by the board, so as to ascertain their level of performance and effectiveness.

The committees act in accordance with approved terms of reference, which are reviewed annually.

Group executive committee

Andries Petrus Cronje Fourie
Chief Executive Officer

Juergen Dresel
Managing Director

Pieter Andries Johannes Ebersohn
Financial Director

Derek Nitch
Chief Technical Officer

Mark Haarhoff
Divisional Manager - Commercial

Frank Vermeulen
Divisional Manager – Poynting Direct

The responsibilities of the Group executive committee include:

- Monitoring and managing risk;
- Developing and implementing the Group strategic plan;
- Approving human resources policies and practices;
- Approving budgets and monitoring expenditure;
- Monitoring operational performance against agreed targets; and
- Adhering to financial and capital management policies.

Audit and risk committee

Members of the Audit and Risk Committee

ZN Kubukeli
Independent non-executive Director (Chairman)

RC Willis
Non-Executive Director

CHJ Douglas
Non-Executive Director

The independent external auditors and the Designated Advisor attend the meetings by invitation. In terms of the Companies Act, shareholders are required to elect the members of this committee at each annual general meeting. The appointment of ZN Kubukeli and RC Willis is subject to shareholders re-electing them as members of the committee at the annual general meeting, to be held on 16 January 2013.

Role of the committee

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

The Company maintains accounting and administrative control systems required for the current levels of operations. The audit and risk committee is a statutory committee, outlined by the Companies Act and the recommendations set out in King III. The audit and risk committee has an independent role, and is accountable to the board. The committee's responsibilities include statutory duties prescribed by the Companies Act, activities recommended by King III, and responsibilities assigned by the board.

The audit and risk committee is responsible for considering the following:

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

Evaluation of the Annual Financial Statements

The committee also comments on the financial statements, the accounting practices and the internal financial controls of the Company. The committee stays abreast of current and emerging trends in accounting standards.

The committee also reviews and discusses the annual financial statements with the independent external auditors and the Financial Director. The external auditor has unrestricted access to the Group's records and management.

Expertise and experience of the Financial Director and finance function

The audit committee has executed its responsibility in terms of paragraph 3.48(h) of the JSE Listings Requirements, and confirms that it is satisfied with the expertise and experience of the Financial Director, Mr PAJ Ebersohn. The committee is satisfied with the overall expertise and adequacy of resources in the finance function, as well as the experience of the senior members of management responsible for it.

Internal audit

The internal audit function is an integral part of the corporate governance regime. The primary goal of the internal audit is to evaluate the Company's risk management, internal control and corporate governance processes, and to ensure that they are adequate and functioning correctly. The position of the audit and risk committee was that the internal audit function would be performed by the Group finance department. The board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls are effective, and form a basis for the preparation of reliable financial statements.

Risk management

The board is responsible for the risk management process, whilst management is accountable to the board for designing, implementing and monitoring the process of risk management in the day-to-day activities of the Group.

Remuneration committee

Members of the remuneration committee

RC Willis,

Non-executive Director (Chairman)

CP Bester,

Independent non-executive Director

The committee is aware of the King III requirement and is striving to comply by adding a third independent non-executive member to the audit committee. 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 107 of this annual report. The Company upholds and supports the objectives of the Employment Equity Act 1998 (Act 55 of 1998). Poynting has implemented the Poynting Empowerment Trust for the benefit of its employees, the majority of whom come from previously disadvantaged backgrounds, strengthening its positioning as an employer of choice. The Company's employment policies are designed to provide equal opportunities, without discrimination, to every employee.

Remuneration policy

Poynting's remuneration strategy aims to create sustainable shareholder value by motivating and retaining competent leaders. We aim to attract knowledgeable engineers to grow the intellectual property value of the Group and to invent new ideas. Primary objectives include the need to have credible remuneration policies that enhance key business goals, address needs across the different cultures and drive performance.

Overview of remuneration

Non-executive directors receive monthly or quarterly remuneration as opposed to a fee per meeting. This recognises the responsibility of directors for the efficient control of the Company. A premium is payable to the chairperson of the board, as well as to the chairpersons of the subcommittees. Remuneration is reviewed annually and is not linked to the Company's share price. The board annually recommends remuneration of non-executive directors for approval by shareholders in advance. In remunerating executives, the Group aims to motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. Remuneration is linked to key performance indicators and a portion of the remuneration is not guaranteed.

Poynting structures packages on a total cost-to-company basis that allows individuals to structure their own pension, medical aid and other optional benefits. In addition, most executives qualify for individual and/or team performance incentives. Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are fair and sensible.

Share-based incentive plans

The Poynting Empowerment Trust incentivises individuals on a share based incentive scheme. The intention of the Empowerment Trust is to promote the effective participation in the Group of employees and to incentivise such employees.

Non-executive directors' terms of appointment

Appointments to the board

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

Nomination committee

Members of the nomination committee

CP Bester

Independent Non-executive Director (Chairman)

APC Fourie

Chief Executive Officer

The nomination committee is not limited to non-executive directors and is chaired by the chairman of the board of directors. The committee acts in accordance with approved terms of reference, detailing the procedures for appointment to the board of directors. Appointments are formal and transparent and a matter for the entire board's consideration. The responsibility of the committee extends to both new directors and directors available for re-election. The committee considers the past performance of the director, his or her contribution to the Group and the objectivity of their business judgment calls.

Role of the nomination committee

The committee is responsible for identifying and evaluating suitable candidates for appointment to the board. It ensures the optimal functioning of the board and oversees its composition.

The nomination committee fulfills the following key functions:

- Recommending directors to the board, ensuring that it has an appropriate spread of skills, experience and diversity;
- Assessing new directors and whether the basic requirements for directorship in the Companies Act are met;
- Performing background checks on individuals;
- Advising on the composition of the board (structure, size and balance between non-executive and executive directors);
- The nomination committee and the board evaluate whether collectively (but not necessarily individually) the audit and risk committee has the necessary skills to perform its function and responsibilities;
- Co-ordinating the board evaluation process; and
- Involvement in the evaluation of the directors, as well as of evaluation procedures and results.

Investment committee

Zuko Ntsele Kubukeli
Independent Non-executive (Chairman)

Richard Charles Willis
Non-executive Director

The investment committee considers investments proposed by management regarding the Company and its subsidiaries and makes such recommendations to the board as it deems necessary. The investment committee functions independently from the board, but under an approved term of reference from the board. The primary purpose of the investment committee is to consider projects, acquisitions and the disposal of assets in line with the Group's overall strategy.

The responsibilities and duties of the investment committee include, but are not limited to:

- Considering commitments, acquisitions or disposals in line with the strategy of the Group;
- Performing such other investment related functions as may be designated by the board;
- Considering the viability of the capital project and/or acquisition and/or disposal and the effect it may have on the Group's cash flow, as well as its relevance to Group strategy; and
- Ensuring that due diligence procedures are followed when acquiring or disposing of assets.

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.

The director dealings during the year were as follows:

Name of director:	Andre Fourie
Name of associate:	Dr N Starbuck Incorporated
Relationship of associate to director:	Dr N Starbuck, the wife of Andre Fourie, is a director of Dr N Starbuck Incorporated.

Dr N Starbuck Incorporated bought shares in the open market:

	Shares	Price
17 May 2011	100,000	0.70
18 May 2011	18,521	0.74
18 May 2011	1,479	0.69
29 May 2012	58,938	0.85
31 May 2012	20,000	0.90
31 May 2012	1,062	0.95
1 June 2012	18,309	0.90
5 June 2012	2,000	0.90
5 June 2012	19,691	0.95

Analysis of shareholding

Please see the analysis of shareholding report on page 46.

Ethics and values

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

Employees

Poynting's employment policies allow for individuals, including individuals from historically disadvantaged backgrounds, to apply for bursaries. Employees are encouraged to improve their personal qualifications and several previously disadvantaged members are currently on study courses financed by Poynting. We also promote a healthy, secure and participative social and working environment for our staff and business associates.

Social responsibility

Poynting contributed to WITS University for the studies of historically disadvantaged individual's studies in the engineering sector.

Political donations and affiliations

As a proudly South African concern, the Poynting Group supports the democratic system in South Africa and we do not make donations to individual political parties.

Going concern

The board is satisfied that the Group has adequate resources to continue operating for the next 12 months and into the foreseeable future. The financial statements presented have been prepared on a going concern basis. The audit committee evaluates the Group's going concern status at each meeting and reports the findings to the board.

Investor relations and communication with stakeholders

The Group communicates with shareholders, investors, analysts and regulators on a constant basis and public presentations are held when needed. Poynting believes that such communication is essential and endeavours to keep an open door policy with relevant stakeholders.

Designated Advisor

Merchantec Proprietary Limited

Transfer Secretary

Computershare Investor Services Proprietary Limited

Shareholders can address shareholding related queries to: PO Box 61051, Marshalltown, South Africa, 2107.

SUMMARY OF MEETINGS HELD

KEY:	*Present*	*P*
	Absent/Resign/Not appointed yet	*X*
	Apology	*A*
	Alternate	*AP*

Dates and attendance of board meetings

	20/09/2011	30/11/2011	14/03/2012	20/06/2012
C Bester (Chairman)	P	P	P	P
A P C Fourie	P	P	P	P
J Dresel	P	P	P	P
J Ebersohn	P	P	P	P
J Kalunga	P	X	X	X
Z N Kubukeli	A	P	P	P
R C Willis	P	P	P	P
C H J Douglas	P	P	P	P
M V Caietta	A	Invite	Invite	Invite
F Sacoor	X	X	Invite	Invite
Merchantec Proprietary Limited	Invite	Invite	Invite	Invite

Dates and attendance of audit and risk committee meetings

	13/09/2011	28/09/2011	30/11/2011	07/03/2012	18/06/2012
Z N Kubukeli	P	P	P	P	P
R C Willis	P	P	P	P	P
C H J Douglas	X	X	X	P	P
J Ebersohn	Invite	Invite	Invite	Invite	Invite
H Mans for KPMG	-	Invite	-	-	-
F Sacoor	X	X	Invite	Invite	Invite
Merchantec (Proprietary) Limited	Invite	Invite	Invite	Invite	Invite

Dates and attendance of investment committee meetings

	30/11/2011	23/02/2012	07/03/2012
Z N Kubukeli	P	P	P
R C Willis	P	P	P
J Ebersohn	Invite	Invite	Invite
A P C Fourie	-	Invite	Invite
J Dresel	-	Invite	Invite
F Sacoor	Invite	-	Invite

Dates and attendance of remuneration committee meetings

	30/08/2011	23/05/2012
R C Willis	P	P
C Bester	P	P
J Ebersohn	Invite	Invite
F Sacoor	-	Invite

Dates and attendance of social and ethics committee meetings

	24/04/2012
Z N Kubukeli	P
R C Willis	P
C H J Douglas	P
J Ebersohn	P
F Sacoor	Invite

NO	KING III PRINCIPLE AND RECOMMENDED PRACTICE	EXPLANATION
3.2.2	The audit committee should consist of at least three independent members	The audit committee does not consist of at least three independent non-executive directors. The current structure of the board, excluding the Chairman of the board who should not be the Chairman or member of the audit committee, only allows for two independent non-executive members. The committee is aware of the King III requirement and is striving to comply by adding a third independent non-executive member to the audit committee.
7.2.2	Internal audit should be independent from management	The audit and risk committee agreed that the internal audit function would be performed by the Group finance department. The board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls are effective, and forms a basis for the preparation of reliable financial statements.

Risk Management Report

As a framework for our risk management process, we have identified six generic business risks:

1. Loss of key management;
2. Loss of substantial tenders;
3. Loss of income due to manufacturing costs;
4. Inability to expand into offshore markets;
5. Failure to comply with legal and legislative requirements and practices; and
6. Loss of business due to external, political and economic events.

At Poynting we follow a strategic risk management process:

RISKS	POSSIBLE EVENTS	MITIGATION ACTIONS	ASSESSMENTS
Loss of key management	A specialised employee might resign from the Group	Employees in general are looked after and long-term incentives are offered to key personnel	Medium
Loss of substantial Tenders	Key government tenders might be lost due the Group's broad-based black economic empowerment contribution level	The board of Poynting has decided that the Group will aim to improve the BEE rating	Medium
Loss of income due to escalating manufacturing costs	Strike action and the weakening of the Rand against foreign currency	Poynting has outsourced a major portion of the commercial manufacturing to China and the Group hedges its foreign exposure	Low
Inability to expand into offshore markets	The Group will not have a large enough footprint to access overseas markets	Management is actively investigating expansion options for the footprint of Poynting in overseas markets	Low
Failure to comply with legal and legislative requirements	The Group could enter into an agreement that potentially does not comply with the latest legal and legislative requirements	The Designated Advisor is consulted whenever a major decision is on the table and Poynting appointed a qualified legal representative as a fulltime employee to minimise the risk of non-compliance	Medium
Loss of business due to external, political and economic events	Political unrest could result in additional labour strikes and economic turmoil	Strategic management, insurance, risk management and business continuity planning	Medium

- Events that may lead to risks materialising are identified within the generic risk framework.
- Events are then assessed, with regards to their probability, as well as their potential impact on the business if they materialise.
- Preventative actions (probability) and contingent actions (impact) are identified to mitigate these, as well as critical action plans (to be managed on an executive committee level).
- Taking these actions into account, the overall assessment of risk is compared against the level of risk deemed acceptable by the Group.

The executive committee reports to the audit and risk committee on overall risk processes, identified events and mitigation action plans. The audit and risk committee, in turn, presents to the board an overview of these potential risks, processes and critical actions.

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.

OPERATIONAL OVERVIEW

7.1 Financial fundamentals of our business

Poynting has three main streams of revenue

1 Commercial Division

The Commercial Division creates revenue by selling innovative manufactured antennas to distributors in South Africa as well as Europe.

Poynting Direct deals directly with the public in South Africa and generates income as a front line retail operation.

2 CCS Division

The CCS Division creates revenue by selling innovative manufactured base stations to the major telecommunication houses in South Africa, such as Vodacom and MTN.

3 Defence Division

The Defence Division creates revenue by selling innovative manufactured specialised antennas to system houses worldwide.

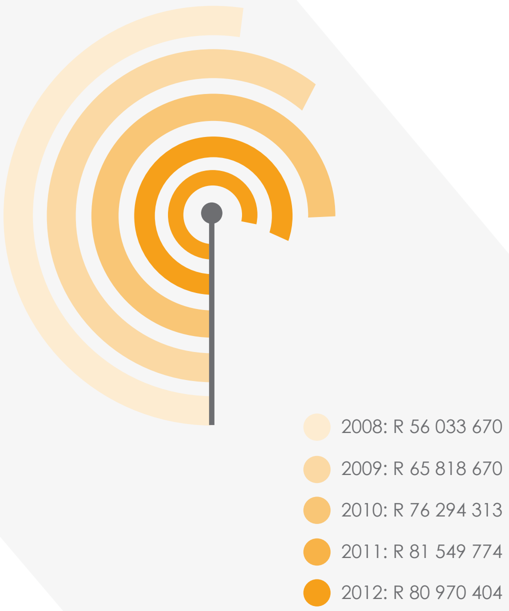
7.2 The year under review (Refer to the excel version to see full table)

Financial Parameters	2012	2013	2014
Growth in turnover	Acquisitions New innovative products	Invest in acquisitions, new products, export sales channels and in diversified businesses	Invest in acquisitions, new products, export sales channels and in diversified businesses
Gross profit percentages	Maintain and improve Outsource more products to China	Maintain and improve Selective purchasing	Maintain and improve Streamlining operations and investments
Overheads	Cost effective control	Streamlining operations and investments	Streamlining operations and investments Dilute overheads with increased business size
Profit after tax	Ensure that the bottom-line stays profitable	Ensure that the bottom-line stays profitable	Ensure that the bottom-line stays profitable

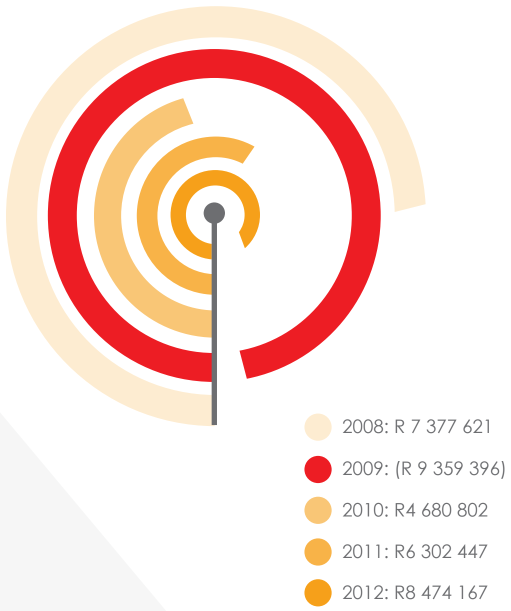
"Utilising opportunities create shareholder value"

Financial review

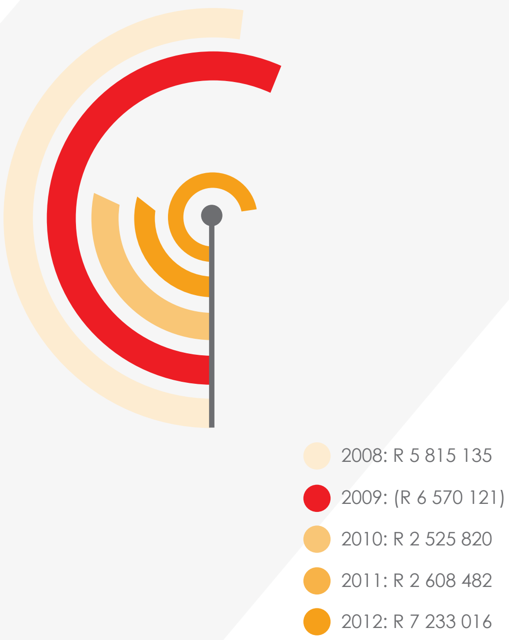
TURNOVER



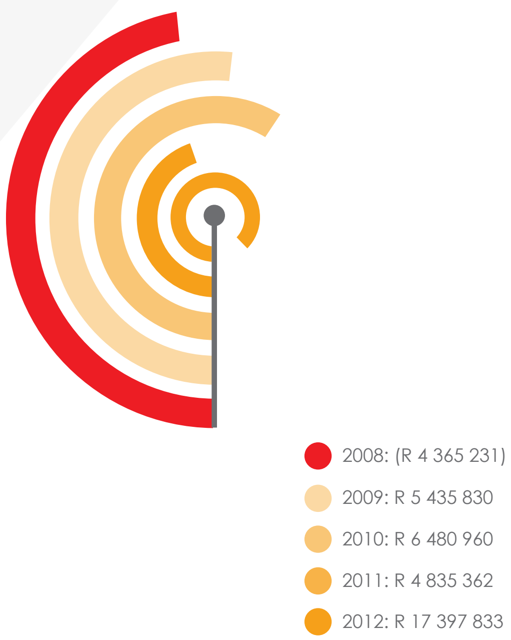
OPERATING PROFIT



PROFIT AFTER TAXATION



CASH AND CASH EQUIVALENTS



Clients

Poynting has actively engaged with distributors in the USA during the period under review with a view to increase Poynting's footprint in the USA. In addition, a successful acquisition was finalised just after year end with Poynting purchasing the business of Radiant Antennas, increasing the product range and additional clients that Poynting will be dealing with.

Processes

Poynting primarily generated revenue from the existing processes in the Commercial and Defence Divisions for the period under review. The CCS Division enhanced and developed an internet service portal to assist clients accessing information and tracking installation processes on a real time basis.

In addition, the Poynting Direct operation was moved from the Pretoria offices to the Samrand offices. This resulted in additional internal controls as well as the sharing of resources which had a favourable impact on Poynting Direct's profibility.

Empowerment

Poynting has implemented a plan which will improve the BEE rating from a current level eight to a level four in the next two years. We shall achieve a BEE rating of level six in the next twelve months.

As part of our BEE program, we have established a Poynting Empowerment Foundation to assist and support the community and developing organisations.

BEE Certificate Breakdown

BEE Elements	Weighting	Score for Indicator	Points
Overall BEE Score	**100**	**30.78%**	**30.78**
Direct Empowerment	**30**	**0.00%**	**0**
Equity Ownership	20	0.00%	0
Management Control	10	0.00%	0
Human Resource Development	**30**	**41.60%**	**6.24**
Employment Equity	15	41.27%	6.19
Skills Development	15	0.33%	0.05
Indirect Empowerment	**35**	**55.83%**	**19.54**
Preferential Procurement	20	67.95%	13.59
Enterprise Development	15	39.67%	5.95
Residual	**5**	100.00%	5
Socio-Economic Development	5	100.00%	5

7.3 Lines of business

	Continued Operations			Discontinued Operations	
	Commercial Division	Defence Division	CCS Division	Base Station	Total
2012					
Total revenues	38 417 368	34 662 287	10 850 929	-	83 930 584
Intersegment revenue	(2 960 180)	-	-	-	(2 960 180)
Total external revenue	35 457 188	34 662 287	10 850 929	-	80 970 404
Corporate office expense	(508 721)	(497 316)	(155 683)	-	(1 161 720)
Depreciation and amortisation	(3 834 230)	(2 365 447)	(171 995)	-	(6 371 672)
Operating profit	558 356	6 023 107	1 892 704	-	8 474 167
Investment income	36 375	411 054	367	-	447 796
Finance costs	(254 699)	(127 378)	(4 785)	-	(386 862)
Profit before taxation	340 032	6 306 783	1 888 286	-	8 535 101
Taxation	(127 824)	(601 107)	(573 154)	-	(1 302 085)
Profit from continuing operations	212 208	5 705 676	1 315 132	-	7 233 016
Profit for the year	212 208	5 705 676	1 315 132	-	7 233 016
Reportable segments assets	19 166 519	26 836 226	4 040 192	-	50 042 937
Reportable segments liabilities	(4 209 067)	(5 878 070)	(911 579)	-	(10 998 716)

Commercial Division

This division had reasonable sales compared to the budgeted turnover. A larger portion of the manufacturing process was outsourced to China during the year which resulted in increased gross margin percentages. Costs were contained and the division was profitable.

CCS Division

The division was only started during the course of the year and showed exceptional sales within a few months. With better than expected margins and controlled expenses in line with the reduced turnovers, the division made a remarkable profit in the first year of operation. Currently, several major players in the telecommunications market have shown interest in the innovative newly designed subterranean base stations.

Defense Division

The division had reasonable sales compared to budget. Gross margins improved during the year and the division was profitable. The division also acquired the business of Radiant Antennas, which was in line with the Group's overall strategy for profitable mergers and acquisitions. The Defence Division's profit before taxation still comprises 74% of overall profits. Overall, the Group is in a profit after tax position of R7 233 016.

7.4 Summary financial information

Summary income statement, balance sheet and cash flow statement with notes

Statement of Comprehensive Income

	2012	2011	2010	2009	2008
Continuing operations					
Revenue	80 970 404	81 549 774	76 294 313	65 818 670	56 033 670
Cost of sales	(27 488 825)	(28 101 903)	(27 405 284)	(36 418 588)	(25 345 732)
	53 481 579	**53 447 871**	**48 889 029**	**29 400 082**	**30 687 938**
Gross profit percentage	66.05%	65.54%	64.08%	44.67%	54.77%
Other income	1 341 714	482 850	517 473	1 589 694	1 807 141
Operating expenses	(46 349 126)	(47 628 274)	(44 725 700)	(40 349 172)	(25 117 458)
Operating profit	8 474 167	6 302 447	4 680 802	(9 359 396)	7 377 621
Investment income	447 796	269 151	231 890	358 952	514 961
Finance costs	(386 862)	(730 322)	(1 123 331)	(1 123 609)	(1 106 644)
Profit before taxation	8 535 101	5 841 276	3 789 361	(10 124 053)	6 785 938
Taxation	(1 302 085)	(1 077 203)	(888 036)	3 553 932	(970 803)
Profit from continuing operations	7 233 016	4 764 073	2 901 325	(6 570 121)	5 815 135
Discontinued operations					
Loss from discontinued operations	-	(2 155 591)	(375 505)	-	-
Profit for the year	7 233 016	2 608 482	2 525 820	(6 570 121)	5 815 135
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**7 233 016**	**2 608 482**	**2 525 820**	**(6 570 121)**	**5 815 135**
	8.93%	3.20%	3.31%	(9.98%)	10.38%
Total comprehensive income attributable to:					
Owners of the parent	7 240 632	2 608 621	2 536 921	(6 571 053)	5 827 335
Non-controlling interest	(7 616)	(139)	(11 101)	932	(12 200)
	7 233 016	**2 608 482**	**2 525 820**	**(6 570 121)**	**5 815 135**

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Statement of Financial Position

	2012	2011	2010	2009	2008
Assets					
Non-Current Assets					
Property, plant and equipment	2 856 549	2 081 261	3 205 630	4 512 716	3 510 983
Intangible assets	9 986 599	9 993 107	13 139 407	14 284 312	10 919 696
Other financial assets	86 618	53 075	1 193 441	2 006 719	-
	12 929 766	**12 127 443**	**17 538 478**	**20 803 747**	**14 430 679**
Current Assets					
Inventories	7 638 542	8 418 322	7 743 485	10 632 944	8 254 525
Other financial assets	325 795	886 383	-	-	-
Current tax receivable	12 678	12 678	28 558	-	-
Trade and other receivables	11 738 323	18 628 904	11 186 400	11 127 070	13 855 241
Cash and cash equivalents	17 397 833	4 851 560	6 505 579	5 479 226	1 017 735
	37 113 171	**32 797 847**	**25 464 022**	**27 239 240**	**23 127 501**
Total Assets	**50 042 937**	**44 925 290**	**43 002 500**	**48 042 987**	**37 558 180**
Equity and Liabilities					
Equity					
Equity attributable to owners of the parent					
Share capital	24 379 920	24 379 920	24 379 920	24 379 920	5 276 161
Share based payment reserve	149 739	221 088	221 088	-	-
Retained income	14 514 562	7 273 930	4 665 309	2 128 388	8 699 440
	39 044 221	31 874 938	29 266 317	26 508 308	13 975 601
Non-controlling interest	-	27 850	27 989	39 090	38 159
	39 044 221	**31 902 788**	**29 294 306**	**26 547 398**	**14 013 760**
Liabilities					
Non-Current Liabilities					
Loans and borrowings	158 340	1 448 376	1 918 380	1 382 000	2 774 098
Finance lease obligation	45 067	127 890	304 205	515 171	340 604
Deferred tax	1 359 040	56 956	-	-	1 593 857
	1 562 447	**1 633 222**	**2 222 585**	**1 897 171**	**4 708 559**
Current Liabilities					
Bank overdraft	-	16 198	24 619	43 396	5 382 966
Loans and borrowings	114 795	470 004	3 151 873	4 573 721	2 532 948
Finance lease obligation	82 823	171 513	204 804	256 469	247 693
Trade and other payables	9 017 924	10 193 500	7 460 667	14 020 371	9 706 878
Current tax payable	-	438 065	438 065	475 732	550 226
Provisions	220 727	100 000	205 581	228 729	415 150
	9 436 269	11 389 280	11 485 609	19 598 418	18 835 861
Total Liabilities	**10 998 716**	**13 022 502**	**13 708 194**	**21 495 589**	**23 544 420**
Total Equity and Liabilities	**50 042 937**	**44 925 290**	**43 002 500**	**48 042 987**	**37 558 180**

Statement of Cash Flows

	2012	2011	2010	2009	2008
Cash flows from operating activities					
Net cash from operating activities	20 524 047	5 780 275	6 776 422	(678 666)	3 494 831
Cash flows from investing activities					
Net cash used in investing activities	(6 642 875)	(3 939 149)	(3 687 220)	(9 456 047)	(9 666 458)
Net cash used in financing activities	(1 816 758)	(3 361 479)	(927 011)	19 935 774	(101 305)
Total cash and cash equivalents movement for the year	12 064 414	(1 520 353)	1 786 685	9 801 061	(6 272 932)
Cash and cash equivalents at the beginning of the year	4 835 362	6 480 960	5 435 830	(4 365 231)	1 907 955
Effect of exchange rate movement on cash balances	498 057	(125 245)	(741 555)	-	(254)
Total cash and cash equivalents at end of the year	**17 397 833**	**4 835 362**	**6 480 960**	**5 435 830**	**(4 365 231)**

7.5 Consolidated value added statement

Consolidated value added statement

	2012	2011
Value created		
Value created by operating activities	**36 943 380**	**35 870 146**
Revenue	80 970 404	81 549 774
Other income	1 807 141	1 589 694
Expenses	(46 349 126)	(47 628 274)
Finance income	514 961	358 952
Value distributed		
Distributed to employees		
Salaries and other employee benefits	**27 591 594**	**27 799 880**
Distributed to providers of finance		
Finance cost	**(386 862)**	**(730 322)**
Distributed to government		
South African current tax	**(1 302 085)**	**(1 077 203)**
Value reinvested	**6 926 320**	**8 068 801**
Amortisation on intangible assets	5 233 843	4 642 424
Depreciation on property, plant and equipment	1 137 831	1 348 276
Impairment losses	(747 439)	1 000 898
Fair value adjustment	-	-
South African deferred tax	1 302 085	1 077 203
Value retained	**7 233 016**	**2 608 482**
Net profit after dividend	7 240 632	2 608 621
Non-controlling interest	(7 616)	(139)
Breakdown of expenses		
Impairment losses – trade receivables	(260 393)	576 822
Professional fees paid for services*	1 695 924	1 249 053
Other expenses		
Total	**1 435 531**	**1 825 875**
Audit fees	560 451	424 189
Consultation fees	343 512	277 265
Legal fees	114 000	-
Recruitment and human resource services	298 626	27 685
Secretarial services	273 572	381 937
Outsourced IT function	105 763	137 977
	1 695 924	**1 249 053**

SHAREHOLDERS ANALYSIS

29 June 2012	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 - 1 000 shares	154	39.085%	108 497	0.119%
1 001 - 10 000 shares	110	27.919%	582 891	0.639%
10 001 - 50 000 shares	80	20.305%	2 045306	2.241%
50 001 - 100 000 shares	15	3.807%	1 064 245	1.166%
100 001 - 1 000 000 shares	28	7.107%	7 196 827	7.887%
1 000 001 shares and over	7	1.777%	80 256 508	87.948%
Total	**394**	**100.00%**	**91 254 274**	**100.00%**
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	8	2.03%	74 109 737	81.21%
Share trust	1	0.25%	2 700 000	2.96%
Public shareholders	**385**	**97.72%**	**14 444 537**	**15.83%**
Totals	**394**	**100.00%**	**91 254 274**	**100.00%**

Directors and associates					
Andries Petrus Cronje Fourie	*	Executive Director (APC)	Indirect	36 048 016	39.50%
Derek Colin Nitch	**	Director of an affiliate	Direct	14 004 379	15.35%
Juergen Dresel	**	Executive Director	Direct	12 864 662	14.10%
Dr N Starbuck Ingelyf	*	Associate of A Fourie	Indirect	240 000	0.26%
Coenraad Petrus Bester	**	Non-Executive Director	Direct	100 000	0.11%
Zuko Ntsele Kubukeli	**	Non-Executive Director	Direct	30 000	0.03%
Richard Charles Willis	**	Non-Executive Director	Direct	20 000	0.02%
Conexus Capital Trust #2 Acc	*	Associated Holding	Indirect	10 802 680	11.84%
				74 109 737	**81.21%**

* *Non-Beneficial* ** *Beneficial*

Beneficial shareholders holding 5% or more				
Andries Petrus Cronje Fourie Trust (APC Fourie)	Executive Director	Indirect[2]	36 048 016	39.50%
Derek Colin Nitch	Director of an afiliate	Direct[1]	14 004 379	15.35%
Juergen Dresel	Executive Director	Direct[1]	12 864 662	14.10%
Conexus Capital Trust #2 Acc (CHJ Douglas)	Associated Holding	Indirect[2]	10 802 680	11.84%

[1] *Beneficial* [2] *Non-Beneficial*

Directors' interests in securities

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

There have been no changes in the directors' interests between 30 June 2012 and the date of approval of this annual report.

The Empowerment Trust	30 June 2012	30 June 2011
Shares	2,700,000	2,700,000
Previous years offers accepted	(2,032,113)	(2,032,113)
Movement (issued) / forfeited current year	715,599	–
Shares left for distribution at year end	1,383,486	667,887

Options forfeited

During the year, the Group moved a portion of the operations to Samrand. Due to the geographical problems experienced with traveling to the new destination, the Company had to retrench several employees on 31 December 2011. These employees opted not to settle their share options in full or to take ownership of the Empowerment Trust shares and subsequently forfeited their shares. In addition, two employees who left the Company due to dishonest behavior, forfeited their shares in terms of the trust deed.

29 June 2011	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 - 1000 shares	129	37.50%	96 111	0.11%
1001 - 10 000 shares	86	25.00%	483 569	0.53%
10 001 - 50 000 shares	74	21.51%	2 092 851	2.29%
50 001 - 100 000 shares	19	5.52%	1 484 271	1.63%
100 001 - 1 000 000 shares	29	8.43%	6 857 064	7.51%
1 000 001 shares and over	7	2.03%	80 240 408	87.93%
Total	**344**	**100.00%**	**91 254 274**	**100.00%**
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	8	2.33%	73 854 637	80.93%
Share trust	1	0.29%	2 700 000	2.96%
Public shareholders	335	97.38%	14 699 637	16.11%
Totals	**344**	**100.00%**	**91 254 274**	**100.00%**

Directors and associates					
Andries Petrus Cronje Fourie Trust	*	Executive Director (APC Fourie)	Indirect	36 048 016	39.50%
Derek Colin Nitch	**	Director of an affiliate	Direct	14 004 379	15.35%
Juergen Dresel	**	Executive Director	Direct	12 864 662	14.10%
Coenraad Petrus Bester	**	Non-Executive Director	Direct	100 000	0.11%
Zuko Ntsele Kubukeli	**	Non-Executive Director	Direct	30 000	0.03%
Richard Charles Willis	**	Non-Executive Director	Direct	20 000	0.02%
Jones Kalunga	**	Executive Director	Direct	1 000	0.00%
Conexus Capital Trust #2 Acc	*	Associated Holding (RC Willis)	Indirect	10 786 580	11.82%
				73 854 637	**80.93%**

** Non-Beneficial   ** Beneficial*

Beneficial shareholders holding 5% or more				
Andries Petrus Cronje Fourie Trust (APC Fourie)	Executive Director	Indirect[2]	36 048 016	39.50%
Derek Colin Nitch	Director of an afiliate	Direct[1]	14 004 379	15.35%
Juergen Dresel	Executive Director	Direct[1]	12 864 662	14.10%
Conexus Capital Trust #2 Acc (CHJ Douglas)	Associated Holding	Indirect[2]	10 786 580	11.82%

[1] Beneficial   [2] Non-Beneficial

ASSURANCE

Introduction

In respect of the level of assurance on information included in the integrated report and annual financial statements as set out below: The audit and risk committee ensures that a combined assurance model is applied to and provides a co-ordinated approach to all assurance activities. The level of assurance obtained in the integrated report was approved by the audit and risk committee and the audit and risk committee will continue to evaluate the level of assurance obtained taking into account the factors and risks identified that may impact on the integrity of the integrated report and regulatory requirements.

Financial information

Our consolidated annual financial statements were audited by our external auditor, KPMG Inc.

Non-financial information: Sustainability

No assurance was obtained on our sustainability measures. The audit and risk committee reviewed the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information and concluded that no additional external assurance are required on material sustainability issues.

Non- financial information: B-BBEE

The South African Broad-Based Black Economic Empowerment information was verified by Empowerdex.

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 PAJ Ebersohn CP Bester ZN Kubukeli RC Willis CHJ Douglas
Registered office	33 Thora Crescent Wynberg Johannesburg 2090 South Africa
Postal address	PO Box 76579 Wendywood Johannesburg 2144 South Africa
Bankers	ABSA Bank Limited
Auditors	KPMG Inc. Chartered Accountants (SA) Registered Auditors
Company Secretary	Merchantec Proprietary Limited
Company registration number	1997/011142/06
Level of assurance	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa 2008.
Preparer	The consolidated annual financial statements were independently compiled by: LM Duvenhage Chartered Accountant (SA) A³ccube Proprietary Limited

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The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholders:

Level of assurance

These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa 2008.

Preparer

LM Duvenhage
Chartered Accountant (SA)
A³ccube Proprietary Limited

Published

20 September 2012

CERTIFICATE BY COMPANY SECRETARY

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, that for the year ended 30 June 2012, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Merchantec

Merchantec Proprietary Limited
Company Secretary

20 September 2012

AUDIT AND RISK COMMITTEE REPORT

1. Members of the Audit and Risk Committee

ZN Kubukeli (Chairman)

RC Willis

CHJ Douglas

This report, of the audit and risk committee, is presented to shareholders in compliance with the requirements of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"). The independent external auditors and the Designated Advisor attend the meetings as and when required and PAJ Ebersohn (Financial Director) attends the meetings by invitation.

In terms of the Companies Act, shareholders are required to elect the members of this committee at each annual general meeting. The appointment of ZN Kubukeli, RC Willis and CHJ Douglas is subject to shareholders re-electing them as members of the committee at the annual general meeting, to be held on 16 January 2013.

2. Meetings held by the Audit and Risk Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors and the Designated Advisor. The Chairman of the committee reports to the board after every audit and risk committee meeting held.

3. The committee's role

The audit and risk committee is a statutory committee, outlined by the new Companies Act and the recommendations set out in King III. The audit and risk committee has an independent role, and is accountable to the board. The committee's responsibilities include statutory duties prescribed by the Companies Act, activities recommended by King III, and responsibilities assigned by the board.

4. External auditor independence

The committee, under section 90 of the Companies Act, has to consider the independence of the external auditors, as well as nominate a registered auditor for appointment by the Company. The committee is mandated to ensure that the appointment of the auditor complies with the provisions of the Companies Act, and any other legislation relating to the appointment of auditors. The committee was satisfied with the independence of the external auditors. It has recommended the reappointment of KPMG (Inc.) as the independent registered audit firm, and the individual registered auditor, Heinrich Mans. It was confirmed that the audit firm, and designated auditor, are accredited as appearing on the JSE list of accredited auditors.

The committee determines the fees to be paid to the auditor, as well as the auditor's terms of engagement and authorises the fee, after a clearly defined scope was agreed upon by the Company and the auditors. During the external audit evaluation process, the committee considered various criteria including audit planning, technical abilities, audit processes, quality control, business insight, independence and other relevant factors.

Non-Audit Services

The committee is to determine the nature and extent of any non-audit services that the auditor may provide to the Company. There were no non-audit services approved or provided.

AUDIT AND RISK COMMITTEE REPORT

5. Evaluation of the annual financial statements

As part of its report to the board, the committee commented on the financial statements, the accounting practices and the internal financial controls of the Company. The committee stays abreast of current and emerging trends in accounting standards.

The committee confirms that they have reviewed and discussed the annual financial statements with the independent external auditors and Financial Director. The external auditor has unrestricted access to the Group's records and management. The auditor furnishes a written report to the committee on significant findings, arising from the annual audit and is able to raise matters of concern directly with the chairman of the committee. There were no limitations imposed on the scope of the external audit. The committee has reviewed the consolidated and separate financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards.

The committee did not receive any concerns or complaints, within or outside the Company, relating to the accounting practices of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company, or any related matter.

6. Expertise and experience of the Financial Director and finance function

The audit committee has executed its responsibility in terms of paragraph 3.48(h) of the JSE Listings Requirements, and confirms that it is satisfied with the expertise and experience of the Financial Director, Mr PAJ Ebersohn. The committee is satisfied with the overall expertise and adequacy of resources in the finance function, as well as the experience of the senior members of management responsible for it.

7. Internal audit

The internal audit function is an integral part of the corporate governance regime. The primary goal of the internal audit is to evaluate the Company's risk management, internal control and corporate governance processes, and to ensure that they are adequate and functioning correctly.

The position of the audit and risk committee was that the internal audit function would be performed by the Group finance department. The board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls is effective, and forms a basis for the preparation of reliable financial statements.

8. Risk management

The board is responsible for the risk management process, whilst management is accountable to the board for designing, implementing and monitoring the process of risk management in the day-to-day activities of the Group.

Responsibility of the audit and risk committee

- Review risk management policies and processes
- Review risk philosophy, strategies and policies
- Ensure risk management is integrated into business operations
- Ensure management considers and implements appropriate risk responses
- Evaluate the basis and adequacy of insurance cover
- Ensure internal audit is aligned with risk management processes
- Identify emerging areas of risk
- Ensure compliance with legislation, regulation and governance codes, including King III
- Identify areas of governance non-compliance and propose remedial action

After considering the risk matrix, the committee has nothing material to report.

9. Consolidated Annual Financial Statements

Following the review of the consolidated annual financial statements the audit and risk committee recommend board approval thereof.

Approval of the audit and risk committee report

The committee confirms that it has functioned in accordance with its terms of reference for the 2012 financial period, and that its report to shareholders has been approved by the board.

ZN Kubukeli
Chairman Audit and Risk Committee

DIRECTORS' RESPONSIBILITIES & APPROVAL

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Poynting Holdings Limited and its Subsidiaries, comprising the consolidated statement of financial position at 30 June 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The consolidated annual financial statements of Poynting Holdings Limited and its Subsidiaries, as identified in the first paragraph were approved by the board of directors on 20 September 2012 and were signed by:

APC Fourie

PAJ Ebersohn

Johannesburg

20 September 2012

DIRECTORS' REPORT

The directors submit their report for the year ended 30 June 2012.

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

Net profit of the Group was R7 233 016 (2011: R2 608 482 profit), after taxation of R1 302 085 (2011: R 1 077 203).

3. Going concern

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

4. Events after the reporting period

The Group acquired the business of Radiant Antennas Proprietary Limited after the reporting period. Refer to note 35 for detail of the acquisition.

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 2008 as amended, and are consistent with those applied in the prior year. For new policies adopted during the current year refer to note 2.

6. Authorised and issued share capital

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

7. Borrowing limitations

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

8. Non-current assets

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

9. Dividends

No dividends were declared or paid to shareholders of the parent during the current or prior financial year.

DIRECTORS' REPORT

10. Directors

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

Name	Nationality	Changes
APC Fourie	South African	
J Dresel	German	
PAJ Ebersohn	South African	
J Kalunga	South African	Resigned 02 November 2011
CP Bester	South African	
ZN Kubukeli	South African	
RC Willis	South African	
CHJ Douglas	South African	

11. Secretary

The Secretary of the Company is Merchantec 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	Control
Poynting Antennas Proprietary Limited	100 %
Poynting Software Proprietary Limited	88 %
Cascade Avenue Trading 90 Proprietary Limited t/a Poynting Direct	100 %

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.

A resolution was passed on 08 May 2012 to deregister Poynting Software as the Company has no assets or liabilities. The Company was subsequently deregistered on 18 May 2012.

13. Auditors

KPMG Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa 2008.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Poynting Holdings Limited and its Subsidiaries

We have audited the consolidated annual financial statements of Poynting Holdings Limited and its Subsidiaries, which comprise the conslidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 58 to 105.

Directors' Responsibility for the Consolidated Annual Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Poynting Holdings Limited and its Subsidiaries as at 30 June 2012, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2012, we have read the Director's Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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

20 September 2012

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STATEMENT OF FINANCIAL POSITION

Figures in Rands	Note(s)	2012 R	2011 R
Assets			
Non-Current Assets			
Property, plant and equipment	4	2 856 549	2 081 261
Intangible assets	5	9 986 599	9 993 107
Other financial assets	6	86 618	53 075
		12 929 766	**12 127 443**
Current Assets			
Inventories	9	7 638 542	8 418 322
Other financial assets	6	325 795	886 383
Current tax receivable		12 678	12 678
Trade and other receivables	10	11 738 323	18 628 904
Cash and cash equivalents	11	17 397 833	4 851 560
		37 113 171	**32 797 847**
Total Assets		**50 042 937**	**44 925 290**
Equity and Liabilities			
Equity			
Equity attributable to owners of the parent			
Share capital	13	24 379 920	24 379 920
Share-based payment reserve	14	149 739	221 088
Retained income		14 514 562	7 273 930
		39 044 221	31 874 938
Non-controlling interest		-	27 850
		39 044 221	**31 902 788**
Liabilities			
Non-Current Liabilities			
Loans and borrowings	15	158 340	1 448 376
Finance lease obligation	16	45 067	127 890
Deferred tax	8	1 359 040	56 956
		1 562 447	**1 633 222**
Current Liabilities			
Bank overdraft	11	-	16 198
Loans and borrowings	15	114 795	470 004
Finance lease obligation	16	82 823	171 513
Trade and other payables	18	9 017 924	10 193 500
Current tax payable		-	438 065
Provisions	17	220 727	100 000
		9 436 269	**11 389 280**
Total Liabilities		**10 998 716**	**13 022 502**
Total Equity and Liabilities		**50 042 937**	**44 925 290**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rands	Note(s)	2012 R	2011 R
Continuing operations			
Revenue	20	80 970 404	81 549 774
Cost of sales		(27 488 825)	(28 101 903)
Gross profit		**53 481 579**	**53 447 871**
Other income	21	1 341 714	482 850
Operating expenses		(46 349 126)	(47 628 274)
Operating profit	**22**	**8 474 167**	**6 302 447**
Investment income	23	447 796	269 151
Finance costs	24	(386 862)	(730 322)
Profit before taxation		**8 535 101**	**5 841 276**
Taxation	25	(1 302 085)	(1 077 203)
Profit from continuing operations		**7 233 016**	**4 764 073**
Discontinued operations			
Loss from discontinued operations	12	-	(2 155 591)
Profit for the year		**7 233 016**	**2 608 482**
Other comprehensive income		-	-
Total comprehensive income		**7 233 016**	**2 608 482**
Net profit attributable to:			
Owners of the parent:			
Profit for the year from continuing operations		7 240 632	4 764 212
Loss for the year from discontinuing operations		-	(2 155 591)
Profit for the year attributable to owners of the parent		**7 240 632**	**2 608 621**
Non-controlling interest:			
Loss for the year from continuing operations		(7 616)	(139)
Total comprehensive income attributable to:			
Owners of the parent		7 240 632	2 608 621
Non-controlling interest		(7 616)	(139)
		7 233 016	**2 608 482**
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)	27	8,18	2,95
Diluted earnings per share (cents)	27	8,03	2,88
From continuing operations			
Basic earnings per share (cents)	27	8,18	5,38
Diluted earnings per share (cents)	27	8,03	5,26
Headline Earnings per share			
From continuing and discontinued operations			
Basic headline earnings per share (cents)	27	8,19	3,28
Diluted headline earnings per share (cents)	27	8,04	3,21

STATEMENT OF CHANGES IN EQUITY

Figures in Rands	Share capital R	Share premium R	Total share capital R
Balance at 01 July 2010	**4 428**	**24 375 492**	**24 379 920**
Changes in equity			
Profit for the year	-	-	-
Total changes	-	-	-
Balance at 01 July 2011	**4 428**	**24 375 492**	**24 379 920**
Changes in equity			
Profit for the year	-	-	-
Share options forfeited	-	-	-
Dividends	-	-	-
Changes in ownership interest	-	-	-
Subsidiary deregistered	-	-	-
Total changes	-	-	-
Balance at 30 June 2012	**4 428**	**24 375 492**	**24 379 920**
Note(s)	13	13	13

Share based payment reserve	Retained income	Total attributable to equity holders	Non-controlling interest	Total equity
R	R	R	R	R
221 088	**4 665 309**	**29 266 317**	**27 989**	**29 294 306**
-	2 608 621	2 608 621	(139)	2 608 482
-	2 608 621	2 608 621	(139)	2 608 482
221 088	**7 273 930**	**31 874 938**	**27 850**	**31 902 788**
-	7 240 632	7 240 632	(7 616)	7 233 016
(71 349)	-	(71 349)	-	(71 349)
-	-	-	(11 870)	(11 870)
-	-	-	(8 352)	(8 352)
-	-	-	(12)	(12)
(71 349)	7 240 632	7 169 283	(27 850)	7 141 433
149 739	**14 514 562**	**39 044 221**	**-**	**39 044 221**

STATEMENT OF CASH FLOWS

Figures in Rands	Note(s)	2012 R	2011 R
Cash flows from operating activities			
Cash receipts from customers		90 451 562	74 181 491
Cash paid to suppliers and employees		(69 550 384)	(67 955 925)
Cash generated from operations	28	20 901 178	6 225 566
Investment income		447 796	269 151
Finance costs		(386 862)	(730 322)
Tax (paid) / received	29	(438 065)	15 880
Net cash from operating activities		**20 524 047**	**5 780 275**
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(1 929 539)	(224 276)
Sale of property, plant and equipment		5 407	-
Acquisition of intangible assets	5	(5 227 335)	(1 794 955)
Transactions with non-controling interest		(8 352)	-
Non-controling interest share capital repaid on subsidiary deregistration		(12)	-
Dividends paid - non controling interest (net of dividend tax)		(10 089)	-
Purchase of financial assets		(33 543)	(766 264)
Sale / (acquisition) of financial assets		560 588	-
Net cash flows of discontinued operations		-	(1 153 654)
Net cash used in investing activities		**(6 642 875)**	**(3 939 149)**
Repayment of loans and borrowings		(1 645 245)	(3 151 873)
Finance lease (payments)		(171 513)	(209 606)
Net cash used in financing activities		**(1 816 758)**	**(3 361 479)**
Total cash and cash equivalents movement for the year		**12 064 414**	**(1 520 353)**
Cash and cash equivalents at the beginning of the year		4 835 362	6 480 960
Effect of exchange rate movement on cash balances		498 057	(125 245)
Total cash and cash equivalents at end of the year	11	**17 397 833**	**4 835 362**

1. **Presentation of consolidated annual financial statements**

The consolidated annual 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 Listing Requirements of the JSE Limited, the Companies Act of South Africa 71 of 2008 and the AC500 series issued by the Accounting Practices Board. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

The annual financial statements of the company are presented separately from the consolidated financial statements and have been approved by the directors at the same date as these financial statements.

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

1.1 Reporting entity

Poynting Holdings Limited (the Company) is a Company domiciled in South Africa. The address of the company's registered office is 33 Thora Crescent, Wynberg, 2090. The consolidated financial statements for the year ended 30 June 2012 comprise the company and all its subsidiaries (together referred to as "the Group" and individually as "Group entities").

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

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3.

Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal Group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

1.1 Reporting entity *(continued)*

ACCOUNTING POLICIES

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases th e goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through other comprehensive income.

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 assets and liabilities at the reporting date. 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 inventory

The Group uses an allowance for inventory to write inventory 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 is based on quoted market prices at reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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

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

Provisions

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

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.

Allowance for credit losses

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

Property, plant and equipment

Management has made certain estimates with regards to the determination of depreciation methods, 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. Discussed further in note 1.8.

Consolidation of investments and special purpose entities

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

1.3 Property, plant and equipment

Cost of property, plant and equipment

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

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

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

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of selfconstructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

1.3 Property, plant and equipment *(continued)*

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

ACCOUNTING POLICIES

Items of property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. These useful lives have been applied in the current and prior periods.

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

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.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items 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 Group.

Derecognition of property, plant and equipment

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.

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

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

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 (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) 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.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

Item	Useful life
Models, designs and prototypes	5 years

1.5 Investments in subsidiaries

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

The consolidated financial statements incorporate the financial statements of the company, and its subsidiaries. Control is achieved where the Group 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 shareholders' proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are also allocated against the interest of the non-controlling interest.

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

1.6 Financial instruments

Classification

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

1.6 Financial instruments (continued)

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

ACCOUNTING POLICIES

recognition non-derivative financial instruments are measured as described below.

Derivative financial instruments comprise foreign exchange contracts and are designated at fair value through profit and loss

Financial assets at fair value through profit and loss

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

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

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment losses.
- 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.

After initial recognition financial liabilities are measured as follows:

- Other financial liabilities are measured at amortised cost using the effective interest method.

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.

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.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered objective indicators of impairment.

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:

Other financial assets

- Derivative financial instruments

Changes in the fair value of derivative financial instruments are recorded in profit or loss.

- Loans and borrowings

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 payables

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

Cash and cash equivalents

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.

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

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

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

Deferred tax assets and liabilities

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

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

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

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

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

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income or equity.

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

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 lease assets 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 – 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 presented as an other receivable/payable and is not discounted.

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

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

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

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

Work in progress

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

1.10 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.10 Non-current assets held for sale and disposal groups *(continued)*

ACCOUNTING POLICIES

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.11 Impairment of non-financial assets

The Group assesses at each end of the reporting period 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.

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 accumulated amortisation is recognised immediately in profit or loss.

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.

- 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 may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset 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 accumulated amortisation is recognised immediately in profit or loss.

1.12 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 is 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.

1.13 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 Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

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

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.

1.14 Defined contribution plans

The Group does not have any defined contribution plans.

1.15 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.

ACCOUNTING POLICIES

1.16 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.

These provisions include provisions for warranties and legal contingencies.

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

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

Provisions are not recognised for future operating losses.

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 31.

1.17 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.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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 Group and the revenue can be measured reliably.

1.18 Other income

Other income is recognised for amounts received or receivable outside the normal course of business when the following conditions have been satisfied:

- the amount of other income can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group

Other income is measured at the fair value of the consideration received or receivable and represents the amounts receivable outside the normal course of business, net of value added tax.

1.19 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.

1.20 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. 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 of interest expense on bank overdraft, 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. Borrowing costs that are not directly atrributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

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1.21 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 annual financial statements are recognised in profit or loss in the period in which they arise.

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

The Group risk management policy is to hedge the net exsposure of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the subsequent 3 months.

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.

1.22 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:

Standard/ Interpretation:	**Effective date: Years beginning on or after**
• IAS 24 Related Party Disclosures (Revised)	01 January 2011
• 2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures	01 January 2011
• 2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements	01 January 2011
• IFRS 7 Amendments to IFRS 7 (AC 144) Disclosures – Transfers of financial assets	01 July 2011

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2012 or later periods:

IFRS 9

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

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

2.2 Standards and interpretations not yet effective *(continued)*

- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk will be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment will be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 1 January 2015.

The Group expects to adopt the standard for the first time in the 2016 financial statements.

The Group is in the process to reliably estimate the impact of the standard on the financial statements.

IFRS 10 Consolidated Financial Statements

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

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

IFRS 12 Disclosure of interests in other entities

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

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

IFRS 12 will impact the disclosure relating to interests in structured entities and will have no financial impact.

IFRS 13 Fair value measurement

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

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

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

IAS 32 (Amendment) Offsetting of Financial Assets and Financial Liabilities

The application guidance of IAS 32 has been amended to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS

32, but clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements.

Effective for financial periods beginning on/after 1 January 2014

3. Operating Segments

The Group has three (2011 three, including discontinued Base Station operations) reportable segments, as described below, which are the Group's strategic divisions. Management has identified the segments based on the internal reports reviewed monthly by the Group's chief operating decision maker (CODM). The CODM at the reporting date is the Executive Committee. The responsibility of the Executive Committee is to assess performance and to make resource allocation decisions related to the individual operations of the Group. The segment financial information provided to and used by the CODM forms the basis of the segment information disclosure in these financial statements.

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

- Commercial division: located in Samrand, Pretoria where it is engaged in the development, manufacture and sale of a broad range of communication products.
- Defence division: located in Wynberg, Johannesburg, where it is engaged in the development, manufacture and sale of specialised and defence orientated communication products.
- Cellular Coverage Solutions division (CCS): located in Samrand, Pretoria and is engaged in two main areas. The first is in the design, manufacture and sales of small and innovative base station solution to cellular networks. Secondly CCS provides and installs antennnas and equipment nationwide to end users of wireless telecomms services. These end users includes consumers as well businesses.

The Group operates internationally, across all continents. Refer to note 10 for disclosure on major customers.

Performance is measured based on earnings before interest, taxation, depreciation and amortisation, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the industry. Sales between the segments are on an arm's length basis.

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

Refer to note 10 where sales to the 5 largest customers are disclosed.

3. **Operating Segments *(continued)***

	Continued Operations			Discontinued Operations	
	Commercial Division	Defence Division	CCS Division	Base Station	Total
2012					
Total revenues	38 417 368	34 662 287	10 850 929	-	83 930 584
Intersegment revenue	(2 960 180)	-	-	-	(2 960 180)
Total external revenue	35 457 188	34 662 287	10 850 929	-	80 970 404
Corporate office expense	(508 721)	(497 316)	(155 683)	-	(1 161 720)
Depreciation and amortisation	(3 834 230)	(2 365 447)	(171 995)	-	(6 371 672)
Operating profit	558 356	6 023 107	1 892 704	-	8 474 167
Investment income	36 375	411 054	367	-	447 796
Finance costs	(254 699)	(127 378)	(4 785)	-	(386 862)
Profit before taxation	340 032	6 306 783	1 888 286	-	8 535 101
Taxation	(127 824)	(601 107)	(573 154)	-	(1 302 085)
Profit from continuing operations	212 208	5 705 676	1 315 132	-	7 233 016
Profit for the year	212 208	5 705 676	1 315 132	-	7 233 016
Reportable segments assets	19 166 519	26 836 226	4 040 192	-	50 042 937
Reportable segments liabilities	(4 209 067)	(5 878 070)	(911 579)	-	(10 998 716)
2011					
Total revenues	48 732 087	37 104 875	-	74 838	85 911 800
Intersegment revenue	(4 362 026)	-	-	-	(4 362 026)
Total external revenue	44 370 061	37 104 875	-	74 838	81 549 774
Corporate office expense	(837 906)	(632 105)	-	-	(1 470 011)
Depreciation and amortisation	(3 909 046)	(2 019 976)	-	(61 078)	(5 990 100)
Operating profit	(4 101 707)	10 917 350	-	(513 196)	6 302 447
Investment income	225 897	43 254	-	-	269 151
Finance costs	(400 459)	(323 059)	-	(6 804)	(730 322)
(Loss) / profit before taxation	(4 276 269)	10 637 545	-	(520 000)	5 841 276
Taxation	537 362	(2 134 565)	-	520 000	(1 077 203)
(Loss) / profit from continuing operations	(3 738 907)	8 502 980	-	-	4 764 073
Loss from discontinued operations	-	-	-	(2 155 591)	(2 155 591)
(Loss) / profit for the year	(3 738 907)	8 502 980	-	(2 155 591)	2 608 482
Reportable segments assets	19 763 945	25 161 345	-	-	44 925 290
Reportable segments liabilities	(7 749 493)	(5 273 009)	-	-	(13 022 502)

4. Property, plant and equipment

	2012 Cost	2012 Accumulated depreciation and accumulated impairment	2012 Carrying value	2011 Cost	2011 Accumulated depreciation and accumulated impairment	2011 Carrying value
Plant and machinery	3 468 352	(2 531 713)	936 639	2 766 268	(2 180 374)	585 894
Furniture and fixtures	471 244	(300 233)	171 011	444 088	(199 992)	244 096
Motor vehicles	335 791	(318 317)	17 474	335 791	(265 896)	69 895
Office equipment	363 941	(342 650)	21 291	336 873	(302 345)	34 528
IT equipment	1 526 834	(1 135 305)	391 529	1 268 613	(998 443)	270 170
Computer software	1 513 580	(1 402 798)	110 782	1 449 645	(1 391 028)	58 617
Leasehold improvements	1 201 042	(444 910)	756 132	563 010	(304 593)	258 417
Production tooling	2 737 244	(2 285 553)	451 691	2 558 475	(1 998 831)	559 644
Total	**11 618 028**	**(8 761 479)**	**2 856 549**	**9 722 763**	**(7 641 502)**	**2 081 261**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	585 894	702 084	-	(351 339)	936 639
Furniture and fixtures	244 096	27 156	-	(100 241)	171 011
Motor vehicles	69 895	-	-	(52 421)	17 474
Office equipment	34 528	27 068	-	(40 305)	21 291
IT equipment	270 170	278 640	(16 418)	(140 863)	391 529
Computer software	58 617	77 790	-	(25 625)	110 782
Leasehold improvements	258 417	638 032	-	(140 317)	756 132
Production tooling	559 644	178 769	-	(286 722)	451 691
	2 081 261	**1 929 539**	**(16 418)**	**(1 137 833)**	**2 856 549**

Reconciliation of property, plant and equipment - 2011

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

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4. Property, plant and equipment *(continued)*

	2012 R	2011 R
Pledged as security		

For the year ended 30 June 2011 property, plant and equipment was ceded under securities of general notorial bonds. Refer note 15. The facilities were cancelled during the year ended 30 June 2012 as the liabilities were settled.

Assets subject to finance lease (carrying amount)

	2012	2011
Production tooling	61 650	82 774

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

A register containing the information required by the Companies Act is available for inspection at the registered office of the Group.

5. Intangible assets

	2012 Cost	2012 Accumulated amortisation and accumulated impairment	2012 Carrying value	2011 Cost	2011 Accumulated amortisation and accumulated impairment	2011 Carrying value
Models, designs and prototypes	29 967 839	(19 981 240)	9 986 599	24 740 504	(14 747 397)	9 993 107

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Models, designs and prototypes	9 993 107	5 227 335	(5 233 843)	9 986 599

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Impairment loss	Total
Models, designs and prototypes	13 139 407	1 794 955	(4 642 424)	(298 831)	9 993 107

Internally generated intangible assets with finite useful lives

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

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

6. Other financial assets

	2012 R	2011 R
Derivatives at fair value through profit or loss - held for trading		
Foreign exchange contract	325 795	886 383
Loans and receivables		
Unitrade 946 (Pty) Ltd	86 618	53 075
Total other financial assets	**412 413**	**939 458**
Non-current assets		
Loans and receivables	86 618	53 075
Current assets		
Foreign exchange contract	325 795	886 383
	412 413	**939 458**

The above loans and receivables are unsecured, bear no interest and have no fixed date of repayment. The loan is included in related party balances. Refer to note 32

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

7. Financial assets by category

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

	Loans and receivables	Fair value through profit or loss - held for trading	Total
2012			
Other financial assets	86 618	325 795	412 413
Trade and other receivables	11 738 323	-	11 738 323
Cash and cash equivalents	17 397 833	-	17 397 833
	29 222 774	**325 795**	**29 548 569**
2011			
Other financial assets	53 075	886 383	939 458
Trade and other receivables	18 628 904	-	18 628 904
Cash and cash equivalents	4 851 560	-	4 851 560
	23 533 539	**886 383**	**24 419 922**

8. Deferred tax

	2012 R	2011 R
Deferred tax liability		
Deferred tax	(1 359 040)	(56 956)
Reconciliation of deferred tax liability		
At beginning of the year	(56 956)	1 020 247
Prior year over provision	410 390	-
Increase (decrease) in tax losses available for set off against future taxable income	116 528	(1 979 275)
Originating temporary difference on property, plant and equipment	(205 030)	(32 934)
Taxable temporary differences on finance leases	(59 288)	(84 218)
Taxable temporary differences on intangible assets	(2 796 248)	880 963
Deductable tempory differences on provisions	1 231 564	126 315
Other (taxable) / deductable temporary differences	-	11 946
	(1 359 040)	**(56 956)**

Unrecognised deferred tax balances.

The Group has no unrecognised deferred tax balances.

9. Inventories

	2012	2011
Raw materials, components	3 500 578	4 122 623
Work in progress	1 494 437	1 584 270
Finished goods	4 166 333	3 727 125
	9 161 348	9 434 018
Inventories (write-downs)	(1 522 806)	(1 015 696)
	7 638 542	**8 418 322**

Inventory pledged as security

In the financial year ended 30 June 2011 inventories were pledged by general cessions. Refer to note 15. The facilities were cancelled during the year ended 30 June 2012 as the liabilities were settled.

10. Trade and other receivables

	2012	2011
Trade receivables	9 495 662	18 475 621
Prepayments	444 943	89 849
Deposits	250 222	63 434
VAT	1 547 496	-
	11 738 323	**18 628 904**

Trade and other receivables pledged as security

In the 2011 financial year trade and other receivables were ceded under general cessions. Refer to note 11. The facilities were cancelled during the year ended 30 June 2012 as the liabilities were settled.

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:

	Credit Limit	Balance
2012		
Debtor A - Distributor - business	6 000 000	49 945
Debtor B - Distributor - business	1 500 000	1 123 965
Debtor C - Distributor - business	1 500 000	-
Debtor D - Retail - business	500 000	1 355 684
Debtor E - Retail - business	1 500 000	534 171
2011		
Debtor A - Distributor - business	1 500 000	468 538
Debtor B - Distributor - business	6 000 000	5 204 251
Debtor C - Distributor - business	1 500 000	1 281 649
Debtor D - Retail - business	-	984 153
Debtor E - Retail - business	-	957 194

	2012	2011
Trade receivable ageing analysis		
Less than 30 days	4 699 365	13 135 136
31 to 60 days	3 461 079	4 761 896
61 to 90 days	277 268	334 279
91 to 120 days	1 057 950	244 310
Over 120 days	-	-
	9 495 662	**18 475 621**
Sales transactions with the 5 multinational customers		
Customer A	14 195 133	19 075 230
Customer B	6 521 586	3 787 203
Customer C	6 336 179	3 374 512
Customer D	4 650 669	1 625 729
Customer E	3 606 007	3 415 962
	35 309 574	**31 278 636**

Trade receivables comprise a widespread customer base. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 44% (2011: 38%) of the Group's revenue is attributable to sales transactions with 5 (2011: 5) multinational customers.

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

10. Trade and other receivables *(continued)*

	2012 R	2011 R
Fair value of trade and other receivables		
The carrying value of trade and other receivables is equal to the fair value.		
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R 2 430 188 (2011: R 2 050 220) were past due but not impaired.		
The ageing of these receivables are as follows:		
1 month past due	279 810	383 641
2 months past due	1 175 501	815 126
3 months past due	974 877	851 453
Trade debtors past due but not impaired		
60 days	277 268	334 279
90 days	1 057 950	244 328
120 days	-	-
	1 335 218	**578 607**
The carrying amount of trade and other receivables are denominated in the following currencies		
Rand	4 568 463	8 241 495
Euro	2 088 900	5 937 837
US Dollar	2 825 156	4 188 061
GBP	13 143	108 228
	9 495 662	**18 475 621**

The amount of the allowance was R1 115 419 as of 30 June 2012 (2011: R1 471 612).

	2012 R	2011 R
Reconciliation of allowance for credit losses of trade and other receivables		
Opening balance	1 471 612	894 790
Allowance for credit losses	(356 193)	576 822
	1 115 419	**1 471 612**

The exposure to credit risk at the reporting date is the carrying value of each class of trade receivables mentioned above and cash and cash equivalents mentioned below. The Group does not hold any collateral as security.

11. Cash and cash equivalents

	2012 R	2011 R
Cash on hand	15 842	14 675
Bank balances	17 381 991	4 836 885
Bank overdraft	-	(16 198)
	17 397 833	**4 835 362**
Current assets	17 397 833	4 851 560
Current liabilities	-	(16 198)
	17 397 833	**4 835 362**

The Group has a foreign exchange dealing facility of R6 000 000 (2011: R6 000 000).

During the year the all overdraft balances and loans were settled and cancelled as the liabilities were settled. In 2011 the bank and overdraft balances were secured as follows:

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

The carrying value of cash and cash equivalents balance is equal to the fair value.

12. Discontinued operations

In October 2010 the Group discontinued the Base Station Equipment Division. Management has sold the remaining assets to the Commercial Division at book value, following the strategic decision to place greater focus on the Group's core operations, being the manufacture of antennas in the telecommunications and defence industries. The decision was made by the board to discontinue these operations due to the lack of return on investment.

Revenue	-	74 838
Expenses	-	(1 748 492)
Results from operating activities	-	(1 673 654)
Income tax	-	520 000
Net profit after tax	-	(1 153 654)
Impairments	-	(1 001 937)
	-	**(2 155 591)**
Effect of discontinuation on the financial position of the Group		
Impairment of inventory	-	703 106
Impairment of intangible assets	-	298 831
	-	**1 001 93**

Inventory to the value of R703 106 and intangible assets to the value of R298 831 were written off in 2011 financial year. The intangible asset of R298 831 represented 100% of the total value of the Base Station intangible assets. The total Base Station inventory figure of R1 465 632 was assessed and written off in the 2011 financial year to the value of R762 526.

13. Share capital

	2012 R	2011 R
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 passed in the last general meeting. This authority remains in force until the next annual general meeting.

	2012 R	2011 R
Issued		
70 000 000 ordinary shares at par value of R0,00005 each	3 500	3 500
20 000 000 shares at R0,00005 on 9 July 2008	1 000	1 000
1 254 275 shares at R0,00005 on 28 December 2008	63	63
Treasury shares held by The Poynting Empowerment Trust	(135)	(135)
Share premium related to treasury shares	(2 699 865)	(2 699 865)
Share premium	28 975 770	28 975 770
Share issue costs written off against share premium	(1 900 413)	(1 900 413)
	24 379 920	24 379 920

14. Share-based payments

	Number	Weighted exercise price	Total value
Share Option Group			
Outstanding at the beginning of the year	2 032 114	0,11	221 088
Forfeited during the year	(648 628)	0,11	(71 349)
Outstanding at the end of the year	1 383 486	0,11	149 739

Information on options granted

Weighted fair value of options issued during the prior year	-	-

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

- Exercise price of R0,25

  Spot price of R0,16,
- Expected volatility of 141.63%,
- Option life of four years in total,
- Expected dividend yield of 0%; and
- Risk-free rates of 7.15%, 7.33% and 7.49% for each of the three vesting periods.

The board of the Group made an offer to employees on behalf of the Trustees of the Poynting Empowerment Trust ("the trust") to participate in the Trust. The offer consisted of the right to acquire a number of Scheme Shares in the Group and at the price determined by the Trust Deed provisions. The offer is governed by the provisions of the Trust Deed, the Companies Act and the JSE Listing Requirements.

Options forfeited

During the year the Group moved a portion of the operations to Samrand. Due to the geographical problems experienced to travel to the new destination the company had to retrench several employees on 31 December 2011. These employees opted not to settle their share options in full or to take ownership of the empowerment trust shares and subsequently forfeited their shares. In addition two employees also left due to dishonest behaviour forfeiting their shares in terms of the trust deed.

15. Loans and borrowings

	2012 R	2011 R
Held at amortised cost		
Unitrade 946 (Pty) Ltd	-	1918 380
The loan was bearing interest at prime bank lending rate plus 1% and was repayable in monthly installments of R39 168 (2011: R39 168) capital repayments		
The remainder of the outstanding loan was paid off during the 2012 financial year. The loan was secured by:		
- Suretyship limited to R3 600 000 by DC Nitch, J Dresel and MP Haarhoff.		
- Unlimited suretyship by Poynting Holdings Limited.		
- Suretyship limited to R3 600 000 by APC Fourie Trust.		
- First Continuing Covering Mortgage Bond for R2 350 000 over Portion 1 of Erf 31 Wynberg, Gauteng, granted by Unitrade 946 (Proprietary) Limited.		
ABSA Bank Limited	152 560	-
Instalment sale agreement secured by first covering bond over property, plant and equipment. Refer to 4. The loan bears interest at prime rate plus 0,8% and is repayable in instalments of R4 216 per month.		
Standard Bank of South Africa Limited	120 575	-
Instalment sale agreement secured by first covering bond over property, plant and equipment. Refer to 4. The loan bears interest at prime rate minus 0,25% and is repayable in instalments of R5 347 per month.		
	273 135	**1 918 380**

15. Loans and borrowings *(continued)*

	2012 R	2011 R
Non-current liabilities		
At amortised cost	158 340	1 448 376
Current liabilities		
At amortised cost	114 795	470 004
	273 135	**1 918 380**
Minimum instalment sales payments due		
- within one year	133 725	-
- in second to fifth year inclusive	169 954	-
	303 679	-
less: future finance charges	(30 544)	-
Present value of minimum instalment sales payments	**273 135**	**-**
Present value of minimum instalment sales payments due		
- within one year	114 795	-
- in second to fifth year inclusive	158 340	-
	273 135	**-**
Non-current liabilities		
Current liabilities		

16. Finance lease obligation

	2012 R	2011 R
Minimum lease payments due		
- within one year	96 498	190 365
- in second to fifth year inclusive	40 207	136 705
	136 705	327 070
less: future finance charges	(8 815)	(27 667)
Present value of minimum lease payments	**127 890**	**299 403**
Present value of minimum lease payments due		
- within one year	82 823	171 513
- in second to fifth year inclusive	45 067	127 890
	127 890	**299 403**
Non-current liabilities	45 067	127 890
Current liabilities	82 823	171 513
	127 890	**299 403**

The loan bears interest at prime rate and is repayable in instalments of R8 041 (2011: R20 508) per month.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

17. Provisions

	Opening balance	Raised during the year	Utilised during the year	Total
Reconciliation of provisions - 2012				
Product warranties	-	220 727	-	220 727
Provision for legal contingency	100 000	-	(100 000)	-
	100 000	**220 727**	**(100 000)**	**220 727**
Reconciliation of provisions - 2011				
Mould share provision	205 581	-	(205 581)	-
Provision for legal contingency	-	100 000	-	100 000
	205 581	**100 000**	**(205 581)**	**100 000**

The warranty provision represents management's best estimate of the Group's liability under one period warranties granted on products, based on prior experience and industry averages for defective products.

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

18. Trade and other payables

	2012 R	2011 R
Trade payables	1 066 055	4 650 308
VAT	87 502	237 091
Payroll accruals	2 471 367	1 981 236
Sales received in advance	3 682 343	1 784 377
Accrued leave pay	63 569	51 381
Accrued expenses	1 628 632	1 447 857
Other payables	18 456	41 250
	9 017 924	**10 193 500**

Fair value of trade and other payables

The carrying value of trade and other payables is equal to the fair value.

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19. Financial liabilities by category

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

	Other financial liabilities	Total
2012		
Loans and borrowings	273 135	273 135
Trade and other payables	9 017 924	9 017 924
Finance lease obligation	127 890	127 890
	9 418 949	**9 418 949**
2011		
Loans and borrowings	1 918 380	1 918 380
Trade and other payables	10 193 500	10 193 500
Bank overdraft	16 198	16 198
Finance lease obligation	299 403	299 403
	12 427 481	**12 427 481**

20. Revenue

	2012 R	2011 R
Sale of goods	70 040 941	78 231 633
Rendering of services	10 929 463	3 318 141
	80 970 404	**81 549 774**

21. Other income

Other income mainly comprise of foreign exchange gains and recoveries outside the normal course of business.

Foreign exchange gain / (loss)	498 057	(125 245)
Sundry income	843 657	608 095
	1 341 714	**482 850**

22. Operating profit

	2012 R	2011 R
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Straight lined amounts	1 291 055	1 305 393
Equipment		
• Straight lined amounts	517 579	784 683
	1 808 634	**2 090 076**
Loss on sale of property, plant and equipment	11 011	-
Impairment on intangible assets	-	298 831
Impairment on trade and other receivables	(356 193)	576 822
Amortisation on intangible assets	5 233 843	4 642 424
Depreciation on property, plant and equipment	1 137 831	1 348 276
Employee costs	27 591 594	27 799 880
(Profit) / Loss on exchange differences	(498 057)	125 245

23. Investment income

Cash and cash equivalents	447 796	269 151

24. Finance costs

Bank overdraft and other loans and payables	386 862	730 322

POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

25. Taxation

	2012 R	2011 R
Major components of the tax expense		
Current		
Local income tax - current period	-	-
Deferred		
Tax loss available for offset against future taxable income	2 030 288	1 979 276
Deductible temporary differences on property, plant and equipment	(4 765)	32 934
Taxable temporary differences on intangible assets	(1 823)	(880 964)
Taxable temporary differences on finance leases	(17 709)	84 218
Taxable temporary differences on provisions	(453 944)	(126 315)
Other deferred tax	11 946	(11 946)
Prior period over provision	(261 908)	-
	1 302 085	**1 077 203**
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	-%	3,10%
Non taxable charges	(8,86)%	-%
Non deductable charges	0,05%	-%
Disallowable charges	-%	(12,66)%
Prior period under provision	(3,93)%	-%
	15,26%	**18,44%**

26. Auditors' remuneration

	2012	2011
Fees - audit services	560 451	424 189

27. Earnings per share

	2012 R	2011 R
Basic earnings per share		
From continuing and discontinuing operations	8,18	2,95
The calculation of earnings per ordinary share of 8,18 cents (2011: 2,95 cents per share) is based on earnings of R7 240 632 (2011: R2 608 621) and a weighted average number of shares in issue of 88 554 275 (2011: 88 554 275).		
Diluted earnings per share		
From continuing and discontinuing operations	8,03	2,88
The calculation of diluted earnings per ordinary share of 8,03 cents (2011: 2,88 cents per share) is based on earnings of R7 240 632 (2011: R2 608 621) and weighted average number of shares in issue of 90 184 454 (2011: 90 586 388).		
Basic earnings per share		
From continuing operations	8,18	5,38
The calculation of earnings per ordinary share of 8,18 cents (2011: 5,38 cents per share) is based on earnings of R7 240 632 (2011: R4 764 212) and a weighted average number of shares in issue of 88 554 275 (2011: 88 554 275).		
Diluted earnings per share		
From continuing operations	8,03	5,26
The calculation of diluted earnings per ordinary share of 8,03 cents (2011: 5,26 cents per share) is based on earnings of R7 240 632 (2011: R4 764 351) a weighted average number of shares in issue of 90 184 454 (2011: 90 586 388).		
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent	7 240 632	2 608 621
Headline earnings and diluted headline earnings per share		
The calculation of headline earnings per ordinary share of 8,19 cents (2011: 3,28 cents per share) is based on earnings of R7 248 560 (2011: R2 907 452) and a weighted average number of shares in issue of 88 554 275 (2011: 88 554 275).		
The calculation of diluted headline earnings per ordinary share of 8,04 cents (2011: 3,21 cents per share) is based on earnings of R7 248 560 (2011: R2 907 452) and a weighted average number of shares in issue of 90 184 454 (2011: 90 586 388).		
Reconciliation of headline earnings		
Profit attributable to owners of the parent	7 240 632	2 608 621
Add: impairment of intangible assets	-	298 831
Add: loss on disposal of property, plant and equipment	11 011	-
Deduct: Tax on loss on disposal of property, plant and equipment	(3 083)	-
Headline earnings	**7 248 560**	**2 907 452**
Headline earnings per share (c)	8,19	3,28
Diluted headline earnings per share (c)	8,04	3,21

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28. Cash generated from operations

	2012 R	2011 R
Profit before taxation	8 535 101	5 841 276
Adjustments for:		
Depreciation and amortisation	6 371 675	5 691 870
Loss on sale of property, plant and equipment	11 011	-
(Profit) / Loss on foreign exchange	(498 057)	125 245
Investment income	(447 796)	(269 151)
Finance costs	386 862	730 322
Impairments on intangible assets	-	298 831
(Reversal of impairment) / Impairment of trade receivables	(356 193)	521 321
Movements in provisions	120 727	(105 581)
Movement in share options	(71 349)	-
Changes in working capital:		
Inventories	779 781	(1 357 102)
Trade and other receivables	7 244 992	(7 984 298)
Trade and other payables	(1 175 576)	2 732 833
	20 901 178	**6 225 566**

29. Tax (paid) / received

Balance at beginning of the year	(425 387)	(409 507)
Balance at end of the year	(12 678)	425 387
	(438 065)	**15 880**

30. Dividends paid

Dividends	-	-

No dividends were declared or paid to shareholders of the parent during the current of prior financial year.

31. Contingencies

Tax consequences of undistributed reserves

Withholding Tax on dividends (2011: STC) on remaining reserves	1 893 204	661 266

32. Related parties

	2012 R	2011 R

Relationships	
Subsidiaries	Poynting Antennas (Proprietary) Limited - 100%
	Cascade Avenue Trading 90 (Proprietary) Limited t/a Poynting Direct - 100%
	Poynting Software (Proprietary) Limited - 88%
	Poynting Empowerment Trust - 100%
Close family member of key management	M Dresel
Entity with common shareholder and director	Unitrade 946 (Pty) Ltd
Members of key management	APC Fourie
	J Dresel
	PAJ Ebersohn
	J Kalunga - resigned 02 November 2011
	DC Nitch

	2012 R	2011 R
Related party balances		
Loan accounts - Owing to related parties		
Unitrade 946 (Pty) Ltd	86 618	53 075
Related party transactions		
Rent paid to related parties		
Unitrade 946 (Pty) Ltd	435 600	396 000
Consultanting project fees paid to related parties		
M Dresel (The spouse of J Dresel)	343 512	277 265

33. Directors' emoluments

	Compensation	Bonus	Travel	Total
Executive				
2012				
APC Fourie	1 555 437		4 537	1 559 974
J Dresel	1 488 022		5 150	1 493 172
PAJ Ebersohn	1 009 800		9 170	1 018 970
J Kalunga	288 125		45 546	333 671
Prescribed officer: DC Nitch	1 228 267		4 115	1 232 382
	5 569 651		**68 518**	**5 638 169**

	Compensation	Bonus	Travel	Total
2011				
APC Fourie	1 541 397	-	2 667	1 544 064
J Dresel	1 539 237	130 000	3 357	1 672 594
PAJ Ebersohn	934 650	20 000	-	954 650
J Kalunga	511 500	-	124 594	636 094
Prescribed Officer: DC Nitch	1 305 609	-	3 324	1 308 933
	5 832 393	**150 000**	**133 942**	**6 116 335**

	Compensation	Total
Non-executive		
2012		
CP Bester	176 700	176 700
ZN Kubukeli	108 000	108 000
CHJ Douglas	7 140	7 140
RC Willis	123 390	123 390
	415 230	**415 230**
2011		
CP Bester	164 160	164 160
ZN Kubukeli	100 000	100 000
RC Willis	114 000	114 000
	378 160	**378 160**

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

The directors of the company control 54% of the voting shares of the Company and a member of key management control 15% of the voting shares of the Company. There were no transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence.

34. Risk management

		2012 R	2011 R

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 disclosed in notes 15 & 16, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

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

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

There are no externally imposed capital requirements.

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

The gearing ratio at 2012 and 2011 respectively were as follows:

		2012 R	2011 R
Total borrowings			
Finance lease obligation	16	127 890	299 403
Loans and borrowings	15	273 135	1 918 380
		401 025	**2 217 783**
Less: Cash and cash equivalents	11	17 397 833	4 835 362
Net debt		(16 996 808)	(2 617 579)
Total equity		39 044 221	31 902 788
Total capital		**22 047 413**	**29 285 209**
Gearing ratio		(77)%	(9)%

Financial risk management

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

34. Risk management *(continued)*

Liquidity risk

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

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

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

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

	Less than 1 year	Between 1 and 2 years
At 30 June 2012		
Loans and borrowings	114 795	158 340
Trade and other payables	9 017 924	-
Finance leases obligation	82 823	45 067

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
At 30 June 2011			
Loans and borrowings	470 004	470 004	978 372
Trade and other payables	10 193 500	-	-
Bank overdraft	16 198	-	-
Finance lease obligation	171 513	88 581	39 318

Interest rate risk

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

	2011 Fixed	2012 Floating	2012 Fixed	2011 Floating
Financial assets				
Trade and other receivables	11 293 380	-	18 628 904	-
Cash and cash equivalents	-	17 397 833	-	4 851 560
	11 293 380	**17 397 833**	**18 628 904**	**4 851 560**
Financial liabilities				
Trade and other payables	9 017 924	-	10 193 500	-
Bank overdraft	-	-	-	16 198
Loans and borrowings	-	273 135	-	1 918 380
Finance lease obligation	-	127 890	-	299 403
	9 017 924	**401 025**	**10 193 500**	**2 233 981**

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 R1 444 (2011: R8 042). A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R2 887 (2011: R16 085). 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.

	2012		2011	
	50 basis point increase	100 basis point increase	50 basis point decrease	10 basis point decrease
Only floating rate liabilities will be affected				
Finance Lease and Instalment Sale Agreements	2 005	4 010	11 179	22 340
Less Tax @ 28%	(561)	(1 123)	(3 128)	(6 255)
	1 444	**2 887**	**8 051**	**16 085**

34. Risk management *(continued)*

	2012 R	2011 R
Credit risk		

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

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.

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

Financial instrument		
Cash and cash equivalents	17 397 833	4 851 560
Trade and other receivables	11 293 380	18 628 904
Foreign exchange contract	325 795	886 383
Other financial assets	86 618	53 075
	29 103 626	**24 419 922**

Foreign exchange risk

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

The Group risk management policy is to hedge the net exposure of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the subsequent 3 months.

At 30 June 2012, 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 R 420 480 (2011: R 397 990) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange losses or gains on translation of US dollar denominated borrowings.

At 30 June 2012, 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 R18 307(2011: R26 701) higher/lower, mainly as a result of foreign exchange gains or losses on translation of GBP denominated trade receivables.

At 30 June 2012, 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 R241 597 (2011: R644 038) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables.

	2012 R	2011 R
Foreign currency exposure at the end of the reporting period		
Current assets		
Trade debtors, USD 446 463 (2011: USD 620 042) receivable 30 June 2012	3 645 492	4 188 061
Trade debtors, EUR 212 902 (2011: EUR 605 541) receivable 30 June 2012	2 201 449	5 937 837
Trade debtors, GBP 1 026 (2011: GBP 9970) receivable 30 June 2012	13 143	108 228
Cash and cash equivalents, USD 234 669 (2011: USD78 062)	1 916 137	527 278
Cash and cash equivalents, EUR 82 108 (2011: EUR80 789)	849 013	792 212
Cash and cash equivalents, GBP 17 015 (2011: GBP14 902)	218 002	161 771
Liabilities		
Trade payables, USD-30 928 (2011: USD8 735)	(252 536)	59 002
Trade payables, EUR 0 (2011: EUR1 192)	-	11 688
Trade payables, GBP 0 (2011: GBP1 381)	-	14 991
Exchange rates used for conversion of foreign items were:		
Spot Rate		
USD	8,17	6,75
EUR	10,34	10,86
GBP	12,81	9,81
Average Rate		
USD	7,46	7,21
GBP	10,60	11,16
EUR	11,31	9,60

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

35. Events after the reporting period

Purchase of Radiant Antennas (Proprietary) Limited

Background

The Group has entered into a Sale of Business Agreement, dated 10 July 2012, with Radiant Antennas Proprietary Limited

(“Radiant”) to acquire the business of Radiant as a going concern.

The Group will assume all assets of Radiant which include debtors, fixed assets, excluding one motor vehicle, stock, any pre- payments and Radiant’s right, title and interest in and to contracts, trademarks, goodwill and intellectual property rights and all liabilities of Radiant, excluding any shareholder loan accounts.

Accounting treatment

In terms of IFRS, this represents a non-adjusting event. For significant non-adjusting events, an entity discloses the nature of the event and an estimate of its financial effect, or a statement that an estimate cannot be made. A non-adjusting event is considered to be significant when it is of such importance that non-disclosure would affect the ability of users of financial statements to make proper evaluations and decisions.

In terms of IFRS 3.59 the Group discloses the following information that enables users of its financial statements to evaluate the nature and financial effect of a business combination.

Name and description of the acquiree

The business of Radiant Antennas (Proprietary) Limited

Acquisition date

01 July 2012

Percentage of voting equity interests acquired

Zero

Primary reason for the business combination and a description of how the acquirer obtained control of the acquiree

The acquisition will expand Poynting’s current product range to include HF, VHF and UHF antennas and masts, unlock operational efficiencies and further entrench Poynting in the international defence industry. The business of Radiant was moved into Poynting’s premises effective 13 August 2012 at 33 Thora Crescent, Wynberg.

Factors that make up the goodwill recognised, such as expected synergies

The acquisition will expand Poynting’s current product range to include HF, VHF and UHF antennas and masts, unlock operational efficiencies and further entrench Poynting in the international defence industry. Graeme Cunningham Davis, the founder and General Manager of Radiant has entered into a contract of employment with Poynting Antennas and will add considerably to the growth of the Company going forward.

	Carrying value	Valuation increase/ (decrease)	Poynting offer
Acquisition-date fair value of total consideration transferred			
Non-Current Assets			
Property, plant and equipment	229 076	710 924	940 000
Current Assets	229 076	710 924	940 000
Inventory	596 982	3 972	600 954
Other financial assets	21 606	-	21 606
Trade and other receivables	1 121 570	(28 939)	1 092 631
Cash and cash equivalents	6 227	-	6 227
	1 746 385	(24 967)	1 721 418
Total Assets	**1 975 461**	**685 957**	**2 661 418**
Current Liabilities			
Loans and borrowings	93 711	-	93 711
Tax payable	380 000	-	380 000
Trade and other payables	217 734	-	217 734
Provisions	19 050	-	19 050
Bank overdraft	227 866	-	227 866
Total Liabilities	**938 361**	**-**	**938 361**
Net Assets and Liabilities	**1 037 100**	**685 957**	**1 723 057**

Contingent consideration arrangements and indemnification assets

All liabilities not disclosed on the above asset and liability statement will be for the seller's account prior to 01 July 2012. The sale was advertised in terms of Section 34 of the Insolvency Act. In total the Group took over liabilities totalling R 938 361.

Assets acuired by the Group totalled R 2 661 418.

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

NOTICE OF ANNUAL GENERAL MEETING

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 fifth Annual General Meeting ("Annual General Meeting") of shareholders of Poynting will be held at 10:00 on Wednesday, 16 January 2013 at 33 Thora Crescent, Wynberg, Sandton, 2090, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 11 January 2013. Accordingly, the last day to trade Poynting shares in order to be recorded in the Register to be entitled to vote will be Friday, 4 January 2013.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2012, including the reports of the auditors, directors and the Audit and Risk Committee.

2. To re-elect, Coenraad Petrus Bester who, in terms of Article 117 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of the director offering himself for re-election appears on page 10 of the integrated annual report to which this notice is attached.

3. To appoint, Zuko Ntsele Kubukeli as a member and Chairman of the Company's Audit and Risk Committee.

4. To appoint, Richard Charles Willis as a member of the Company's Audit and Risk Committee.

5. To appoint, Coenraad Petrus Bester as a member of the Company's Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on pages 10 and 11 of the integrated annual report to which this notice is attached.

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

   Voting and proxies

   The minimum percentage of voting rights required for each of the resolutions set out in item number 1 to 6 above to be adopted of this Annual General Meeting is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

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

7. **SPECIAL RESOLUTION NUMBER 1**

Non-executive Directors' remuneration

"**Resolved that,** in terms of the provisions of section 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Poynting Holdings Limited ("the Company") for their services as directors of the Company for the financial year ending 30 June 2013, be and is hereby approved as follows:

Type of fee	Approved fee in ZAR for the year ended 30 June 2012	Proposed fee in ZAR for the year ending 30 June 2013
Board		
Chairperson*	R155,000	R167,400
Member	R 52,000	R 55,987
Audit Committee		
Chairperson	R 56,000	R 60,652
Member	R 13,000	R 13,000
Human Resources and Remuneration Committee		
Chairperson	R 43,000	R 47,652
Member	R 13,000	R 13,000

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

** *The nomination investment and the Social and Ethics Committee members do not receive any additional remuneration if he/she is a member of, or chair of, any subcommittee of the board.*

Explanatory note

In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

It should be noted that pre-approval of remuneration to the non-executive directors for their services as directors for the year ended 30 June 2012 was obtained at the Annual General Meeting held on 18 January 2012 and consequently pre-approval of remuneration to the non-executive directors for their services as directors for the year ending 30 June 2013 is being sought at the Annual General Meeting.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the Annual General Meeting.

8. **ORDINARY RESOLUTION NUMBER 1**

Approval of remuneration policy

"Resolved that the remuneration policy of the directors of Poynting Holdings Limited ("the Company"), as set out on page 30 of the integrated annual report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the Annual General Meeting.

9. **ORDINARY RESOLUTION NUMBER 2**

Control of authorised but unissued ordinary shares

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

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

10. **ORDINARY RESOLUTION NUMBER 3**

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

"**Resolved that** the directors of 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, 2008 (Act 71 of 2008), the Memorandum of Incorporation 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 3 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting excluding the Designated Adviser and the controlling shareholder(s) together with their associates.

11. SPECIAL RESOLUTION NUMBER 2

General approval to acquire shares

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

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

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

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Explanatory note

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

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

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the Annual General Meeting.

11.1 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 integrated annual report of which this notice forms part:

- directors and management – pages 10 and 11;
- major shareholders of the Company – page 45;
- directors' interests in securities – page 45; and
- share capital of the Company – page 88.

11.2 Litigation statement

In terms of paragraph 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 10 to 11 of the integrated annual report of which the notice of annual general meeting forms part, are not aware of any legal of arbitration proceedings, other than those provided for on page 91, that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on Poynting's financial position.

11.3 Material change

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

11.4 Directors' responsibility statement

The directors, whose names are given on pages 10 to 11 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

11.5 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (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 insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

12. SPECIAL RESOLUTION NUMBER 3

Adoption of Memorandum of Incorporation of the Company

"Resolved as a special resolution that the existing Memorandum of Incorporation of Poynting Holdings Limited ("the Company") be and is hereby substituted with a new Memorandum of Incorporation, the salient features of which are set out in Annexure 1 to this notice of the Annual General Meeting, in accordance with the provisions of section 16(1)(c) of the Companies Act, 2008 (Act 71 of 2008), as amended, ("the Companies Act") and in compliance with Schedule 10 of the JSE Listings Requirements, with effect from the date of approval of this special resolution number 3."

The board of directors of Poynting Holdings Limited has passed a resolution proposing that this special resolution number 3 is adopted for the purpose of ensuring that the Company's Memorandum of Incorporation is in line with the Companies Act and in compliance with Schedule 10 of the JSE Listings Requirements.

The Company's Memorandum of Incorporation, or a copy thereof, will be available for inspection at the Company's registered office which address is set out on inside back cover of the Annual Report, during normal business hours from the date of issue of this notice of Annual General Meeting up to and including the date of the Annual General Meeting or any adjournment thereof.

Explanatory note

The purpose of this special resolution number 3 is for the Company to comply with the Companies Act and the JSE Listings Requirements, which require a listed company to amend its entire Memorandum of Incorporation to bring it in harmony with the provisions of the Companies Act and Schedule 10 of the JSE Listings Requirements within two years from 1 May 2011.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

13. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"Resolved that each director of the Poynting Holdings Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the Annual General Meeting.

14. OTHER BUSINESS

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Voting and proxies

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

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

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

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

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

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

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

By order of the Board

Merchantec Proprietary Limited

Company Secretary

12 December 2012

Johannesburg

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

SALIENT FEATURES OF THE MEMORANDUM OF INCORPORATON

For the purpose of this Annexure 1, "Act" refers to the Companies Act, 2008 (Act 71 of 2008), as amended, consolidated or re-enacted from time to time, and includes all schedules to such Act and the Regulations.

A reference to a section by number refers to the corresponding section of the Act, notwithstanding the renumbering of such section after the date on which the Company is incorporated.

A reference to a clause by number refers to a corresponding provision of the Memorandum of Incorporation.

In any instance where there is a conflict between a provision (be it expressed, implied or tacit) of the Memorandum of Incorporation and –

- a provision of any Shareholders Agreement, the provision of the Memorandum of Incorporation shall prevail to the extent of the conflict;
- an alterable or elective provision of the Act, the provision of the Memorandum of Incorporation shall prevail to the extent of the conflict; and
- an unalterable or non-elective provision of the Act, the unalterable or non-elective provision of the Act shall prevail to the extent of the conflict unless the Memorandum of Incorporation imposes on the Company a higher standard, greater restriction, longer period of time or similarly more onerous requirement, in which event the relevant provision of the Memorandum of Incorporation shall prevail to the extent of the conflict.

6. ISSUE OF SHARES AND VARIATION OF RIGHTS

6.1 The Company is authorised to issue –

6.1.1 2 000 000 000 (two billion) ordinary par value Shares of 0.00005 cents each, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –

6.1.1.1.1 vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;

6.1.1.1.2 participate proportionally in any distribution made by the Company; and

6.1.1.2 receive proportionally the net assets of the Company upon its liquidation.

6.2 The Board shall not have the power to –

6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

6.2.2 consolidate and reduce the number of the Company's issued and authorised Shares of any class; or

6.2.3 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital; or

6.2.4 reclassify any classified Shares that have been authorised but not issued; or

6.2.5 classify any unclassified Shares that have been authorised but not issued; or

6.2.6 determine the preferences, rights, limitations or other terms of any Shares, or

6.2.7 convert one class of Shares into one or more other classes of Shares; or

6.2.8 create any class of Shares,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

6.3 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in clause 20.2.

6.4 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting.

6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

6.7 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

6.8 The Board may, subject to clause 6.12 and the further provisions of this clause 6.8 resolve to issue Shares of the Company at any time, but –

6.8.1 only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

6.9 All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.

6.12 Notwithstanding the provisions of clauses 6.2, 6.8, 6.11 and 6.13, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

6.13 Notwithstanding the provisions of clause 6.11, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) comply with the JSE Listings Requirements.

9. TRANSFER OF SECURITIES

9.4 All authorities to sign transfer deeds or other instruments of transfer granted by holders of Securities for the purpose of transferring Certificated Securities which may be lodged, produced or exhibited with or to the Company at its registered office shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at such of the Company's offices at which the authority was first lodged, produced or exhibited. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice.

10. NO LIEN

It is recorded for the avoidance of doubt that Securities shall not be subject to any lien in favour of the Company and shall be freely transferable.

11. TRANSMISSION OF SECURITIES

11.1 The executor of the estate of a deceased sole holder of a Security shall be the only person recognised by the Company as having any title to such Security.

12. DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is limited by this Memorandum of Incorporation.

13. CAPITALISATION SHARES

13.1 The Board shall have the power and authority, as in terms of section 47, and subject to necessary compliance with the JSE Listings Requirements, to –

13.1.1 approve the issuing of any authorised Shares as capitalisation Shares; or

13.1.2 to issue Shares of one class as capitalisation Shares in respect of Shares of another class; or

13.1.3 to resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share.

13.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 13.1.3, unless the Board –

13.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

13.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

15. FINANCIAL ASSISTANCE

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

16. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

16.1 Subject to the JSE Listings Requirements, the provisions of section 48 and the further provisions of this clause 16 –

16.1.1 the Board may determine that the Company acquire a number of its own Shares; and

16.1.2 the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but –

16.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and

16.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.

16.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 and, accordingly, the Company may not acquire its own Shares unless –

16.2.1 for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with sections 5.67 to 5.69 of the JSE Listings Requirements (or such other sections as may be applicable from time to time);

16.2.2 the acquisition –

16.2.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

16.2.2.2 the Board, by resolution, has authorised the acquisition;

16.2.3 it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

16.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.

17. RECORD DATE FOR EXERCISE OF SHAREHOLDER RIGHTS

17.1 The record date for the purpose of determining which Shareholders are entitled to –

17.1.1 receive notice of a Shareholders' meeting;

17.1.2 participate in and vote at a Shareholders' meeting;

17.1.3 decide any matter by written consent or by Electronic Communication;

17.1.4 receive a distribution; or

17.1.5 be allotted or exercise other rights,

shall be determined by the Board, provided that, for as long as the JSE Listings Requirements apply to the Company, such record date shall be the record date as required by the JSE Listings Requirements.

18. SHAREHOLDERS' MEETINGS

18.1 The Board, and/or any shareholder or group of shareholders with a combined shareholding of more than 25% (twenty five percent), shall be entitled to call a Shareholders' meeting at any time.

18.2 Subject to the provisions of section 60 dealing with the passing of resolutions of Shareholders otherwise than at a meeting of Shareholders, the Company shall hold a Shareholders' meeting –

18.2.1 at any time that the Board is required by the Act, the JSE Listings Requirements or this Memorandum of Incorporation to refer a matter to Shareholders for decision; or

18.2.2 whenever required in terms of the Act to fill a vacancy on the Board; or

18.2.3 when required in terms of clause 18.3 or by any other provision of this Memorandum of Incorporation.

18.3 The Board shall call a meeting of Shareholders if 1 (one) or more written and signed demands by Shareholders calling for such a meeting are delivered to the Company and –

18.3.1 each such demand describes the specific purpose for which the meeting is proposed; and

18.3.2 in aggregate, demands for substantially the same purpose are made and signed by the holders, as of the earliest time specified in any of those demands, of at least 10% (ten percent) of the voting rights entitled to be exercised in relation to the matter proposed to be considered at the meeting.

18.4 In addition to other meetings of the Company that may be convened from time to time, the Company shall convene an annual general meeting of its Shareholders once in each calendar year, but no more than 15 (fifteen) months after the date of the previous annual general meeting.

18.5 Subject to the provisions of the JSE Listings Requirements, any such annual general meeting –

18.5.2 shall not be capable of being held in accordance with the provisions of section 60 set out in clause 24, particularly, such meeting must be held in person and not by means of a written resolution as contemplated in section 60.

18.10 All meetings (whether called for the passing of special or ordinary resolutions) shall be called on not less than 15 (fifteen) business days' notice.

18.11 The quorum for a Shareholders' meeting to begin or for a matter to be considered, shall be at least 3 (three) Shareholders entitled to attend and vote and present in person. In addition –

18.11.1 a Shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and

18.11.2 a matter to be decided at a Shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

18.16 After a quorum has been established for a meeting, or for a matter to be considered at a meeting, all the Shareholders forming part of the quorum must be present at the meeting for the matter to be considered at the meeting.

19. SHAREHOLDERS' MEETINGS BY ELECTRONIC COMMUNICATION

19.1 Subject to the provisions of the JSE Listings Requirements, the Company may conduct a Shareholders' meeting entirely by Electronic Communication or provide for participation in a meeting by Electronic Communication, as set out in section 63, and the power of the Company to do so is not limited or restricted by this Memorandum of Incorporation.

19.2 Any notice of any meeting of Shareholders at which it will be possible for Shareholders to participate by way of Electronic Communication shall inform Shareholders of the ability to so participate and shall provide any necessary information to enable Shareholders or their proxies to access the available medium or means of Electronic Communication, provided that such access shall be at the expense of the Shareholder or proxy concerned.

20. VOTES OF SHAREHOLDERS

20.1 Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with this Memorandum of Incorporation, at a meeting of the Company –

20.1.1 every person present and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise;

20.1.2 on a poll any person who is present at the meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Securities held by that Shareholder; and

20.1.3 the holders of Securities other than ordinary Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 20.2.

20.2 If any resolution is proposed as contemplated in clause 6.3, the holders of such Shares ("Affected Shareholders") shall be entitled to vote at the meeting of ordinary Shareholders as contemplated in clause 20.1, provided that –

20.2.1 the votes of the Shares of that class held by the Affected Shareholders ("Affected Shares") shall not carry any special rights or privileges and the Affected Shareholder shall be entitled to 1 (one) vote for every Affected Share held; and

20.2.2 the total voting rights of the Affected Shareholders in respect of the Affected Shares shall not be more than 24.99% (twenty four point ninety nine percent) of the total votes (including the votes of the ordinary Shareholders) exercisable at that meeting (with any cumulative fraction of a vote in respect of any Affected Shares held by an Affected Shareholder rounded down to the nearest whole number).

22. SHAREHOLDERS' RESOLUTIONS

22.1 For an ordinary resolution to be approved it must be supported by more than 50% (fifty percent) of the voting rights of Shareholders exercised on the resolution, as provided in section 65(7).

22.2 For a special resolution to be approved it must be supported by the holders of at least 75% (seventy five percent) of the voting rights exercised on the resolution, as provided in section 65(9).

22.3 No matters, except –

22.3.1 those matters set out in section 65(11); or

22.3.2 the proposed change of the name of the Company; or

22.3.3 any other matter required by the Act to be resolved by means of a special resolution; or

22.3.4 for so long as the Company's securities are listed on the JSE, any other matter required by the JSE Listings Requirements to be resolved by means of a special resolution,

require a special resolution adopted at a Shareholders' meeting of the Company.

22.4 In the event that any Shareholder abstains from voting in respect of any resolution, such Shareholder will, for the purposes of determining the number of votes exercised in respect of that resolution, be deemed not to have exercised a vote in respect thereof.

24. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

24.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and maximum number of Directors appointed to the Board for the time being, shall not exceed 10 (ten) Directors.

24.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

24.6 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any additional eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

24.7 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 24.7 –

24.7.1 at each annual general meeting referred to in clause 18.4, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if an Director is appointed as managing Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

24.7.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

24.7.3 a retiring Director shall be eligible for re-election;

24.7.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 24;

24.7.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 18.12 to 18.15 (inclusive) will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

24.8 The Board shall, through its nomination committee constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic.

24.9 The Board has the power to –

24.9.1 fill any vacancy on the Board in writing, provided that such appointment be confirmed by Shareholders, in accordance with clause 24.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

24.9.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 25.

24.13 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 24.9.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

24.15 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, provided that the appointment and remuneration or fees (in addition to the remuneration or fees to which he may be entitled as a Director) in respect of such other office must be determined by a disinterested quorum of the Directors.

24.16 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

25. DIRECTORS' MEETINGS

25.2 The Directors may elect a chairperson and a deputy chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.

25.3 A addition to the provisions of section 73(1)(b)(ii), and including the provisions of section 73(1)(b)(i), any 2 (two) Directors shall at any time be entitled to call a meeting of the Directors.

25.4 The Board has the power to –

25.4.1 consider any matter and/or adopt any resolution other than at a meeting contemplated in section 74 and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided;

25.4.2 conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in section 73(3), provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting;

and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

25.5 The quorum requirement for a Directors' meeting (including an adjourned meeting), the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in section 73(5), subject only to clause 25.5.5, and accordingly –

25.5.1 if all of the Directors of the Company –

25.5.1.1 acknowledge actual receipt of the notice convening a meeting; or

25.5.1.2 are present at a meeting; or

25.5.1.3 waive notice of a meeting,

the meeting may proceed even if the Company failed to give the required notice of that meeting or there was a defect in the giving of the notice;

25.5.2 a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

25.5.3 each Director has 1 (one) vote on a matter before the Board;

25.5.4 a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

25.5.5 in the case of a tied vote –

25.5.5.1 the chairman may cast a deciding vote, if the number of Directors present at the meeting is more than 2 (two) and if the chair did not initially have a cast or a vote; or

25.5.5.2 the matter being voted on fails, in any other case.

27. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

27.1 The Company may pay fees to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

27.2 Any Director who -

27.2.1 serves on any board committee; or

27.2.2 devotes special attention to the business of the Company; or

27.2.3 goes or resides outside South Africa for the purpose of the Company; or

27.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

27.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with -

27.3.1 the business of the Company; and

27.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

27.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

30. BORROWING POWERS

30.1 The Directors may from time to time exercise all of the powers of the Company to

30.1.1 borrow for the purposes of the Company such sums as they think fit; and

30.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

32. ANNUAL FINANCIAL STATEMENTS

32.5 A copy of the annual financial statements must be sent to Shareholders at least 15 (fifteen) business days before the date of the annual general meeting of the Company at which such annual financial statements will be considered.

34. DISTRIBUTIONS

34.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –

34.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or

34.1.2 is authorised by resolution of the Board and in compliance with the JSE Listings Requirements, provided that such resolution does not provide for capital to be repaid upon the basis that it may be called up again.

34.5 Dividends are declared by the directors in accordance with the Act.

34.6 All unclaimed distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that distributions unclaimed cannot be invested or otherwise made use of by the Directors for the benefit of the Company for a period of 3 (three) years from the date on which they were declared, whereafter such unclaimed distributions may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monies, other than distributions, that are due to any Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Shareholder/s.

34.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by electronic transfer of funds, cheque or warrant and, where applicable, sent by post and addressed to -

34.7.1 the holder at his registered address; or

34.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

34.7.3 such person and at such address as the holder or joint holders may in writing direct.

34.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

36. PAYMENT OF COMMISSION

36.1 The Company may pay a commission at a rate not exceeding 10% (ten percent) of the issue price of a Share to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares of the Company or for procuring or agreeing to procure, whether absolutely or conditionally, subscriptions for any Shares of the Company.

37. NOTICES

37.1 All notices shall be given by the Company to each Shareholder of the Company and simultaneously to the Issuer Regulation Division of the JSE, and shall be given in writing in any manner authorised by the JSE Listings Requirements and the Regulations, and particularly Table CR 3 annexed to the Regulations. All notices shall, in addition to the above, be released through SENS provided that, in the event that the Shares or other Securities of the Company are not listed on the JSE, all the provisions of this Memorandum of Incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Act.

38. AMENDMENT OF MEMORANDUM OF INCORPORATION

38.2 Subject to the provisions of clause 6.4, this Memorandum of Incorporation may only be altered or amended by way of a special resolution of the ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in section 16(1)(a).

39. COMPANY RULES

The Board is prohibited from making, amending or repealing any rules as contemplated in section 15(3) and the Board's capacity to make such rules is hereby excluded.

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

FORM OF PROXY

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 fifth Annual General Meeting of shareholders of the Company to be held at 33 Thora Crescent, Wynberg, Sandton at 10:00 on Wednesday, 16 January 2013 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.

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work (   )   Telephone home (   )   Cell:

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 2012			
2.	To approve the re-election as director of Coenraad Petrus Bester who retires by rotation			
3.	To approve the appointment of Zuko Ntsele Kubukeli as member and Chairman of the Audit and Risk Committee			
4.	To approve the appointment of Richard Charles Willis as member of the Audit and Risk Committee			
5.	To appoint, Coenraad Petrus Bester as a member of the Company's Audit and Risk Committee.			
6.	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			
7.	**Special resolution number 1** Approval of the non-executive directors' remuneration			
8.	**Ordinary resolution number 1** Approval of the remuneration policy			
9.	**Ordinary resolution number 2** Control of authorised but unissued ordinary shares			
10.	**Ordinary resolution number 3** Approval to issue ordinary shares, and to sell treasury shares, for cash			
11.	**Special resolution number 2** General approval to acquire shares			
12.	**Special resolution number 3** Approval of the adoption of the Memorandum of Incorporation of the Company			
13.	**Ordinary resolution number 4** Signature of documents			

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

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at   on   2012/13

Signature

Assisted by (if applicable)

POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

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Notes to proxy

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 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;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. **Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited**

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

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

    to be received by no later than 10:00 on Monday, 14 January 2013 (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.
15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

    A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

    A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

    The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

    The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

    If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

    Attention is also drawn to the "Notes to proxy".

    The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

Poynting
Holdings Limited

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

ELECTION FORM FOR ELECTRONIC POST

12 December 2012

Dear Poynting Holdings Limited Shareholder

Notice of publication of annual financial statements for the financial year ended 30 June 2012

Poynting Holdings Limited hereby gives notice in terms of section 31(1) of the Companies Act 71 of 2008 as amended to all its shareholders of the publication of the annual financial statements of the Company for the financial year end 30 June 2012.

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

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

or

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

(Please note that the integrated annual report 2013 will only be available in electronic format unless a specific hard copy is requested.)

Yours faithfully

PAJ Ebersohn

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CORPORATE INFORMATION

Country of incorporation and domicile
South Africa

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

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

Registered office
33 Thora Crescent
Wynberg
Johannesburg
South Africa
2090

Postal address
PO Box 76579
Wendywood
Johannesburg
South Africa
2144

Bankers
ABSA Bank Limited

Auditors
KPMG Inc
Chartered Accountants (SA)
Registered Auditors

Secretary
Merchantec Proprietary Limited

Company registration number
1997/011142/06

POYNTING ANTENNAS PROVIDES PRODUCTS TO MAKE WIRELESS COMMUNICATION EASIER AND MORE AFFORDABLE

WOUNDED BUFFALO
COMMUNICATIONS AGENCY

Poynting
Holdings Limited
Making wireless happen

33 Thora Crescent
Wynberg, Johannesburg
2090
South Africa

Poynting Antennas (Proprietary) Limited
PO Box 76579
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www.poynting.co.za