Poynting

Making wireless happen

www.poynting.co.za

Poynting

Making wireless happen

INTEGRATED ANNUAL REPORT 2013

Our group values

Poynting Holdings Limited ("Poynting") provides global antennas to suppliers/partners of choice for the telecommunications, defense and security markets.

Extracting the core aspects from Poynting's value statement perhaps best describes the nature and culture of the Company:

- Our bedrock value is our belief that we shall succeed through clever innovative design;
- We shall provide products, information and advice with technical honesty and integrity;
- We prefer multicultural and diverse employees operating in small teams;
- Poynting teams enjoy working hard and are given a high level of autonomy, freedom and responsibility;
- All are encouraged to be brave and headstrong and must learn to thrive on challenges;
- Poynting is proud of our African roots, but always aims at international success; and
- Poynting's activities should benefit shareholders, employees and communities we encounter.

Our mission

Poynting's mission is to deliver high quality antenna solutions on time through technical and service excellence.

What we are all about

For the telecommunication, defense and security markets, Poynting delivers on time high quality antenna solutions offering customisation supported by technical and service excellence as Poynting is the trusted and innovative partner to its clients for over a decade.

About this report

The annual report covers the economic, environmental, social activities and financial issues of the Group for the year ended 30 June 2013. 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 the 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 2013 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

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Poynting overview

HIGHLIGHTS

NET PROFIT AFTER TAXATION 36.04%

The net profit after taxation increased from R7.233 million in 2012 to R9.840 million in 2013

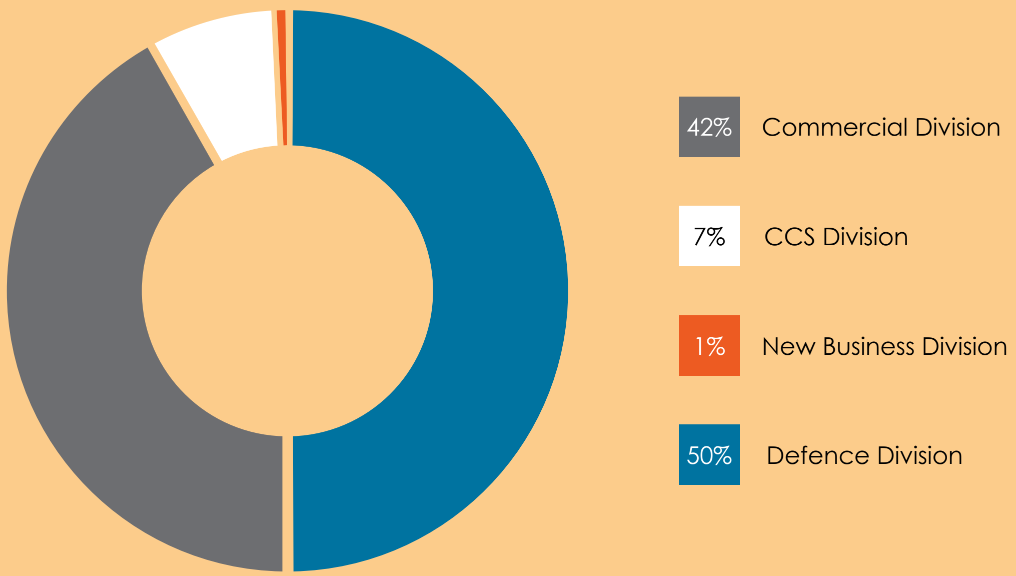
EARNINGS PER SHARE 28.12%

Basic earnings per ordinary share increased from 8.18 cents to 10.48 cents per share

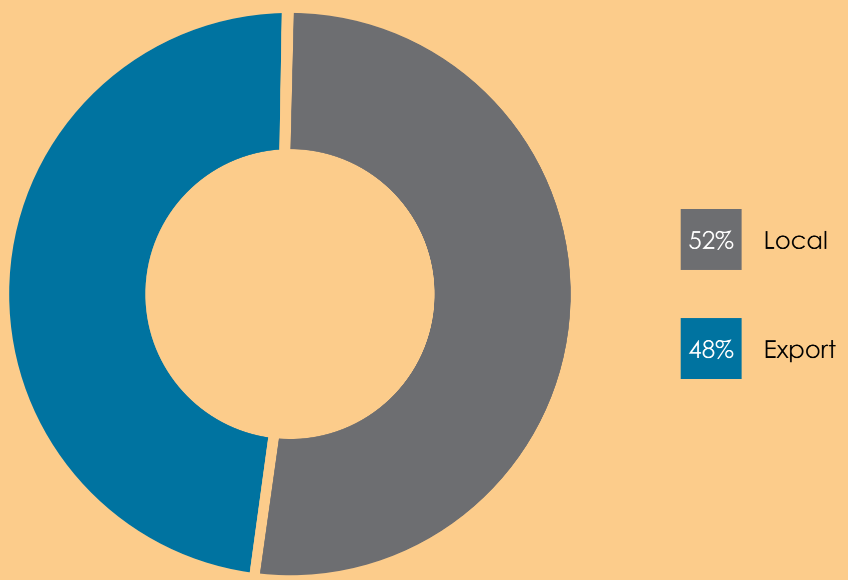
NET TANGIBLE ASSET VALUE PER SHARE 21.75%

The net tangible asset value per share increased from 32.81 cents to 39.95 cents per share

SALES PER TECHNOLOGY CATEGORY 30 JUNE 2013



EXPORT AND LOCAL SALES FROM JULY 2012 - JUNE 2013



Business processes

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 Group operates as four divisions, namely Commercial, Defence, Cellular Coverage Solutions ("CCS") and the recently formed New Business. The main divisions are Defence and Commercial, while CCS is currently a new division which is not yet consistently profitable and New Business is engaged with investing into new business areas and acquisitions to drive the growth plan referred to later in this report.

The Defence Division is focused on the electronic warfare market which comprises monitoring, jamming and direction-finding antennas. This division sells to military system integrators and specialised distribution partners. Close partnerships are created with customers, and antennas are often custom-designed. The Defence Division has also integrated the products of Radiant Antennas Proprietary Limited ("Radiant Antennas"), which was acquired in July 2012, and is generating sales from this new product range. These products have extended the Defence Division to the defence communication market from the previously predominantly serviced Electronic Warfare ("EW") market.

The defence communication market is fundamentally larger than the more specialised EW market and promises good growth opportunities. Strategically, this expansion makes sense since the EW market demanded very broad bandwidth antennas; our EW antennas as well as the Commercial 3G antennas have provided Poynting with leading technology and know-how to design and manufacture these broad bandwidth antennas.

Technological advances in defence communications similarly demands increasingly broader bandwidth antennas in large quantities. The combination of broadband antenna technology and knowhow in mass producing 3G broadband antennas, together with Radiant Antennas' existing mechanical and electrical designs, place Poynting in an almost unique position to capitalise on supplying the defence communication market.

Poynting's commercial antennas are used with or in cellular and wireless data end-user equipment. Technologies include GSM, HSPA, 3G, 4G, LTE, WiFi, iBurst and related technologies. These antennas enable and enhance internet access for end users, increase throughput while also making connections more consistent and reliable.

Poynting Antennas to supply antennas for Bloodhound SSC

Poynting Antennas has been selected to design and build antennas for the Bloodhound supersonic car (SSC) that will attempt to beat the current world land-speed record at Hakskeenpan, in the Northern Cape, in 2015 and 2016.

Design Speed

- 1,690 km/h
- 496 m/s
- Four and a half football pitches in 1 second
- 150 metres in the blink of an eye
- Faster than a bullet fired from a Magnum 357
- It's own car length in less than 3 hundredths of a second

Poynting's deliverable will be qualified antennas, which will be mounted inside the vehicle fin and connected through radio frequency cables to the User Equipment Sierra Wireless modules to maximise the throughput bandwidth for the data link.

The antennas will be developed making use of Poynting's current specialised antenna development methodologies and capabilities and will include a series of simulations, prototypes, tests and qualifications.

Poynting Antennas to supply antennas for Bloodhound SSC

Business processes

The Commercial Division sells most of its products through distributors with main markets in South Africa, Europe, the USA and Australia, in order of contribution to sales. The market for these antennas is rapidly increasing with cellular data revenues (reported by MTN, Vodacom, Vodafone and others) typically growing currently by between 20% and 50% and actual data usage and devices roughly doubling annually. Voice revenues are stagnant however, especially in Africa, uptake of 3G, 4G and LTE internet access is growing massively. Our antennas find a particular niche in fixed wireless (office or home internet) usage and the machine-to-machine ("M2M") market is another driver in demand for our antennas. M2M connections include vehicle tracking, ATMs, credit card terminals, remote electricity and other metering and a host of other telemetry applications. Many new applications appear as the cost of connectivity drops – these includes home alarm systems, irrigation, video surveillance, antipoaching detection devices, vending machines and other novel applications requiring connectivity.

Poynting is currently investing in the entry into the cellular micro base station market and has established the CCS division for this purpose. CCS is fundamentally different from the Commercial Division, which mainly supplies antenna based solutions used to connect end user equipment, while CCS products are aimed at the base station (network operator or infrastructure) market.

Cellular data would fundamentally require operators to provide at least 10 times more base stations than those required to provide cellular voice services.

This "densification" is required to provide adequate capacity for future data requirements and not primarily to increase coverage as many people believe. Without covering the technical fundamentals, this significant increase for base stations is fundamental and unavoidable. The densification require base stations which cost approximately 10 times less than traditional ones and with radically different shape and form factors. The cost factor is crucial in order to ensure the commercial viability of cellular data growth. The identification of suitable locations to install such a large number of new base stations clearly demands innovation in terms of size and shape of these base stations.

The New Business Division was formed as a vehicle to allow for the execution of the CEO growth plan which aims to build Poynting into a Group with revenue in excess of R1 billion over a 3 to 5 year period. This growth will be in the form of acquisitions of new businesses, including strategic acquisitions to expand current business divisions in terms of product and distribution and investing into completely new business areas.

WHERE WE OPERATE

Poynting offices are currently in the Gauteng and the Western Cape provinces.

The Commercial Division utilises the two main sales channels namely Poynting Europe, stationed in Germany and Poynting Direct operating from their various locations within South Africa. We deliver our products nationwide and customers use our online internet web shop at webshop@poynting.co.za to purchase and view our products.

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 has numerous distributors based around the world. We supply local and foreign system houses with specialised antennas.

Major operations

Poynting Antennas Proprietary Limited
Commercial Division

Unit 4, N1 Industrial Park
Landmarks Avenue
Samrand, 0157
South Africa

Poynting Antennas Proprietary Limited
Defence and Specialised

33 Thora Crescent
Wynberg
2090
South Africa

Poynting Direct Proprietary Limited
Western Cape

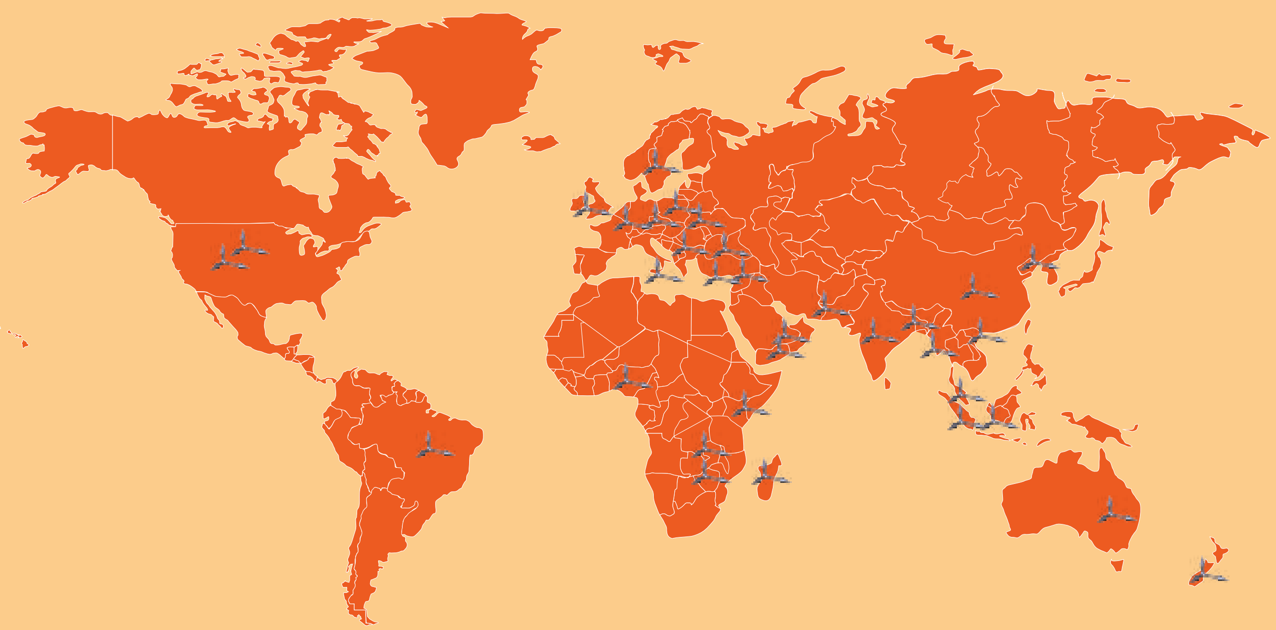
Unit N3, Centurion Business Park
C/o Bosmansdam Road and Democracy Way
Marconi Beam, Cape Town, 7441
South Africa

Poynting Direct Proprietary Limited
Gauteng

Unit 4, N1 Industrial Park
Landmarks Avenue
Samrand, 0157
South Africa

The maps below show our current global presence.

Established clients per country:



Australia	3
Belarus	1
Brazil	1
Canada	2
China	1
Cyprus	1
France	3
Georgia	1
Germany	4
India	1
Indonesia	2
Israel	3
Italy	2
Kenya	1
Lithuania	1
Malaysia	1
Mauritius	1
New Zealand	1
Nigeria	1
Oman	1
Pakistan	2
Poland	1
Romania	1
Singapore	3
South Africa	110
South Korea	1
Spain	2
Sweden	1
Taiwan	2
Thailand	3
Turkey	4
United Arab Emirates	1
United Kingdom	4
United States of America	10
Vietnam	1
Zimbabwe	1

Business processes

Progress on Strategic Initiatives

Initiative	2013 Progress	2014 Goal	Reference
Efficiency	In the Commercial Division the China outsourced manufacturing enhanced margins. For the Group repetitive orders requires less research and development costs.	Mergers and acquisitions enable Poynting to have access to a larger talent pool which indirectly enhances efficiency.	Engineering hours versus new product development.
Product relevance	Poynting developed several new products and patented these product designs and novelty.	Keeping abreast with the market demands to ensure that we can supply what the customers require.	Development of new products and market growth.
Customer service	During the year under review we have managed to keep the standard of service at a high level compared to our competitors.	Easier and timeous response to customers.	Customer feedback.
Accelerate performance	Poynting successfully acquired Radiant Antennas Proprietary Limited effective 01 July 2012. In addition a SENS announcement was made later in the 2013 year regarding the update of the acquisition of African Union Communications Proprietary Limited.	Strategic mergers and acquisitions.	Increased turnovers that support the increased EBITDA.

FACTORS THAT WILL INFLUENCE OUR FUTURE

Reference regarding the aspects that will Influence Poynting will be discussed In the CEO report Included on page 18 of this report under the heading future prospects.

Stakeholder	Requirements	Engagement	Challenges	Status
Investors and shareholders	Poynting is an innovative entity to generate sustainable returns for investors.	Investor relations. Financial results reporting and discussions. Annual general meeting. Individual engagements.	Continuously delivering profitable growth results.	Substantial improvement on Net profit after taxation of 36.04% compared to the results ending 30 June 2012.
Clients	Our clients requires innovative cost effective antenna solutions, giving them the competitive edge.	Client engagement processes through different services classified on high level as implementation, support and product developments.	Providing top quality antennas at a market related price.	Poynting is experiencing a higher demand for its products notwithstanding the steady decline in demand of the competitors' products.

Business processes

Stakeholder	Requirements	Engagement	Challenges	Status
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 and expanding our footprint in the world.	Poynting has shown a steady increase in distributors actively promoting Poynting products.
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 personal requirements.	Retaining key employees.	Poynting has expanded the human resource department which is working towards a common goal to achieve the objectives set by the board.
Industry players	Being the preferred antenna company.	Attending worldwide shows, effective and innovative antenna designs.	Ensuring that we are the leaders in the market.	Poynting is fast becoming the preferred supplier of specialised antennas.
Suppliers	Ensuring accurate orders and timeous payments.	Quality engineers visiting suppliers premises and engaging in discussions when new material are required.	Ensuring that suppliers supply quality products at reasonable prices.	The supply chain is required to be BBBEE compliant and Poynting only supports suppliers that deliver quality products on time.
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.	Ensuring that the community experience our products as useful and environment friendly.	Poynting was involved with several upliftment projects and managed to establish to fully equipped computer rooms for two schools through our development Empowerment foundation.
Government and regulators	Complying with regulations.	Meeting with relevant officials on a regular basis and actively involved in discussions regarding the change in regulations.	Ensure compliance as well as keeping abreast of developments.	Poynting is audited on a regular basis by independent third parties and the compliance of Poynting with the relevant regulations is above normal.

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 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 behaviour.

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 is responsible for ensuring 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.

Our governance team

Coenraad Petrus Bester (57)

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.

Juergen Dresel (45)

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.

Andries Petrus Cronje Fourie (51)

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-authorised 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 Group of 118 employees.

Pieter Andries Johannes Ebersohn (48)

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 (40)

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 (43)

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 (53)

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.

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 is 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 which 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 11+ 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 in South Africa 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

Join Our Ride

"Life is one hell of a ride," as George Clooney's character puts it in the 2013 film Gravity. So is Poynting. It is indeed a challenge, and a lot of fun, to guide a company like Poynting via the formal waters of the listed environment towards achieving its ambitions. There is no way that you can box it in or make it stick rigidly to a fixed path. I guess, that is the true test of a high-tech entrepreneurial company. Which is also the reason why it is resilient and innovative.

The year past is proof that the board and executives got the balance right. Revenue showed a healthy growth and the bottom line is smiling back at shareholders. Consolidating the Company's performance this way always provides confidence, a vital motivator for people in the business of re-inventing the future of wireless communication. Whether it is the result of a carefully crafted strategy, diligent and meticulous execution, or a fair bit of luck, the portfolio of products and services that Poynting currently offers, proved to be a great hedge against the rather lack-luster broader economic conditions that prevailed during the last financial year.

The Defense division again provided the solid platform, which allowed the fledgling Commercial divisions to revamp its products via continued innovations, improve margins due to off-shore production in China, and to explore new markets with high-potential solutions to the bandwidth-hungry cellular market.

The board has approved and adopted a very exciting growth plan. Stakeholders will appreciate that this plan, forged amidst the dynamics of entrepreneurial spirit and diligent governance, emerged through a healthy dose of robust debate. But it is the type of involvement I look for. If you don't weigh-in you don't buy-in. The one thing I can confirm is that Poynting talks straight. What you read in these pages is what you will get when you come and visit.

It is very important to us that you have a clear understanding of where we intend to take the Company. The heart of Poynting is and will remain product innovation. But this is risky business, especially if the Company is still relatively small. Hence, a key element of our strategy is to grow to a sizable business through a combination of acquisitions and organic growth as quick as practically possible, in order to provide a more stable base for significant innovations.

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 give meaning to life by fully committing themselves for a cause we all believe in.

To my fellow board members - thank you for your trust and open conversation. If I may echo the words of Dr. Ryan Stone (Sandra Bullock) from Gravity "I'm either going to come back with one hell of a story, or die in an explosion in the next 10 minutes. It doesn't really matter. Either way it's going to be one hell of a ride."

I invite you to join the Poynting ride. It may not be as exciting as a walk in outer space, but we will definitely not bore you with the typical.

It is my pleasure to present Poynting's 2013 integrated report.

Sincerely

Coen Bester

Poynting Chairman

Introduction

I am pleased to report the factual information and future insights for the Poynting Group. These excite, inspire and drive us but often fail to portray the true Poynting spirit and culture of commitment and continuous growth. The Chairman's report written by Coen Bester is a highly recommended read which provides a sound overview of our business realities, showing Poynting's immense potential as well as the risks inherent in being a shareholder in an ambitious high growth technology company.

It is a pleasure for me to report to our current shareholders that the Group withstood the challenges of another difficult year and still recorded a performance that confirms the inherent soundness of our financial position.

The Group has proven strong leadership teams are in place, with its succession depth evidenced by the seamless take-up of executive responsibility. With resilient and responsive operations and the appropriate investment in our people strategy, infrastructure and systems, the board is convinced that the Group is adapting innovatively and effectively to the profound changes in the market place.

As a critical component of our strategy to maintain and also improve excellent customer service, we worked hard to contribute to our staff development in an effort to improve competency levels in 2013. Our employees are the key differentiator in achieving our strategy and we remain focused on best practice people management and creating a workplace where high performance is expected and rewarded.

In my review, I will briefly take you through our results, operations, growth plan and future opportunities.

Poynting retains a very strong Research and Development ("R&D") department of around 30 talented members, including PhD and MSc level engineers, who design the antennas, develop production methods, develop manufacturing plant (mainly moulds and stamping tools) and produce prototypes. The Commercial, Defence, CCS and the New Business Divisions all perform customer specific designs to supply products to single customers ("OEM") and generic products which can be sold to various customers. Typically, the Defence Division sales are generated from large military OEMs, whereas the Commercial Division mainly focuses on mass produced products sold through distributors or to corporate customers. CCS mainly services cellular operators and their infrastructure integration partners. New Business Division handles acquisitions, formation of IP in new technology areas and the building of new businesses.

RESULTS OVERVIEW

The highlights of the results for the year ended 30 June 2013 include:

Net profit after taxation increased by 36.04% from R7.233 million in 2012 to R9.840 million in 2013.

Basic earnings per ordinary share increased by 28.12% from 8.18 cents to 10.48 cents per share.

Net tangible asset value per share increased by 21.75% from 32.81 cents to 39.95 cents per share.

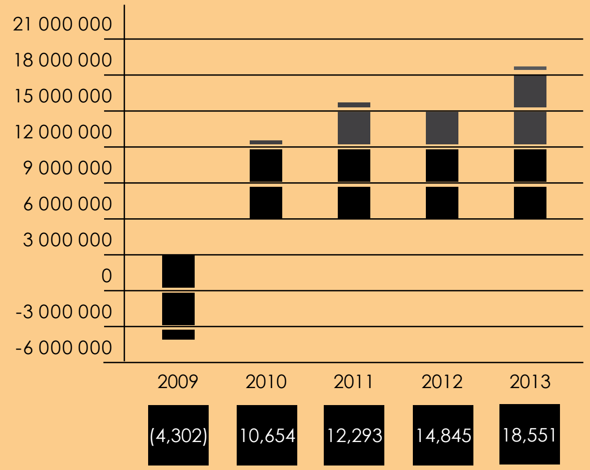
Perhaps more indicative of Company performance is the EBITDA which at R18.5 million has also grown by 24.96% and equates to 19.75 cents per share. The number is the most representative indicator of profitability since our final earnings number includes amortisation and depreciation of about R7.744 million which mainly relates to depreciation and amortisation of intangible assets.

Commercial Division revenues increased by 10.97%. Most significantly, the Commercial Division EBITDA contribution increased by 57.98% from R4.393 million to R6.940 million. The Defence Division revenues increased by 36.57% and EBITDA increased by 59.17% from R8.389 million to R13.352 million compared to the previous comparative year.

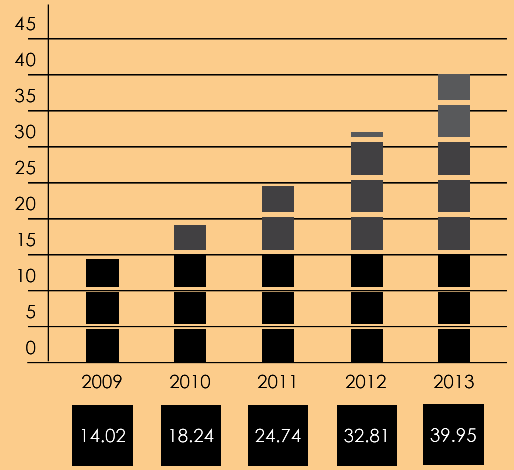
The two main divisions of the Company, Defence and Commercial, have grown EBITDA by 58.77% from R12.781 million to R20.292 million. It is also significant to note that the two main divisions marginally increased exports from 50.57% in 2012 to 51.63% in the 2013 financial year with the largest contribution coming from Europe and North America. Poynting has succeeded in exporting uniquely locally developed technology into two of the largest first world markets against significant international competitors. We believe the export numbers are still low and that considerable growth in export sales is possible given the size of the international market for both Commercial and Defence products.

The CCS division made a loss before interest, tax, depreciation and amortisation of R2.410 million. CCS expenditure relates to investment in product development, new technology and marketing while actual income is limited to trial installation and prototypes for network approval and customer acceptance. Current product development is done in close collaboration with large operators including multinational cellular companies who are leaders in this area. Our new 3rd generation LTE billboard micro base station is generating considerable interest and evaluation and sample units have been delivered. While cooperating with potential customers Poynting has funded and retained full IP ownership of these products. A number of patents and registered designs have also been filed to protect this IP.

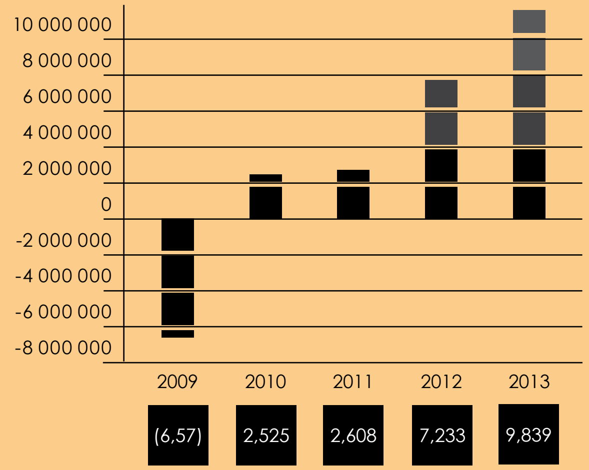
EBITDA (R'000)



NET TANGIBLE ASSET VALUE PER ORDINARY SHARE (CENTS)



PROFIT AFTER TAXATION (R'000)



Defence Division

The Defence Division is continuing to become internationally established as a leader in EW antenna technology. This is best illustrated by analysing the spread of customers.

Defence Division's engineering, sales and operational functions are operating with established management teams and proven systems for each function. These are straining under the growth but are functioning effectively and are expanding to meet increased demand for the remainder of the financial year and thereafter.

Commercial Division

This division's operations are showing the benefits of mass production in China. Smaller quantities and more specialised antennas are still manufactured locally at the Company's Samrand offices and this manufacturing flexibility is beneficial to the Company. Manufacturing, quality and logistical systems and cross cultural relationships has become a tangible strength for Poynting.

The benefits of these strengths to profitability are clearly shown by the financial results. Increased sales of 3G antennas to Europe illustrate the benefits of outsourced manufacture: the majority of products are shipped to Europe directly from China, resulting in logistical and other cost advantages. A separate manufacturing facility adjacent to the Samrand office has been rented to support small scale CCS manufacturing. CCS Division still operates in close conjunction with Commercial and Poynting Direct at the Samrand offices.

Poynting Direct

Poynting Direct has consolidated the Johannesburg and Pretoria branches at the Samrand offices while the Cape Town branch has been retained. Poynting Direct sales are showing good growth and combined with decent margins, this subsidiary contributes to the profitability of the Commercial Division.

New Business

The DTV unit activities are funded by the New Business Division and will be spun off into its own division once it achieves significant sales traction.

Our new DTV business unit is not yet defined as a formal division since no income has been generated.

This unit is in the process of developing new technology aimed at the DTV consumer market including a new Digital TV antenna for domestic use, trademarked as the DigiAnt. To our knowledge, DigiAnt is the first new TV aerial invented over the past 50 years and has demonstrated equal or better performance to current consumer products on the market. DigiAnt, the production costs of which are significantly lower than current TV antennas, collapses to a packaging volume of approximately 8 times smaller than existing antennas. The cost to set up production of these antennas is modest, which makes it attractive in many markets wishing to promote local production as part of the Digital TV migration. Poynting has several patents and designs on the concept and hopes to both manufacture and license manufacture of DigiAnt internationally.

The DTV business unit has also developed a solar powered TV trademarked as SunPoynt TV. SunPoynt consists of ultra-low power high definition (HD) monitor, solar panel, regulator, USB charging port and two lights which can provide a family with TV, lights and device charging for 6 hours or longer per night. The addition of a decoder makes it suitable for viewing TV in areas without electrical power. The SunPoynt can also become an internet access device by adding a 3G modem and wireless keyboard. Another significant technology is the VeriPoynt TV installation verification system. VeriPoynt devices communicating to a cloud computer can be used to verify successful installation of terrestrial or satellite based TV's by installers.

CEO 3-5 YEAR GROWTH PLAN

Poynting's board accepted a growth plan early this financial year which aims to achieve Group turnover in excess of R1 billion within a 3 to 5 year period. We plan to achieve this target by performing strategic acquisitions, autonomous acquisitions, developing new business areas/technologies and strong growth in all of these areas including existing Divisions. We envisage the additional turnover to be achieved as follows:

- Strategic acquisitions (R50 - R100 million in revenue)
- Autonomous acquisitions (R200 – R400 million in revenue)
- New business areas (R100 – R300 million in revenue)
- Growth – this is growth in the current divisions, acquisitions and from new businesses divisions.

Growth in the above is expected to contribute between R150 million – R350 million in revenue.

Strategic acquisitions refer to the expansion of current divisions in terms of product range and/ or distribution resources.

Autonomous acquisitions refer to companies which we acquire in different technology fields to the existing ones which are intended to continue operations under current brand, management and marketplace.

Currently the Radiant Antennas acquisition would fall under the strategic category while the potential acquisition of African Union Communications Proprietary Limited, ("Aucom") which was announced on SENS on 10 July 2013, would fall under the autonomous category.

The CCS Division and the recently formed DTV business unit are examples of new business areas. Poynting is also registering some new IP which could form the basis of further business units.

FUTURE PROSPECTS

The Defence and Commercial Divisions should continue strong growth in the future.

The Defence Division growth against a backdrop of lower international spending on defence was achieved via a vast increase in international customers in the past fi nancial year. This division has achieved international recognition as a leading developer of antennas used in the EW market and the acquisition of Radiant Antennas has also ensured successful entry in the military communications market. Poynting is considering further acquisitions to bolster and expand both product ranges and international market access of the Defence Division.

The Commercial Division is supported by strong growth in the cellular data field. With the advent of 4G/LTE systems a number of Poynting products are now unique internationally and our competitive advantage is ensured by numerous international patents, designs, trademarks and know-how. Our difficult, but successful transfer of mass production to China makes Poynting competitive in any international market and gives this division excellent scalability.

The CCS Division should be supported by the requirement internationally to significantly increase base stations to cope with growth in data traffic. All studies indicate that the number of base stations will increase by a factor of 10 or more in the next few years, but this will require innovative smaller and lower cost base station concepts, which are exactly the products currently offered by the CCS division. Pilot installations have been ordered and considerable local as well as international interest has been shown in the CCS small base station products.

Our recent binding Heads of Agreement to acquire Aucom (as announced on SENS), will considerably enlarge the Company and gives us further diversification in terms of products and markets. Aucom operates in the DTV infrastructure integration and supply in Africa – this market is new to us in terms of technology and region and is affected by entirely different drivers to those in the telecommunications and military communication markets. Joint business endeavours between Poynting and Aucom also resulted in the DTV consumer products developed by the DTV business unit mentioned above. Considerable additional synergies exist between the companies. The current drive of all African countries to convert from analogue TV to digital TV should provide Aucom with potential to thrive over the next five to ten years.

Poynting has an active process in place for further acquisitions and investors will be informed of these when appropriate.

Poynting intends to increase its cash reserves by R15 million to R30 million over the next year or so by increasing long term debt and/or by issuing equity. These future reserves, added to our current excess cash, will be used to fund the activities outlined in the growth plan.

Poynting's profitable existing operations, strong balance sheet, deceptively valuable IP portfolio and innovative capacity places it in a favourable position to achieve the aforementioned growth objectives and reward shareholders in the future.

Poynting follows a strategy of accepting risk, aggressively and rapidly implements growth strategies and investors should acknowledge that exposure to risk is part and parcel of investing in a Company with high growth plans and ambitions.

SUBSEQUENT EVENTS

Shareholders are referred to the SENS announcements on 10 July 2013, 4 October 2013, 4 November 2013 and 4 December 2013 regarding the acquisition of Aucom and the withdrawal of the cautionary announcement.

Pro forma financial effects for the acquisition of AUCOM

The table below sets out the *pro forma* financial effects of the Acquisition on Poynting's basic earnings per share, headline earnings per share, net asset value per share and tangible net asset value per share.

The *pro forma* financial effects have been prepared to illustrate the impact of the Acquisition on the reported financial information of Poynting for the year ended 30 June 2013, had the Acquisition occurred on 1 July 2012 for statement of comprehensive income purposes and on 30 June 2013 for statement of financial position purposes.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited results of Poynting for the 12 months ended 30 June 2013.

The *pro forma* financial effects which are the responsibility of the directors are provided for illustrative purposes only and, because of their pro forma nature may not fairly present Poynting's financial position, changes in equity, results of operations or cash flow.

	Before the Note 1 Acquisition	**After the Note 2 Acquisition**	**% Change**
Basic earnings per share (cents)	10.48	23.13	121
Headline earnings per share (cents)	10.48	23.13	121
Net asset value per share (cents)	54.83	55.74	2
Tangible net asset value per share (cents)	39.95	2.84	(93)
Weighted average number of shares in issue	93 921 053	110 421 053	
Total number of shares in issue	**93 921 053**	**110 421 053**	

Notes:

1. The "Before the Acquisition" basic earnings and headline earnings per Poynting Share have been extracted without adjustment from the provisional consolidated financial results for the year ended 30 June 2013. The "Before the Acquisition" net asset value and net tangible asset value per Poynting Share has been calculated from the financial information presented in the provisional consolidated financial results of Poynting for the year ended 30 June 2013. The "After the Acquisition" column reflects the pro forma effects of the Acquisition on Poynting.
2. The financial information included in the "After the Acquisition" column has been prepared based on financial results of Aucom for the year ended 30 June 2013, taking into account the following:
   - Revenue of R4 000 000 in respect of Poynting and cost of sales of R4 000 000 in respect of Aucom, for the year ended 30 June 2013, were eliminated in the pro forma adjustments which arose due to a licence service agreement entered into by the respective parties.
   - Transaction costs of R2 321 406 were included in the pro forma operating expenses.
   - The Share Consideration has been allocated as follows:
   - Equity attributable to owners of the parent on the Statement of Financial Position has been adjusted by the Upfront Shares Amount, thus increasing the number of Poynting shares in issue by 16 500 000; and
   - Non-Current Liabilities on the Statement of Financial Position have been adjusted by an amount equal to 75% of the 66 million Poynting shares, to be held in trust, until the release thereof to the Vendors and/or repurchase thereof by Poynting.
3. There are no post reporting date events which require adjustment of the pro forma financial effects.
4. All adjustments, with the exception of transaction costs directly attributable to the Acquisition are expected to have a continuing effect on the financial results of Poynting Conditions precedent for the Aucom deal at date of finalization of this report.

   The Acquisition is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:
   - by no later than 31 December 2013, to the extent required in terms of all the material contracts that Aucom is party to, unconditional written consent to the Acquisition having been obtained from the counterparties to the material contracts to ensure that the material contracts remain in full force and effect;
   - by no later than 31 January 2014, the requisite regulatory approvals from the JSE and the Panel having been obtained;
   - by no later than 31 January 2014, Poynting having obtained approval of the Acquisition from its shareholders who have waived any rights which they may have to a mandatory offer in terms of section 123 of the Companies Act.

Sincerely

Andre Fourie

Poynting CEO

Chief financial officer's review

Financial highlights of the year

Poynting once again managed to achieve exceptional growth figures

Giving insight into a Group such as Poynting is not that difficult when the Group has shown continous growth, especially in the previous five years.

The industries in which we operate are very exciting and are driven by the development of new and innovative products. It remains challenging to define Poynting through words only, but for me, one of the most effective ways to gain true insight into Poynting is through the financial hightlights of the year which are summarised below:

The net profit after taxation increased by 36.04% from R7.233 million in 2012 to R9.840 million in 2013.

The successful integration of the business of Radiant Antennas Proprietary Limited which was acquired by the Poynting Group effective 01 July 2012 as well as the strong demand for the Defence Division's products increased the Defence Division's turnover by 36.57% from R34.662 million in 2012 to R47.338 million in 2013. The Group achieved an increase in turnover of 15.77% from R80.970 million to R93.743 million in 2013.

Cash and cash equivalents decreased from R17.398 million in 2012 to R14.402 million in 2013 due to the additional working capital requirement to facilitate the increased turnovers. Overall Poynting is still a cash generating entity due to the Group being profitable and the substantial non-cash expenses such as depreciation and amortisation of R6.372 million in 2012 and R7.744 million in 2013.

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. The Group is in the final stages of acquiring 100% of the issued share capital of Aucom. This acquisition will result in considerable growth for the Group which in return will have a positive effect on the Group's profit after taxation.

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

New technology products, the competitive edge of Poynting, resulted in the capitalisation of R8.184 million intangible assets for 2013 compared to the R5.227 million in 2012. Several patent and registered designs have also been filed during 2013 to protect the intellectual property. Depreciation and amortisation of R7.744 million was in line with the additional capitalisation in 2013 when compared to the R6.372 million expensed for 2012.

Dividends

Poynting has considered the allocation of a dividend to its shareholders but the current merger and acquisition strategy of Poynting requires funding, indicating that the surplus cash will be utilised within Poynting for the mergers and acquisitions. The dividend policy remains a high priority for the board of Poynting and if the acquisition of Aucom is successful it will have a substantial impact on the dividend policy going forward.

Conclusion

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.

I would like to take this opportunity to thank, in particular, all the finance staff in the Group for their hard work, dedication and support over the last year.

Sincerely

Johan Ebersohn

Poynting FD

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 terms of the recognition and measurement requirements of the International Financial Reporting Standards ("IFRS"), presentation and the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, the SAICA Financial Reporting Guides as issued by the APB, the Financial Reporting Pronouncements as issued by the Reporting Standards Council and the Listings Requirements of JSE Limited. 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 Independent 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.

Corporate governance

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 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;
- 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 with 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 which includes all directors attending the ALTX Directors Induction program presented by the University of Witwatersrand. 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 JSE Listings Requirements.

Company Secretary

The Company Secretary, Merchantec Proprietary Limited, is an approved Sponsor and Designated Adviser of the JSE.

The board of directors has considered and is satisfied with the competence, qualifications and experience of the company secretary, as well as its senior members, due to the following:

- periodic reviews by the board to assess the performance of the company secretary
- the company secretary ensures that all secretarial and administrative procedures are followed promptly and efficiently
- the timely preparation and distribution meeting minutes and meeting packs
- advising the board on governance and statutory matters
- guides the board in their duties and responsibilities
- ensures that all directors have declared in writing any conflicts of interests at every meeting

The board is satisfied that its relationship with the board is at an arm's length relationship, due to the following:

- the company secretary is a separate independent entity
- the company secretary is not a director of the group
- open lines of communication are maintained at all times
- the company secretary attends all directors and committee meetings

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

Mark Haarhoff
Divisional Manager - Commercial

Ruenelle Ramnath-Kowlesar
Director - Poynting Antennas

Frank Vermeulen
General Manager – Poynting Direct

Francois Minnaar
Divisional Manager - Cellular Coverage Solutions

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
Independent Non-Executive Director

CP Bester
Independent 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, RC Willis and CP Bester are subject to shareholders re-electing them as members of the committee at the annual general meeting, to be held on 15 January 2014.

Role of the committee

The committee consists of three independent non-executive members. The Company's external auditors attend meetings by invitation. The Audit and Risk 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 fi nance 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 Ill, 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 and Risk 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,
Independent 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 remuneration 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 98 of this integrated 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)

R C Willis
Independent Non-executive Director

The nomination committee is limited to non-executive directors as required by King III Code 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 or prohibited periods.

The director dealings during the year were as follows:

Name of director: Zuko Ntsele Kubukeli

Zuko Ntsele Kubukeli sold shares in the open market:

	Shares	Price R
15 November 2012	7,170	0.90
21 November 2012	1,529	0.81
21 November 2012	6,000	0.82
21 November 2012	9,900	0.86
21 November 2012	5,000	0.95
21 November 2012	401	1.00

Analysis of shareholding

Please see the analysis of shareholding report on page 49.

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.

Nature and culture

Extracting the core aspects from Poynting's vision statement perhaps best describes the nature and culture of the Company:

- Our bedrock value is our belief that we shall succeed through clever innovative design;
- We shall provide products, information and advice with technical honesty and integrity;
- We prefer multicultural and diverse employees operating in small teams;
- Poynting teams enjoy working hard and are given a high level of autonomy, freedom and responsibility;
- All are encouraged to be brave and headstrong and must learn to thrive on challenges;
- Poynting is proud of our African roots, but always aims at international success; and
- Poynting's activities should benefit shareholders, employees and communities we encounter.

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 supported and contributed to establishing fully fitted computer laboratories in two secondary schools that accommodated between 12 and 24 students at time.

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 and Risk 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. During the period under review Poynting appointed an investor relations officer who manages the stakeholder relations and Group communications.

Designated Adviser

Merchantec Capital

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

	13 Sep 2012	06 Dec 2012	06 Mar 2013	25 Jun 2013
C P Bester (Chairman)	P	P	P	P
A P C Fourie	P	P	P	P
J Dresel	P	P	P	P
P A J Ebersohn	P	P	P	P
Z N Kubukeli	P	P	P	P
R C Willis	P	P	P	P
C H J Douglas	P	P	P	AP
F Sacoor	Invite	Invite	Invite	-
R Ramnath-Kowlesar	-	-	-	Invite
Merchantec Proprietary Limited	Invite	Invite	Invite	Invite

Dates and attendance of Audit and Risk committee meetings

	11 Sep 2012	17 Sep 2012	19 Nov 2012	04 Mar 2013	13 Jun 2013
Z N Kubukeli	P	P	P	P	P
R C Willis	P	P	P	P	P
C H J Douglas	P	P	P	X	-
C P Bester	-	-	P	P	P
P A J Ebersohn	Invite	Invite	Invite	Invite	Invite
H Mans for KPMG	-	Invite	-	-	-
F Sacoor	Invite	Invite	Invite	Invite	-
R Ramnath-Kowlesar	-	-	-	-	Invite
Merchantec Proprietary Limited	Invite	Invite	Invite	Invite	Invite

Dates and attendance of Investment committee meetings

	10 Sep 2012	27 Feb 2013	24 June 2013
Z N Kubukeli	P	P	P
R C Willis	P	P	P
P A J Ebersohn	Invite	Invite	Invite
A P C Fourie	Invite	Invite	Invite
J Dresel	Invite	Invite	Invite

Dates and attendance of Remuneration committee meetings

	11 Sep 2012	22 May 2013
R C Willis	P	P
C P Bester	P	P
P A J Ebersohn	Invite	Invite
R Ramnath-Kowlesar	-	Invite
F Sacoor	Invite	-

Dates and attendance of Social and Ethics committee meetings

	19 Nov 2012	04 Mar 2013	13 Jun 2013
Z N Kubukeli	P	P	P
C P Bester	P	P	P
R C Willis	P	P	P
C H J Douglas	P	-	-
P A J Ebersohn	P	P	P
R Ramnath-Kowlesar	-	-	Invite
F Sacoor	Invite	Invite	-

The table of the KING III compliance and JSE guidance is also available on our website at www.poynting.co.za

Risk Management Report

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

1. Major sales channels;
2. New product development;
3. Market trends in divisions;
4. Reliability on divisional contribution;
5. Budget over runs.

At Poynting we follow a strategic risk management process:

RISKS	POSSIBLE EVENTS	MITIGATION ACTIONS	ASSESSMENTS
Major sales channels	A major distributor of Poynting's products could change supplier	Distribution agreements, constant interaction with the relevant individuals, innovative products and market monitoring	Medium
New product development	Poynting needs to remain at the cutting edge of technology to combat competitors entering the specialised market	Constant research and development to enhance and improve the products available in the antenna market	Medium
Market trends In divisions	New technology such as LTE replacing 3G	Poynting monitored the market trends and developed an LTE antenna before it became relevant in the markets	Medium
Reliability on divisional contribution	The Poynting Group could place too much reliance on a specific division placing the Group at risk should the division experience a dip in the market	Constantly driving the merger and acquisitions strategy in similar sectors to mitigate the risk	Medium
Budget over runs	The Group could deplete the available cash flow at a rapid rate and incur losses	The Board and sub-committees review the financial status of the Group and divisional reporting at least on a quarterly basis	Low

- 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.

Financial fundamentals of our business

Poynting has four main streams of revenue

1 Commercial Division

The Commercial Division sells most of its products through distributors with main markets in South Africa, Europe, the USA and Australia, in order of contribution to sales. The market for these antennas is rapidly increasing with cellular data revenues (reported by MTN, Vodacom, Vodafone and others) typically growing currently by between 20% and 50% and actual data usage and devices roughly doubling annually.

Poynting Direct has established them as an effective sales channel for our commercial products in South Africa. They 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.

Poynting Direct has consolidated the Johannesburg and Pretoria branches at the Samrand offices while the Cape Town branch has been retained. Poynting Direct sells via an online shop to both retail and trade customers which incudes integrated product packages and installation solutions.

2 CCS Division

Poynting is currently investing in the entry into the cellular micro base station market and has established the CCS division for this purpose. CCS is fundamentally different from the Commercial Division, which mainly supplies antenna based solutions used to connect end user equipment, while CCS products are aimed at the base station (network operator or infrastructure) market.

3 New Business Division

The New Business Division was formed as a vehicle to allow for the execution of the CEO growth plan which aims to build Poynting into a group with revenue in excess of R1 billion over a 3 to 5 year period. This growth will be in the form of acquisitions of new businesses, including strategic acquisitions to expand current business divisions in terms of product and distribution and investing into completely new business areas.

4 Defence Division

The Defence Division is focused on the electronic warfare market which comprises monitoring, jamming and direction-finding antennas. This division sells to military system integrators and specialised distribution partners.

Operational overview

The year under review

Financial Parameters	2013	2014	2015
Growth in turnover	Acquisition of Radiant Antennas Proprietary Limited	SENS announcement regarding the acquisition of African Union Communications Proprietary Limited and other dealings	Invest in acquisitions, new products, export sales channels and in diversified businesses
Gross profit percentages	Utilise the existing infrastructure of Poynting to save costs when acquiring third parties Outsource more products to China	Utilise the existing infrastructure of Poynting to save costs when acquiring third parties More innovative procedures in the manufacturing chain of our products	Maintain and improve Streamlining operations and investments
Overheads	Moved commercial operations to premises to Samrand in January 2012. The 12 month effect of these additional expenses now reflecting in the statement of comprehensive income 2013. The rest of the expenses were in line with the budgets	Major acquisition drive having a direct impact on the overheads and the growth of the Defence division demands for additional highly skilled staff members. Still in line with budgets	Streamlining operations and investments Dilute overheads with increased business size
Profit after tax	Increased by 36.04%	Ensure that the bottom-line stays profitable	Ensure that the bottom-line stays profitable

Lines of business

Segmental analysis for the year ended 30 June 2013

R'000	Commercial Division	CCS Division	New Business Division	Defence Division	Total
Total revenues	43,400	6,259	800	47,398	97,857
Intersegment revenues	(4,054)	-	-	(60)	(4,114)
Total external revenues	**39,346**	**6,259**	**800**	**47,338**	**93,743**
Corporate office expense	(543)	(133)	(80)	(570)	(1,325)
Depreciation and amortisation	(4,245)	(388)	-	(3,111)	(7,744)
Operating profit	2,695	(2,798)	669	10,241	10,807
Investment income	33	-	3	452	488
Finance costs	(37)	(1)	-	(20)	(58)
Profit before taxation	2,691	(2,799)	672	10,673	11,237
Taxation	(293)	597	(129)	(1,572)	(1,397)
Profit for the year	2,398	(2,202)	543	9,101	9,840
Reportable segments assets	23,112	8,454	2,419	30,519	64,504
Reportable segments liabilities	(4,494)	(367)	(872)	(7,274)	(13,007)
Operating profit	2,695	(2,798)	669	10,241	10,807
Depreciation and amortisation	4,245	388	-	3,111	7,744
EBITDA	6,940	(2,410)	669	13,352	18,551

Perhaps more indicative of Company performance is the EBITDA which at R18.5 million has also grown by 24.96% and equates to 19.75 cents per share. The number is the most representative indicator of profitability since our final earnings number includes amortisation and of about R7.744 million which mainly relates to depreciation and amortisation of tangible and intangible assets.

Commercial Division revenues increased by 10.97%. Most significantly, the Commercial Division EBITDA contribution increased by 57.98% from R4.393 million to R6.940 million. The Defence Division revenues increased by 36.57% and EBITDA increased by 59.17% from R8.389 million to R13.352 million compared to the previous comparative period.

The two main divisions of the Company, Defence and Commercial, have grown EBITDA by 58.77% from R12.781 million to R20.292 million. It is also significant to note that the two main divisions marginally increased exports from 50.57% in 2012 to 51.63% in the 2013 financial year with the largest contribution coming from Europe and North America. Poynting has succeeded in exporting uniquely locally developed technology into two of the largest first world markets against significant international competitors. We believe the export numbers are still low and that considerable growth in export sales is possible given the size of the international market for both Commercial and Defence products.

The New Business division is not yet consistently profitable and this Division is engaged with investing into new business areas and acquisitions to drive the growth plan.

The CCS division made a loss before interest, tax, depreciation and amortisation of R2.410 million. CCS expenditure relates to investment in product development, new technology and marketing while actual income is limited to trial installation and prototypes for network approval and customer acceptance. Current product development is done in close collaboration with large operators including multinational cellular companies who are leaders in this area. Our new 3rd generation LTE billboard micro base station is generating considerable interest and evaluation and sample units have been delivered. While cooperating with potential customers Poynting has funded and retained full IP ownership of these products. A number of patents and registered designs have also been filed to protect this IP.

Summary financial information

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

Poynting Holdings Limited and its subsidiaries Statement of Comprehensive Income

	2009 R	2010 R	2011 R	2012 R	2013 R
Continuing operations					
Revenue	65,818,670	76,294,313	81,549,774	80,970,404	93,742,723
COS	(36,418,588)	(27,405,284)	(28,101,903)	(27,488,825)	(30,009,717)
	29,400,082	**48,889,029**	**53,447,871**	**53,481,579**	**63,733,006**
GP%	44.67%	64.08%	65.54%	66.05%	67.99%
Other income	1,589,694	508,180	482,850	1,341,714	2,487,356
Operating expenses	(40,349,172)	(45,091,912)	(47,628,274)	(46,349,126)	(55,413,755)
Operating profit/loss	(9,359,396)	4,305,297	6,302,447	8,474,167	10,806,607
Investment income	358,952	231,890	269,151	447,796	488,149
Finance costs	(1,123,609)	(1,123,331)	(730,322)	(386,862)	(58,063)
Profit/Loss before taxation	(10,124,053)	3,413,856	5,841,276	8,535,101	11,236,693
Taxation	3,553,932	(888,036)	(1,077,203)	(1,302,085)	(1,397,165)
Profit/Loss from continuing operations	(6,570,121)	2,525,820	4,764,073	7,233,016	9,839,528
Discontinued operations					
Loss from discontinued operations	-	-	(2,155,591)	-	-
Profit/Loss for the year	(6,570,121)	2,525,820	(2,608,482)	7,233,016	9,839,528
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**(6,570,121)**	**2,525,820**	**2,608,482**	**7,233,016**	**9,839,528**
	(9.98%)	3.31%	3.20%	8.93%	10.50%
Total comprehensive income attributable to:					
Owners of the parent	(6,571,053)	2,536,921	2,608,621	7,240,633	9,839,528
Non-controlling interest	932	(11,101)	(139)	(7,616)	-
	(6,570,121)	**2,525,820**	**2,608,482**	**7,233,017**	**9,839,528**
Assets					
Non-Current Assets					
Property, plant and equipment	4,512,716	3,205,630	2,081,261	2,856,549	4,975,776
Goodwill	-	-	-	-	2,207,122
Intangible assets	14,284,312	13,139,407	9,993,107	9,986,599	11,767,149
Other financial assets	2,006,719	1,193,441	53,075	86,618	-
	20,803,747	**17,538,478**	**12,127,443**	**12,929,766**	**18,950,047**

	2009 R	2010 R	2011 R	2012 R	2013 R
Current Assets					
Inventories	10,632,944	7,743,485	8,418,322	7,638,542	12,426,996
Other financial assets	-	-	886,383	325,795	171,188
Current tax receivable	-	28,558	12,678	12,678	412,673
Trade and other receivables	11,127,070	11,186,400	18,628,904	11,738,323	18,141,291
Cash and cash equivalents	5,479,226	6,505,579	4,851,560	17,397,833	14,401,877
	27,239,240	**25,464,022**	**32,797,847**	**37,113,171**	**45,554,025**
Total Assets	**48,042,987**	**43,002,500**	**44,925,290**	**50,042,937**	**64,504,072**
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	27,019,771
Share based payment reserve	-	221,088	221,088	149,739	122,887
Retained income	2,128,388	4,665,309	7,273,930	14,514,562	24,354,090
	26,508,308	**29,266,317**	**31,874,938**	**39,044,221**	**51,496,748**
Non-controlling interest	39,090	27,989	27,850	-	-
	26,547,398	**29,294,306**	**31,902,788**	**39,044,221**	**51,496,748**
Liabilities					
Non-Current Liabilities					
Loans and borrowings	1,382,000	1,918,380	1,448,376	158,340	300,170
Finance lease obligation	515,171	304,205	127,890	45,067	-
Deferred tax	-	-	56,956	1,359,040	2,019,617
	1,897,171	**2,222,585**	**1,633,222**	**1,562,447**	**2,319,787**
Current Liabilities					
Bank overdraft	43,396	24,619	16,198	-	816,462
Loans and borrowings	4,573,721	3,151,873	470,004	114,795	245,198
Finance lease obligation	256,469	204,804	171,513	82,823	39,229
Trade and other payables	14,020,371	7,460,667	10,193,500	9,017,924	8,969,450
Current tax payable	475,732	438,065	438,065	-	-
Provisions	228,729	205,581	100,000	220,727	617,198
	19,598,418	**11,485,609**	**11,389,280**	**9,436,269**	**10,687,537**
Total Liabilities	**21,495,589**	**13,708,194**	**13,022,502**	**10,998,716**	**13,007,324**
Total Equity and Liabilities	**48,042,987**	**43,002,500**	**44,925,290**	**50,042,937**	**64,504,072**

Summary financial information (continued)

Poynting Holdings Limited and its subsidiaries statement of cash flows

	2009 R	2010 R	2011 R	2012 R	2013 R
Cash flows from operating activities					
Net cash from operating activities	(678,666)	6,400,916	5,780,275	21,084,635	6,450,699
Cash flows from investing activities					
Net cash used in investing activities	(9,456,047)	(3,687,220)	(3,939,149)	(7,203,463)	(14,321,200)
Net cash used in financing activities	19,935,774	(927,011)	(3,361,479)	(1,816,758)	2,823,423
Total cash and cash equivalents movement for the year	9,801,061	1,786,685	(1,520,353)	12,064,414	(5,047,078)
Cash and cash equivalents at the beginning of the year	(4,365,231)	5,435,830	6,480,960	4,835,362	17,397,833
Effect of exchange rate movement on cash balances	-	(741,555)	(125,245)	498,057	1,234,660
Total cash and cash equivalents at end of the year	**5,435,830**	**6,480,960**	**4,835,362**	**17,397,833**	**13,585,415**

Consolidated value added statement

	2012 R	2013 R
Revenue	80,970,404	93,742,723
Net cost of raw materials, goods and services	(27,488,825)	(30,009,717)
Wealth created by trading operations	53,481,579	63,733,006
Other income	1,341,714	2,487,356
Finance income	447,796	488,149
Total wealth created	**55,271,089**	**66,708,511**
Distributed as follows		
Employees		
Salaries and other employee benefits	33,548,723	36,597,129
Providers of capital		
Finance cost	386,862	58,063
Providers of services		
General operating expenses	6,421,112	11,072,310
Government		
South African current tax	1,302,085	1,397,165
Retained for growth	13,612,307	17,583,844
Amortisation of intangible assets	5,233,843	6,403,068
Depreciation on property, plant and equipment	1,137,831	1,341,248
Net profit after dividend	7,240,633	9,839,528
Non-controlling interest	(7,616)	-
	55,271,089	**66,708,511**

2013

- 55% Employees
- 0.1% Providers of capital
- 17% Providers of services
- 2% Government
- 26% Retained for growth

2012

- 61% Employees
- 0.7% Providers of capital
- 12% Providers of services
- 2% Government
- 25% Retained for growth

Empowerment

Poynting has implemented a plan which will improve the BBBEE rating from a current level eight to a level four in the next two years on the Generic scorecard in the ICT sector. Poynting managed to improve the Broad-Based Black Economic Empowerment rating from a level eight in 2012 to a level six in 2013.

Poynting Direct Broad-Based Black Economic Empowerment rating is a level four contributor on the QSE scorecard.

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

- Poynting Empowerment Foundation will be responsible for the monitoring and up keep of the BBBEE policy with specific emphasis on Enterprise development and Socio-Economic Development contributions. The Poynting Empowerment Foundation will also on a quarterly basis evaluate and monitor our current Procurement policy implementation.
- Goals for the foundation.
- The Poynting Empowerment Foundation will be committed to enhancing the living conditions and provide basic computer literacy skills and tools to under privileged communities in South Africa.
- A respectful community strives to improve the lives of children in need while giving them the opportunity to be contributing members to their own communities.

Operational overview

Poynting Antennas - Level Six Contributor
BBBEE Certificate Breakdown (Generic ICT Sector scorecard)

BBBEE Elements	Weighting	Score for Indicator	Points
Overall BBBEE Score	**100**	**45.35%**	**45.35**
Direct Empowerment	**30**	**25.00%**	**7.5**
Equity Ownership	20	0.00%	0
Management Control	10	75.00%	7.5
Human Resource	**27**	**9.96%**	**2.69**
Skills Development	17	2.11%	0.36
Employment Equity	10	23.30%	2.33
Indirect Empowerment	**31**	**86.58%**	**26.84**
Preferential Procurement	20	79.20%	15.84
Enterprise Development	11	100.00%	11.00
Residual	**12**	69.33%	8.32
Socio-Economic Development	12	69.33%	8.32

Poynting Direct - Level Four Contributor
BBBEE Certificate Breakdown (QSE Scorecard)

BBBEE Elements	Weighting	Score for Indicator	Points
Overall BBBEE Score	**100**	**66.32%**	**66.32**
Direct Empowerment	**N/A**	**N/A**	**N/A**
Equity Ownership	N/A	N/A	N/A
Management Control	N/A	N/A	N/A
Human Resource	**50**	**51.98%**	**25.99**
Skills Development	25	10.52%	2.63
Employment Equity	25	93.44%	23.36
Indirect Empowerment	**25**	**100.00%**	**25.00**
Preferential Procurement	25	100.00%	25
Enterprise Development	N/A	N/A	N/A
Residual	**25**	**61.32%**	**15.33**
Socio-Economic Development	25	61.32%	15.33

Operational overview

Social and economic development

Poynting Antennas in its effort for social and economic development, incorporating awareness and education for the youth, has sponsored the purchase of a 30 Piece Computer Lab from Give IT Back. The 450 students of Northdale Primary School in Pietermaritzburg have benefited by technological transformation, which is Poynting's message to the South African youth for further and more improved education.

To facilitate this initiative, the following installations were made:

- 1 x server
- 1 x printer
- Internet connection
- Software for all PC's
- Desks for the Computers

Furthermore, training was provided for the teachers on upgraded facilities.

Poynting Antennas strive to continuously uplift, educate and broaden awareness to the youth in order to encourage a sound platform for our future Engineers.

Shareholders analysis

28 June 2013	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	172	36.13%	115,947	0.12%
1 001 – 10 000 shares	155	32.56%	767,351	0.81%
10 001 – 50 000 shares	87	18.28%	2,084,672	2.20%
50 001 – 100 000 shares	26	5.46%	1,907,835	2.02%
100 001 – 1 000 000 shares	28	5.88%	6,333,128	6.69%
1 000 001 shares and over	8	1.68%	83,395,341	88.15%
Totals	**476**	**100.00%**	**94,604,274**	**100.00%**
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	7	1.47%	74,079,737	78.30%
Share trust	1	0.21%	2,683,221	2.84%
Public shareholders	468	98.32%	17,841,316	18.86%
Totals	**476**	**100.00%**	**94,604,274**	**100.00%**

Directors and associates					
Andries Petrus Cronje					
Fourie Trust	*	Executive Director (APC Fourie)	Indirect	36,048,016	38.10%
Derek Colin Nitch	**	Director of a related party	Direct	14,004,379	14.80%
Juergen Dresel	**	Executive Director	Direct	12,864,662	13.60%
Dr N Starbuck Ingelyf	*	Associate of APC Fourie	Indirect	240,000	0.25%
Coenraad Petrus Bester	**	Non-Executive Director	Direct	100,000	0.11%
Richard Charles Willis	**	Non-Executive Director	Direct	20,000	0.02%
Conexus Capital Trust #2 Acc	*	Associated Holding	Indirect	10,802,680	11.42%
Totals				**74,079,737**	**78.30%**

* Non-Beneficial ** Beneficial

Beneficial shareholders holding more than 5%					
Andries Petrus Cronje					
Fourie Trust	*	Executive Director (APC Fourie)	Indirect	36,048,016	38.10%
Derek Colin Nitch	**	Director of a related party	Direct	14,004,379	14.80%
Juergen Dresel	**	Executive Director	Direct	12,864,662	13.60%
Conexus Capital Trust #2 Acc	*	Associated Holding	Indirect	10,802,680	11.42%

* Non-Beneficial ** 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 2013 and the date of approval of this annual report.

The Empowerment Trust

Share Option Group 2013

Shares outstanding at the beginning of the year	**1,383,486**	**2,032,114**
	30 June 2013	30 June 2012
Forfeited during the year	(189,554)	(648,628)
Exercised during the year	(10,045)	-
Shares left for distribution at year end	**1,183,887**	**1,383,486**

Options forfeited during the year

The initial option was offered to the employees effective 10 June 2010. In terms of the trust agreement employees are entitled to ownership of the shares if the option has been fully paid up and the following period has expired:

2 (two) years after the Acceptance Date, in respect of $33^{1/3}$% (thirty three and a third percent) of the Scheme Shares, or part thereof;

3 (three) years after the Acceptance Date, in respect of a further $33^{1/3}$% (thirty three and a third percent) of the Scheme Shares, or part thereof;

4 (four) years after the Acceptance Date in respect of the balance of the Scheme Shares.

As the employees left the employment of Poynting Antennas prior to the 4th year they have forfeited the portion of the shares as per the trust agreement.

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 2012	**Number of shareholders**	**%**	**Number of shares**	**%**
Shareholder spread				
1 - 1 000 shares	154	39.08%	108 497	0.12%
1 001 - 10 000 shares	110	27.92%	582 891	0.64%
10 001 - 50 000 shares	80	20.31%	2 045306	2.24%
50 001 - 100 000 shares	15	3.81%	1 064 245	1.16%
100 001 - 1 000 000 shares	28	7.10%	7 196 827	7.89%
1 000 001 shares and over	7	1.778%	80 256 508	87.95%
Total	**394**	**100.00%**	**91 254 274**	**100.00%**

Public/non-public shareholders
Non-public shareholders

29 June 2012	**Number of shareholders**	**%**	**Number of shares**	**%**
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 Trust	*	Executive Director (APC Fourie)	Indirect	36 048 016	39.50%
Derek Colin Nitch	**	Director of a related party	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**
Shares	2,700,000
Previous years offers accepted	(2,032,113)
Movement (issued) / forfeited current year	715,599
Shares left for distribution at year end	**1,383,486**

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 RW 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 (S.A.) Registered Auditors
Secretary	Merchantec Proprietary Limited
Company registration number	1997/011142/06
Level of assurance	These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.
Preparer	The consolidated financial statements were independently compiled by: L Snyman Chartered Accountant (SA) A³ccube Proprietary Limited
Designated Adviser	Merchantec Capital

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

Level of assurance

These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.

Preparer

L Snyman
Chartered Accountant (SA)
A^{3}ccube Proprietary Limited

Published

25 September 2013

Declaration 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 2013, 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

18 September 2013

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 statement of financial position at 30 June 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, 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.

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 financial statements are fairly presented in accordance with the applicable financial reporting framework

Approval of consolidated 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 18 September 2013 and were signed by:

APC Fourie

PAJ Ebersohn

Johannesburg

18 September 2013

Directors' report

The directors submit their report for the year ended 30 June 2013.

1. Incorporation

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

2. Review of activities

Main business and operations

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

The operating results and state of affairs of the Group are fully set out in the attached consolidated financial statements and do not in our opinion require any further comment. Net profit of the Group was R 9,839,528 (2012: R 7,233,016 profit), after taxation expense of R (1,397,165) (2012: R (1,302,085)).

3. Going concern

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

4. Events after the reporting period

The Group entered into a binding heads of agreement with African Union Communications Proprietary Limited affected 1 July 2013.

Refer to note 35 for detail of the proposed 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 Listing 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

On 24 August 2012 there were 3 350 000 shares issued at R0.0005 for the acquisition of Radiant Antennas. There were no other changes in authorised or issued share capital except for the aforementioned.

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.

10. Directors

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

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

11. Secretary

The secretary of the Company is Merchantec Proprietary Limited and details are as follows:

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	Shareholding
Poynting Antennas Proprietary Limited	100%
Poynting Empowerment Trust (Special purpose entity)	100%
Cascade Avenue Trading 90 Proprietary Limited t/a Poynting Direct	100%
Poynting Inventions Proprietary Limited	100%
Poynting Hong Kong Limited	100%

Business combination

Poynting Antennas has four main business combinations, Commercial, Cellular Coverage Solutions, New Business and Defence. The Poynting Empowerment Trust enables employees to attain shares in the holding company. Cascade Avenue Trading 90 Proprietary Limited is a retailer that sells Commercial products direct to the public and major telecommunications industries. The business of Radiant Antennas that was purchased on 01 July 2012 is incorporated into the Defence Division. Poynting Hong Kong Limited and Poynting Inventions Proprietary Limited are dormant entities and could be utilised by the Commercial, Cellular Coverage Solutions, New Business and Defence divisions.

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 such returns are true, correct and up to date.

13. Auditors

KPMG Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa, 71 of 2008.

To the shareholders of Poynting Holdings Limited and its Subsidiaries

We have audited the consolidated financial statements of Poynting Holdings Limited and its Subsidiaries, which comprise the statement of financial position at 30 June 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 62 to 108.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Poynting Holdings Limited and its Subsidiaries at 30 June 2013, 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 2013, we have read the Directors' Report, Audit Committee's Report and 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.
Registered Auditor

Per: Heinrich Mans
Chartered Accountant (S.A)
Registered Auditor
Director

19 September 2013

Suite 501
The Pinnacle
1 Parkin Street
Nelspruit
1200

Audit and Risk Committee Report

1. **Members of the Audit and Risk Committee**

   ZN Kubukeli (Chairman)

   RC Willis

   CHJ Douglas (Resigned 15 October 2012)

   CP Bester (Appointed 15 October 2012)

   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 as amended). The independent external auditors and the designated advisers attend the meetings as and when required and PAJ Ebersohn (FD) attends the meetings by invitation.In terms of the Companies Act 2008, (Act 71 of 2008 as amended), shareholders are required to elect the members of this committee at each annual general meeting. The appointment of ZN Kubukeli, RC Willis and CP Bester are subject to shareholders re-electing them as members of the committee at the annual general meeting, to be held in January 2014.

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 of South Africa 2008 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 adviser. 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 re-appointment 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. The only non-audit related services provided were a SENS review and the review of the Radiant Antennas acquisition transaction for accounting purposes.

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 and Risk 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 noncompliance 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 2013 financial year, and that its report to shareholders has been approved by the board.

ZN Kubukeli
Chairman Audit and Risk Committee

18 September 2013

Statement of Financial Position
AS AT 30 JUNE 2013

	Note(s)	2013 R	2012 R
Assets			
Non-Current Assets			
Property, plant and equipment	4	4,975,776	2,856,549
Goodwill	5	2,207,122	-
Intangible assets	6	11,767,149	9,986,599
Other financial assets	7	-	86,618
		18,950,047	**12,929,766**
Current Assets			
Inventories	10	12,426,996	7,638,542
Other financial assets	7	171,188	325,795
Current tax receivable		412,673	12,678
Trade and other receivables	11	18,141,291	11,738,323
Cash and cash equivalents	12	14,401,877	17,397,833
		45,554,025	**37,113,171**
Total Assets		**64,504,072**	**50,042,937**
Equity and Liabilities			
Equity			
Share capital	13	27,019,771	24,379,920
Share-based payment reserve	14	122,887	149,739
Retained income		24,354,090	14,514,562
		51,496,748	**39,044,221**
Liabilities			
Non-Current Liabilities			
Loans and borrowings	15	300,170	158,340
Finance lease obligation	16	-	45,067
Deferred tax	9	2,019,617	1,359,040
		2,319,787	**1,562,447**
Current Liabilities			
Bank overdraft	12	816,462	-
Loans and borrowings	15	245,198	114,795
Finance lease obligation	16	39,229	82,823
Trade and other payables	18	8,969,450	9,017,924
Provisions	17	617,198	220,727
		10,687,537	**9,436,269**
Total Liabilities		**13,007,324**	**10,998,716**
Total Equity and Liabilities		**64,504,072**	**50,042,937**

Statement of Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2013

	Note(s)	2013 R	2012 R
Revenue	20	93,742,723	80,970,404
Cost of sales		(30,009,717)	(27,488,825)
Gross profit		**63,733,006**	**53,481,579**
Other income	21	2,487,356	1,341,714
Operating expenses		(55,413,755)	(46,349,126)
Operating profit	22	**10,806,607**	**8,474,167**
Investment income	23	488,149	447,796
Finance costs	24	(58,063)	(386,862)
Profit before taxation		**11,236,693**	**8,535,101**
Taxation	25	(1,397,165)	(1,302,085)
Profit for the year		**9,839,528**	**7,233,016**
Other comprehensive income		-	-
Total comprehensive income		**9,839,528**	**7,233,016**
Profit attributable to :			
Owners of the parent		9,839,528	7,240,632
Non-controlling interest		-	(7,616)
		9,839,528	**7,233,016**
Earnings per share			
Basic earnings per share (cents)	26	10.48	8.18
Diluted earnings per share (cents)	26	10.39	8.03

Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2013

	Share capital R	Share premium R	Total share capital R	Share based payment reserve R	Retained income R	Total attributable to equity holders R	Non-controlling interest R	Total equity R
Balance at 01 July 2011	**4,428**	**24,375,492**	**24,379,920**	**221,088**	**7,273,930**	**31,874,938**	**27,850**	**31,902,788**
Profit for the year	-	-	-	-	7,240,632	7,240,632	(7,616)	7,233,016
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(7,240,632)**	**7,240,632**	**(7,616)**	**7,233,016**
Share options forfeited	-	-	-	(71,349)	-	(71,349)	-	(71,349)
Dividends	-	-	-	-	-	-	(11,870)	(11,870)
Changes in ownership interest	-	-	-	-	-	-	(8,352)	(8,352)
Subsidiary de-registered	-	-	-	-	-	-	(12)	(12)
Total contributions by and distributions to owners recognised directly in equity	**-**	**-**	**-**	**(71,349)**	**-**	**(71,349)**	**(20,234)**	**(91,583)**
Balance at 01 July 2012	**4,428**	**24,375,492**	**24,379,920**	**149,739**	**14,514,562**	**39,044,221**	**-**	**39,044,221**
Profit for the year	-	-	-	-	9,839,528	9,839,528	-	9,839,528
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**9,839,528**	**9,839,528**	**-**	**9,839,528**
Issue of shares	167	2,639,684	2,639,851	-	-	2,639,851	-	2,639,851
Share options forfeited	-	-	-	(25,747)	-	(25,747)	-	(25,747)
Share options exercised	-	-	-	(1,105)	-	(1,105)	-	(1,105)
Total contributions by and distributions to owners recognised directly in equity	**167**	**2,639,684**	**2,639,851**	**(26,852)**	**-**	**2,612,999**	**-**	**2,612,999**
Balance at 30 June 2013	**4,595**	**27,015,176**	**27,019,771**	**122,887**	**24,354,090**	**51,496,748**	**-**	**51,496,748**
Note(s)	13	13	13	14				

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Cash receipts from customers		77,140,193	90,451,562
Cash paid to suppliers and employees		(69,602,997)	(68,989,796)
Cash generated from operations	27	7,537,196	21,461,766
Investment income		488,149	447,796
Finance costs		(58,063)	(386,862)
Tax paid	28	(1,516,583)	(438,065)
Net cash from operating activities		**6,450,699**	**21,084,635**
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(2,531,608)	(1,929,539)
Sale of property, plant and equipment		9,668	5,407
Acquisition of intangible assets	6	(8,183,618)	(5,227,335)
Business combinations	30	(3,702,260)	-
Transactions with non-controlling interest		-	(8,352)
Non-controlling interest share capital repaid on subsidiary de-registration		-	(12)
Dividends paid non-controlling interest (net of dividend tax)		-	(10,089)
Purchase of financial assets		-	(33,543)
Disposal of financial assets		86,618	-
Net cash used in investing activities		**(14,321,200)**	**(7,203,463)**
Proceeds on share issue	13	2,639,851	-
Proceeds from loans and borrowings		392,786	-
Repayment of loans and borrowings		(120,553)	(1,645,245)
Finance lease (payments)		(88,661)	(171,513)
Net cash from / (used in) financing activities		**2,823,423**	**(1,816,758)**
Total cash and cash equivalents movement for the year		**(5,047,078)**	**12,064,414**
Cash and cash equivalents at the beginning of the year		17,397,833	4,835,362
Effect of exchange rate movement on cash balances		1,234,660	498,057
Total cash and cash equivalents at end of the year	12	**13,585,415**	**17,397,833**

ACCOUNTING POLICIES

1. Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and their interpretations adopted by the International Accounting Standards Board, as amended, ("IASB"), the Listing Requirements of the JSE Limited, the Companies Act of South Africa 71 of 2008 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The consolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. The 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 year, 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 2013 comprise that of 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 acquired, 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. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of assets or liabilities which arise as a result of the contingent consideration are recognised in profit or loss and are not affected against goodwill, unless they are valid measurement period adjustments.

The acquirer'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 acquire where there is a present obligation at acquisition date.

1.1 Reporting entity (CONTINUED)

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.

In cases where the Group held a non-controlling share-holding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing share-holding was classified as an available for sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income or equity and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

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

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

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 Company; 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.

1.3 Property, plant and equipment (CONTINUED)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Depreciation of property, plant and equipment

Items of property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. These following 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. Depreciation ceases at the earlier of the date the asset is classified as held for sale or the date it is de-recognised.

Derecognition of property, plant and equipment

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

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.

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.

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

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 each reporting date.

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

Item	Average 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 for sale which are recognised at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of the company, and its subsidiaries from the date that control commences until the date that control ceases. 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 nonc-ontrolling interest are also allocated against the interest of the non-controlling interest.

All intragroup 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.

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

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

Derivative financial instruments

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.

Non-derivative financial instruments

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 de-recognised or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognised in other comprehensive income and presented in the fair value reserve in equity, until the financial asset is de-recognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Derecognition of financial instruments

The Group derecognises financial assets only when the contractual rights to the cash flows from the asset expire; or it transfers the right to receive contractual cash flows in a transaction in which substantially all the risk and rewards of the ownership of the financial asset are transferred.

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 receivable

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

1.6 Financial instruments (CONTINUED)

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, less any impairment losses. 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 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. Cash and cash equivalent are measured at amortised cost which approximates their fair value.

Bank overdraft and borrowings

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

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior years 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 years 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.

Dividend withholding tax

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The Company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

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 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. Subsequent to initial recognition, the asset is amounted with the accounting policy applicable to that asset. 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 writedown 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 (or) (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.

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 amortisation is recognised immediately in profit or loss.

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 received provided that the fair value can be estimated reliably.

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

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

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

If the share based payments vest immediately the services received are recognised in full.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

1.15 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.

Product warranties

Poynting warrants certain repairs on its products for 12 and 24 month periods. These warranties are provided for when the initial project is completed. Warranty repairs during the warranty period or monitored and written back against the provision when incurred.

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 pretax 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 not arising on business combinations are not recognised. Contingencies are disclosed in note 31.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.19 Investment income and finance expense (CONTINUED)

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 attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

1.20 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

When a gain or loss on a nonmonetary 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.

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.

1.21 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 year. 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 year.

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 all standards and interpretations that are effective for the current financial year and that are relevant to its operations.

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 2013 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. 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 shall 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.
- 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 shall 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 shall be recognised in profit or loss.

2.2 Standards and interpretations not yet effective (CONTINUED)

The effective date of the standard is for years beginning on or after 01 January 2015.

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

It is unlikely that the standard will have a material impact on the Company's consolidated 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 determined.

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 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 setoff 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

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

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

3. Operating Segments

The Group has four 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.
- New Business division (NB): this division is engaged in activities to expand the Poynting Group. This includes starting new organic businesses and acquisition of related businesses. New Business division also registers new IP falling outside current divisions with the view to using it for new business expansions.

The Group operates internationally, across all continents. Refer to note 11 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.

3. Operating Segments (CONTINUED)

	Commercial Division	CCS Division	New Business Division	Defense Division	Total
	R	R	R	R	R
2013					
Total revenues	43,400,134	6,258,618	800,000	47,398,448	97,857,200
Intersegment revenue	(4,053,907)	-	-	(60,570)	(4,114,477)
Total external revenue	39,346,227	6,258,618	800,000	47,337,878	93,742,723
Corporate office expense	(543,267)	(132,504)	(79,502)	(569,768)	(1,325,041)
Depreciation and amortisation	(4,244,942)	(388,009)	-	(3,111,366)	(7,744,317)
Operating profit	2,695,262	(2,798,342)	669,265	10,240,422	10,806,607
Investment income	33,157	354	2,284	452,354	488,149
Finance costs	(37,067)	(555)	(1)	(20,440)	(58,063)
Profit before taxation	2,691,352	(2,798,543)	671,548	10,672,336	11,236,693
Taxation	(293,550)	596,981	(128,821)	(1,571,775)	(1,397,165)
Profit for the year	2,397,802	(2,201,562)	542,727	9,100,561	9,839,528
Reportable segments assets	23,112,024	8,453,620	2,419,184	30,519,244	64,504,072
Reportable segments liabilities	(4,494,224)	(366,825)	(872,305)	(7,273,970)	(13,007,324)
2012					
Total revenues	38,417,368	10,850,929	-	34,662,287	83,930,584
Intersegment revenue	(2,960,180)	-	-	-	(2,960,180)
Total external revenue	35,457,188	10,850,929	-	34,662,287	80,970,404
Corporate office expense	(508,721)	(155,683)	-	(497,316)	(1,161,720)
Depreciation and amortisation	(3,834,230)	(171,995)	-	(2,365,447)	(6,371,672)
Operating profit	558,356	1,892,704	-	6,023,107	8,474,167
Investment income	36,375	367	-	411,054	447,796
Finance costs	(254,699)	(4,785)	-	(127,378)	(386,862)
Profit before taxation	340,032	1,888,286	-	6,306,783	8,535,101
Taxation	(127,824)	(573,154)	-	(601,107)	(1,302,085)
Profit for the year	212,208	1,315,132	-	5,705,676	7,233,016
Reportable segments assets	19,166,519	4,040,192	-	26,836,226	50,042,937
Reportable segments liabilities	(4,209,067)	(911,579)	-	(5,878,070)	(10,998,716)

4. Property, plant and equipment

	2013 Cost	2013 Accumulated depreciation and accumulated impairment	2013 Carrying value	2012 Cost	2012 Accumulated depreciation and accumulated impairment	2012 Carrying value
	R	R	R	R	R	R
Plant and machinery	4,099,167	(2,926,816)	1,172,351	3,468,352	(2,531,713)	936,639
Furniture and fixtures	507,306	(334,335)	172,971	471,244	(300,233)	171,011
Motor vehicles	526,320	(365,864)	160,456	335,791	(318,317)	17,474
Office equipment	383,942	(355,379)	28,563	363,941	(342,650)	21,291
IT equipment	1,731,064	(1,288,550)	442,514	1,526,834	(1,135,305)	391,529
Computer software	1,860,605	(1,497,893)	362,712	1,513,580	(1,402,798)	110,782
Leasehold improvements	2,235,922	(711,575)	1,524,347	1,201,042	(444,910)	756,132
Production tooling	3,730,788	(2,618,926)	1,111,862	2,737,244	(2,285,553)	451,691
Total	**15,075,114**	**(10,099,338)**	**4,975,776**	**11,618,028**	**(8,761,479)**	**2,856,549**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
	R	R	R	R	R	R
Plant and machinery	936,639	438,015	192,800	-	(395,103)	1,172,351
Furniture and fixtures	171,011	13,862	22,200	-	(34,102)	172,971
Motor vehicles	17,474	105,529	85,000	-	(47,547)	160,456
Office equipment	21,291	20,001	-	-	(12,729)	28,563
IT equipment	391,529	198,751	20,000	(11,133)	(156,633)	442,514
Computer software	110,782	347,026	-	-	(95,096)	362,712
Leasehold improvements	756,132	1,034,880	-	-	(266,665)	1,524,347
Production tooling	451,691	373,544	620,000	-	(333,373)	1,111,862
	2,856,549	**2,531,608**	**940,000**	**(11,133)**	**(1,341,248)**	**4,975,776**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
	R	R	R	R	R
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**

Pledged as security

For the year ended 30 June 2013, plant and equipment was ceded as security, refer note 15.

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

Assets subject to finance lease (carrying amount)

	2013 R	2012 R
Plant and machinery	435,943	273,135
Motor vehicles	109,425	-
Production tooling	40,526	61,650
	585,894	**334,785**

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 Company.

5. **Goodwill**

	2013 Cost R	2013 Accumulated impairment R	2013 Carrying value R	2012 Cost R	2012 Accumulated impairment R	2012 Carrying value R
Goodwill	2,207,122	-	2,207,122	-	-	-

Reconciliation of goodwill - 2013

	Opening balance R	Additions through business combinations R	Total R
Goodwill	-	2,207,122	2,207,122

Detail on acquisition

The Company 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 in order to expand business opportunities.

The Company assumed all assets of Radiant which include trade receivables, property, plant and equipment (excluding one motor vehicle), stock, any prepayments and Radiant's right, title and interest in and to contracts, and all liabilities of Radiant, excluding any shareholder loan accounts.

The goodwill originated from the above mentioned transaction.

Cash generating unit

The Radiant business acquisition was incorporated in the Defence division cash generating unit effective 01 July 2012.

Impairment

Goodwill to the value of R 2 207 122 was capitalised with a indefinite useful live. Poynting used an independent valuation expert to value the discounted cash flow of the Radiant Business for the next five years and based on the valuation it was determined that the goodwill did not require any impairment as at 30 June 2013.

6. **Intangible assets**

	2013 Cost R	2013 Accumulated amortisation and accumulated impairment R	2013 Carrying value R	2012 Cost R	2012 Accumulated amortisation and accumulated impairment R	2012 Carrying value R
Models, designs and prototypes	38,151,458	(26,384,309)	11,767,149	29,967,839	(19,981,240)	9,986,599

Reconciliation of intangible assets - 2013

	Opening balance R	Additions R	Amortisation R	Total R
Models, designs and prototypes	9,986,599	8,183,618	(6,403,068)	11,767,149

Reconciliation of intangible assets - 2012

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

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 is included under operating expenses in the Statement of comprehensive income.

7. Other financial assets

	2013 R	2012 R
Derivatives at fair value through profit or loss - held for trading		
Foreign exchange contract	171,188	325,795
The majority of Poynting's transactions are concluded in its functional currency (South African Rand) with the result that its exposure to foreign currency risk from operating transactions is limited. Poynting's finance department monitors the net foreign currency exposure, which is primarily represented by USD and EUR -denominated trade and other receivables and cash and cash equivalents, ensuring that it remains within acceptable levels as set out in the Group's risk management policies and procedures. Should the net foreign exposure exceed the policy requirement, Poynting will enter into a foreign exchange hedging agreement securing the value of the trade and other receivables by purchasing/selling currencies at their current three month spot prices.		
Loans and receivables		
Unitrade 946 Proprietary Limited	-	86,618
Total other financial assets	**171,188**	**412,413**
Non-current assets		
Loans and receivables	-	86,618
Current assets		
Foreign exchange contract	171,188	325,795
	171,188	**412,413**

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.

8. Financial assets by category

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

	Loans and receivables R	Fair value through profit or loss - held for trading R	Total R
2013			
Other financial assets	-	171,188	171,188
Trade and other receivables	17,907,284	-	17,907,284
Cash and cash equivalents	14,401,877	-	14,401,877
	32,309,161	**171,188**	**32,480,349**
2012			
Other financial assets	86,618	325,795	412,413
Trade and other receivables	10,190,827	-	10,190,827
Cash and cash equivalents	17,397,833	-	17,397,833
	27,675,278	**325,795**	**28,001,073**

9. Deferred tax

	2013 R	2012 R
Deferred tax liability		
Deferred tax	(2,019,617)	(1,359,040)
Reconciliation of deferred tax liability		
At beginning of the year	(1,359,040)	(56,956)
Reduction due to rate change	-	410,390
Increase (decrease) in tax losses available for set off against future taxable income	(353,489)	116,528
Originating temporary difference on property, plant and equipment	11,862	(205,030)
Reversing temporary difference on intangible assets	(498,554)	(59,288)
Taxable temporary differences on finance leases	17,405	(2,796,248)
Deductable temporary differences on provision	163,494	1,231,564
Prior year under provision	(1,295)	-
	(2,019,617)	**(1,359,040)**
Deferred tax balance consist of the following		
Tax losses available for set off against future taxable income	80,587	469,962
Originating temporary difference on property, plant and equipment	(188,915)	(205,030)
Reversing temporary difference on intangible assets	(3,294,801)	(2,796,248)
Originating temporary difference on provisions	1,425,395	1,231,564
Originating temporary difference on finance leases	(41,883)	(59,288)
	(2,019,617)	**(1,359,040)**

Unrecognised deferred tax balances

The Group has no unrecognised deferred tax balances.

10. Inventories

	2013 R	2012 R
Raw materials, components	4,419,890	3,500,578
Work in progress	2,293,803	1,494,437
Finished goods	6,884,041	4,166,333
Merchandise	274,718	-
	13,872,452	9,161,348
Allowance for obsolescence	(1,445,456)	(1,522,806)
	12,426,996	**7,638,542**

11. Trade and other receivables

	2013 R	2012 R
Trade receivables	17,144,735	9,495,662
Prepayments	312,327	444,943
Deposits	450,222	250,222
VAT	234,007	1,547,496
	18,141,291	**11,738,323**

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
2013		
Debtor A - Distributor - business	7,500,000	-
Debtor B - Distributor - business	6,000,000	794,489
Debtor C - Distributor - business	2,000,000	-
Debtor D - Distributor - business	4,500,000	-
Debtor E - Distributor - business	5,000,000	4,560,000
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
Trade receivable ageing analysis		
Less than 30 days	11,582,958	4,699,365
31 to 60 days	2,809,157	3,461,079
61 to 90 days	1,417,586	277,268
91 to 120 days	1,335,034	1,057,950
	17,144,735	**9,495,662**

	2013 R	2012 R
Sales transactions with multinational customers with a revenue of more than 10% of group revenue		
Customer A (Defence division)	11,763,046	14,195,133
Customer B (Defence division)	9,110,337	-
	20,873,383	**14,195,133**

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 63% (2012: 44%) of the Group's revenue is attributable to sales transactions with 68 (2012: 45) multinational customers.

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

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 2013, R 3,242,143 (2012: R 2,430,188) were past due but not impaired.

The ageing of these receivables are as follows:

	2013 R	2012 R
1 month past due	1,091,158	279,810
2 months past due	1,268,905	1,175,501
3 months past due	882,080	974,877
Trade debtors past due but not impaired		
60 days	1,058,358	277,268
90 days	1,056,930	1,057,950
120 days	-	-
	2,115,288	**1,335,218**

11. Trade and other receivables (CONTINUED)

	2013 R	2012 R
The carrying amount of trade and other receivables are denominated in the following currencies		
Rand	12,232,057	4,568,463
Euro	2,309,235	2,088,900
US Dollar	2,603,443	2,825,156
GBP	-	13,143
	17,144,735	**9,495,662**
Reconciliation of allowance for credit losses of trade and other receivables		
Opening balance	1,115,419	1,471,612
Allowance for credit losses	(73,139)	(356,193)
	1,042,280	**1,115,419**

The amount of the allowance for credit losses R 1 042 280 as of 30 June 2013 (2012: R 1 115 419).

The maximum 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 debtors book is collateral for the overdraft facility of R2 000 000 granted by ABSA Bank Limited on 25 January 2013 at prime plus 1%.

12. Cash and cash equivalents

	2013 R	2012 R
Cash on hand	12,209	15,842
Bank balances	14,389,668	17,381,991
Bank overdraft	(816,462)	-
	13,585,415	**17,397,833**
Current assets	14,401,877	17,397,833
Current liabilities	(816,462)	-
	13,585,415	**17,397,833**

The Group has a foreign exchange dealing facility of R6 000 000 (2012: R6 000 000).

ABSA Bank Limited has granted Poynting Antennas Proprietary Limited an overdraft facility for R2 000 000 on 25 January 2013 at an interest rate of prime plus 1%.

Collateral for the security:

- Cession of the debtors book.
- Limited suretyship for R2 000 000 by Poynting Holdings Limited dated 24 October 2012, excluding cession of the loan account.

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

13. Share capital

	2013 R	2012 R
Authorised		
2 000 000 000 Ordinary shares of R0.00005 each	100,000	100,000
1 905 395 725 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.		
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
3 350 000 shares at R0.00005 on 24 August 2012*	167	-
Treasury shares held by The Poynting Empowerment Trust	(135)	(135)
Share premium related to share issue on 24 August 2012*	2,634,788	-
Share premium	28,980,670	28,975,774
Share premium related to treasury shares	(2,699,869)	(2,699,869)
Share issue costs written off against share premium	(1,900,413)	(1,900,413)
	27,019,771	**24,379,920**

* All issued shares are paid in full.

14. Share-based payments

	Number	Weighted exercise price R	Total value
Share Option Group - 2013			
Outstanding at the beginning of the year	1,383,486	0.11	149,739
Forfeited during the year	(189,554)	0.11	(25,747)
Exercised during the year	(10,045)	0.11	(1,105)
Exercisable at the end of the year	**1,183,887**	**0.11**	**122,887**
Share Option Group - 2012			
Outstanding at the beginning of the year	2,032,114	0.11	221,088
Forfeited during the year	(648,628)	0.11	(71,349)
Excercisable at the end of the year	**1,383,486**	**0.11**	**149,739**

Information on options granted

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

- Exercise price of R0,25;
- Expected volatility of 141.63%,
- Option life of four years in total,
- Expected dividend yield of 0%;
- Risk-free rates of 7.15%, 7.33% and 7.49% for each of the three vesting periods; and
- Spot price of R0,16.

Vesting periods were on 03 June 2012 and 03 June 2013 and the next vesting date is on 03 June 2014.

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 Listings Requirements.

Directors shall from time to time instruct the Trustees to offer the opportunity to acquire Rights and Options to purchase Allocation Shares or to acquire Scheme Shares to Eligible Applicants in respect of such number of Shares, which in aggregate, together with any Scheme Shares already in issue and/or the number of Allocation Shares at that time shall not exceed 18 000 000 (eighteen million) ordinary shares.

When the Share Scheme Debt in respect of the offer have been paid in full by the Participant, a Participant shall, be entitled to the release of his Scheme Shares from the operation of this Scheme after the expiry of a period of:

- 2 (two) years after the Acceptance Date, in respect of 33% (thirty three and a third percent) of the Scheme Shares, or part thereof;
- 3 (three) years after the Acceptance Date, in respect of a further 33% (thirty three and a third percent) of the Scheme Shares, or part thereof;
- 4 (four) years after the Acceptance Date in respect of the balance of the Scheme Shares.

The number of Scheme Shares to be released be computed cumulatively.

Options forfeited

During the year, 189 544 shares were forfeited.

15. Loans and borrowings

	2013 R	2012 R
Held at amortised cost		
Standard Bank of South Africa Limited Instalment sale agreement for a vehicle secured by property, plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 3% and is repayable in instalments of R2 064 per month.	16,504	-
ABSA Bank Limited Instalment sale agreement for a generator secured by first covering bond over property, plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 0,8% and is repayable in instalments of R4 216 per month.	87,100	152,560
Standard Bank of South Africa Limited Instalment sale agreement for a welder secured by first covering bond over property, plant and equipment. Refer to note 4. The loan bears interest at prime rate minus 0,25% and is repayable in instalments of R5 347 per month.	65,482	120,575
Standard Bank of South Africa Limited Instalment sale agreement for a vehicle secured by first covering bond over Motor vehicles. Refer to note 4. The loan bears interest at prime rate plus 3% and is repayable in instalments of R3 570 per month.	92,920	-
Standard Bank of South Africa Limited Instalment sale agreement for testing equipment secured by first covering bond over Motor vehicles. Refer to note 4. The loan bears interest at prime rate plus 2% and is repayable in instalments of R9 700 per month.	283,362	-
	545,368	**273,135**

15. Loans and borrowings (CONTINUED)

	2013 R	2012 R
Non-current liabilities		
At amortised cost	300,170	158,340
Current liabilities		
At amortised cost	245,198	114,795
	545,368	**273,135**
Minimum instalment sales payments due		
- within one year	289,620	133,725
- in second to fifth year inclusive	333,179	169,954
	622,799	303,679
less: future finance charges	(77,431)	(30,544)
Present value of minimum instalment sales payments	**545,368**	**273,135**
Present value of minimum instalment sales payments due		
- within one year	245,198	114,795
- in second to fifth year inclusive	300,170	158,340
	545,368	**273,135**

Difference regarding finance leases in note 16

The earlier agreements in note 16 were signed on finance lease agreements with the financial institutions. Subsequently the items in note 15 were financed with loan agreements where the financial institutions lends the funds as a long term loan to Poynting.

16. Finance lease obligation

	2013 R	2012 R
Minimum lease payments due		
- within one year	40,069	96,498
- in second to fifth year inclusive	-	40,207
	40,069	136,705
less: future finance charges	(840)	(8,815)
Present value of minimum lease payments	**39,229**	**127,890**
Present value of minimum lease payments due		
- within one year	39,229	82,823
- in second to fifth year inclusive	-	45,067
	39,229	**127,890**
Non-current liabilities	-	45,067
Current liabilities	39,229	82,823
	39,229	**127,890**

The loan bears interest at prime rate and is repayable in instalments of R8 104 (2012: R8 041) per month. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 4. All the financial leases expire within one year and there are no significant lease arrangements to be disclosed.

17. Provisions

	Opening balance R	Raised during the year R	Utilised during the year R	Total R
Reconciliation of provisions - 2013				
Product warranties	220,727	396,471	-	617,198
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**

Product warranties

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

Poynting warrants certain repairs on its products for 12 and 24 month periods. These warranties are provided for when the initial project is completed. Warranty repairs during the warranty period or monitored and written back against the provision when incurred.

18. Trade and other payables

	2013 R	2012 R
Trade payables	1,853,835	1,066,055
VAT	614,235	87,502
Payroll accruals	2,753,960	2,471,367
Sales received in advance	2,799,147	3,682,343
Accrued leave pay	87,938	63,569
Accrued audit fees	450,000	-
Accrued expenses	335,356	1,628,632
Other payables	74,979	18,456
	8,969,450	**9,017,924**

Fair value of trade and other payables

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

19. Financial liabilities by category

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

	Other financial liabilities R	Total R
2013		
Loans and borrowings	545,368	545,368
Trade and other payables	8,355,215	8,355,215
Bank overdraft	816,462	816,462
Finance lease obligation	39,229	39,229
	9,756,274	**9,756,274**
2012		
Loans and borrowings	273,135	273,135
Trade and other payables	8,930,422	8,930,422
Finance lease obligation	127,890	127,890
	9,331,447	**9,331,447**

20. Revenue

	2013 R	2012 R
Sale of goods	90,868,638	70,040,941
Rendering of services	2,874,085	10,929,463
	93,742,723	**80,970,404**

21. Other income

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

	2013 R	2012 R
Foreign exchange gain	1,234,660	498,057
Sundry income	1,252,696	843,657
	2,487,356	**1,341,714**

22. Operating profit

	2013 R	2012 R
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
Straight lined amounts	1,648,657	1,206,173
Equipment		
Straight lined amounts	422,059	517,579
	2,070,716	**1,723,752**
Loss on sale of property, plant and equipment	1,465	11,011
Reversal of impairment on loans to group companies	-	(325,590)
Impairment on trade and other receivables	10,950	(356,193)
Amortisation on intangible assets	6,403,068	5,233,843
Depreciation on property, plant and equipment	1,341,248	1,137,831
Employee costs	30,604,242	27,495,324
Gain on exchange differences	(1,234,659)	(498,057)
Allowance for obsolete stock expensed	(77,350)	-
Share based payment expensed	(21,956)	-

23. Investment income

	2013 R	2012 R
Cash and cash equivalents	485,721	447,796
Interest other	2,428	-
	488,149	**447,796**

24. Finance costs

	2013 R	2012 R
Group companies	-	(21,863)
Bank overdraft and other loans and payables	58,063	408,725
	58,063	**386,862**

25. Taxation

	2013 R	2012 R
Major components of the tax expense		
Current		
Local income tax - current year	736,588	-
Deferred		
Originating and reversing temporary differences	660,577	1,563,993
Arising from prior year adjustments	-	(261,908)
	660,577	**1,302,085**
	1,397,165	**1,302,085**
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28.00%	28.00%
Non taxable charges	(14.89)%	(8.86)%
Non deductible charges	0.32%	0.05%
Prior year over/(under) provision	0.63%	(3.93)%
Temporary differences	(1.63)%	-
	12.43%	**15.26%**

26. Earnings per share

	2013 R	2012 R
Basic earnings and diluted basic earnings		
Basic earnings		
Profit for the year	9,839,528	7,240,632
Weighted average number of shares		
Opening balance	93,749,890	90,571,053
Radiant Antennas acquisition	2,854,384	-
Less: Treasury shares	(2,683,221)	(2,016,778)
	93,921,053	**88,554,275**
Basic earnings per share (cents)	10.48	8.18
Diluted weighted average number of shares		
Issued shares	93,425,437	88,554,275
Treasury shares	1,286,406	1,630,179
	94,711,843	**90,184,454**
Diluted earnings per share (cents)	10.39	8.03
Headline earnings and diluted headline earnings per share		
Reconciliation of headline earnings		
Profit attributed to owners of the parent	9,839,528	7,240,632
Add: Loss on disposal of property, plant and equipment	1,465	11,011
Deduct: Tax on loss on disposal of property, plant and equipment	(410)	(3,083)
Headline earnings	**9,840,583**	**7,248,560**
Shares reconciliation		
Issued shares	88,554,275	88,554,275
Shares dematerialised	16,779	-
Treasury shares	2,683,221	2,700,000
Radiant Antennas acquisition	3,350,000	-
	94,604,275	**91,254,275**
Headline earnings per share (cents)	10.48	8.19
Diluted headline earnings per share (cents)	10.39	8.04

27. Cash generated from operations

	2013 R	2012 R
Profit before taxation	11,236,693	8,535,101
Adjustments for:		
Depreciation and amortisation	7,744,316	6,371,675
Loss on sale of property, plant and equipment	1,465	11,011
Foreign exchange gains	(1,234,660)	(498,057)
Investment income	(488,149)	(447,796)
Finance costs	58,063	386,862
(Reversal of impairment) / Impairment of trade receivables	10,950	(356,193)
Movements in provisions	396,471	120,727
Movement in share options	(26,852)	(71,349)
Movement in foreign exchange contracts	154,607	560,588
Changes in working capital:		
Inventories	(4,187,500)	779,781
Trade and other receivables	(5,657,672)	7,244,992
Trade and other payables	(470,536)	(1,175,576)
	7,537,196	**21,461,766**

28. Tax paid

	2013 R	2012 R
Balance at beginning of the year	12,678	(425,387)
Current tax for the year recognised in profit or loss	(736,588)	-
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	(380,000)	-
Net balance at end of the year	(412,673)	(12,678)
	(1,516,583)	**(438,065)**

29. Dividends paid

	2013 R	2012 R
Dividends	-	-

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

30. Business combinations

	2013 R	2012 R
Aggregated business combinations		
Property, plant and equipment	940,000	-
Inventories	600,954	-
Trade and other receivables	756,246	-
Cash and cash equivalents	92,320	-
Current tax payable	(380,000)	-
Trade and other payables	(422,062)	-
Bank overdraft	(181,580)	-
Total identifiable net assets	1,405,878	-
Goodwill	2,207,122	-
	3,613,000	**-**
Consideration paid		
Cash payment on 12 July 2012	(1,000,000)	-
Equity - 3 350 000 ordinary shares in Poynting Holdings Limited*	(2,613,000)	-
	(3,613,000)	**-**
Net cash outflow on acquisition		
Cash consideration paid	(3,613,000)	-
Cash acquired	(89,260)	-
	(3,702,260)	**-**

* 3 350 000 Ordinary shares at R0.00005 were issued on 24 August 2012 in terms of the sale of business agreement dated 10 July 2012. The 3 350 000 shares were valued at R0.78 per share totalling R2 613 000.

Radiant Antennas Proprietary Limited

The Company 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 in order to expand business opportunities.

The Company assumed all assets of Radiant which include trade receivables, property, plant and equipment, excluding one motor vehicle, stock, any prepayments and Radiant's right, title and interest in and to contracts, and all liabilities of Radiant, excluding any shareholder loan accounts.

31. Contingencies

Poynting has a foreign guarantee to the amount of R3 585 000 at ABSA Bank.

32. Related parties

Relationships

Subsidiaries	Poynting Antennas Proprietary Limited - 100% Cascade Avenue Trading 90 Proprietary Limited t/a Poynting Direct - 100% Poynting Empowerment Trust (Special Purpose Entity) - 100% Poynting Inventions Proprietary Limited - 100% Poynting Hong Kong Limited - 100%
Close family member of key management	M Dresel
Entity with common shareholder and director	Unitrade 946 Proprietary Limited
Members of key management	APC Fourie J Dresel PAJ Ebersohn DC Nitch

	2013 R	2012 R
Related party balances		
Loan accounts - Owing by related parties		
Unitrade 946 Proprietary Limited	-	86,618
Related party transactions		
Rent paid to related parties		
Unitrade 946 Proprietary Limited	500,940	435,600
Consulting project fees paid to related parties		
M Dresel (The spouse of J Dresel)	342,915	343,512

33. Directors' and prescribed officer's emoluments

	Compensation R	Travel R	Total R
Executive			
2013			
APC Fourie	1,587,229	15,237	1,602,466
J Dresel	1,583,314	12,072	1,595,386
PAJ Ebersohn	1,090,584	23,876	1,114,460
	4,261,127	**51,185**	**4,312,312**
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
	4,341,384	**64,403**	**4,405,787**

	Compensation R	Total R
Non-executive		
2013		
CP Bester	190,836	190,836
ZN Kubukeli	116,640	116,640
RW Willis	132,970	132,970
CHJ Douglas	16,005	16,005
	456,451	**456,451**
2012		
CP Bester	176,700	176,700
ZN Kubukeli	108,000	108,000
RW Willis	123,390	123,390
CHJ Douglas	7,140	7,140
	415,230	**415,230**

	Compensation R	Travel R	Total R
Prescribed officers			
2013			
DC Nitch	1,214,861	9,263	1,224,124
2012			
DC Nitch	1,228,267	4,115	1,232,382

Prescribed officer: Performs executive functions and is currently the chief technical officer for the Cellular Coverage Solutions division.

In addition to their salaries, the Group does not provide non-cash benefits to directors and executive officers and does not contribute to 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

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 and 16, cash and cash equivalents disclosed in note 12, 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 2013 and 2012 respectively were as follows:

	Notes	2013 R	2012 R
Total borrowings			
Finance lease obligation	16	39,229	127,890
Loans and borrowings	15	545,368	273,135
		584,597	**401,025**
Less: Cash and cash equivalents	12	13,585,415	17,397,833
Net debt		(13,000,818)	(16,996,808)
Total equity		51,496,748	39,044,221
Total capital		**38,495,930**	**22,047,413**
Gearing ratio		(34)%	(77)%

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.

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.

34. Risk management (CONTINUED)

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 R	Between 2 and 5 years R
At 30 June 2013		
Loans and borrowings	245,198	300,170
Trade and other payables	8,355,215	-
Bank overdraft	816,462	-
Finance leases obligation	39,229	-
At 30 June 2012		
Loans and borrowings	114,795	158,340
Trade and other payables	8,930,422	-
Finance lease obligation	82,823	45,067

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 financial instruments by type of interest rate:

	2013 Fixed R	2013 Floating R	2012 Fixed R	2012 Floating R
Financial assets				
Trade and other receivables	17,907,284	-	10,190,827	-
Cash and cash equivalents	-	14,401,222	-	17,397,833
	17,907,284	**14,401,222**	**10,190,827**	**17,397,833**
Financial liabilities				
Trade and other payables	8,355,215	-	8,930,422	-
Bank overdraft	-	816,462	-	16,198
Loans and borrowings	-	545,369	-	273,135
Finance lease obligation	-	39,229	-	127,890
	8,355,215	**1,401,060**	**8,930,422**	**417,223**

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 039 (2012: R1 444). 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 079 (2012: R2 887). 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.

	2013 50 basis point increase R	2013 100 basis point increase R	2012 50 basis point decrease R	2012 100 basis point decrease R
Only floating rate liabilities will be affected				
Finance Lease and Instalment Sale Agreements	1,443	2,888	2,005	4,010
Less Tax @ 28%	(404)	(809)	(561)	(1,123)
	1,039	**2,079**	**1,444**	**2,887**

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. Credit guarantee insures all foreign debtors and bills Poynting on a monthly basis for the guarantees issued and maintained.

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

	2013 R	2012 R
Financial instrument		
Cash and cash equivalents	14,401,877	17,397,833
Trade and other receivables	17,907,284	10,190,827
Foreign exchange contract	171,188	325,795
Other financial assets	-	86,618
	32,480,349	**28,001,073**

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 economically 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.

34. Risk management (CONTINUED)

At 30 June 2013, 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 R263,396 (2012: R420,480) 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 2013, 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 R8 157 (2012: R18 307) higher/lower, mainly as a result of foreign exchange gains or losses on translation of GBP denominated trade receivables.

At 30 June 2013, 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 R203 423 (2012: R241 597) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables.

Foreign currency exposure at the end of the reporting period

	2013 R	2012 R
Current assets		
Trade debtors, USD 263 104 (2012: USD 446 463) receivable 30 June 2013	2,603,414	3,645,492
Trade debtors, EUR 179 451 (2012: EUR 212 902) receivable 30 June 2013	2,309,235	2,201,449
Trade debtors, GBP 0 (2012: GBP 1 026) receivable 30 June 2013	-	13,143
Cash and cash equivalents, USD 119 173 (2012: USD 234 669)	1,179,220	1,916,137
Cash and cash equivalents, EUR 20 145 (2012: EUR 82 108)	259,235	849,013
Cash and cash equivalents, GBP 8 028 (2012: GBP 17 015)	120,659	218,002
Liabilities		
Trade payables, USD(46 177) (2012: USD(30 928))	(456,924)	(252,536)
Trade payables, EUR 0 (2012: EUR1 192)	(17,664)	-
Exchange rates used for conversion of foreign items were:		
Spot Rate		
USD	9.90	8.17
EUR	12.87	10.34
GBP	15.03	12.81
CNY	1.61	-
Average Rate		
USD	10.04	7.46
GBP	13.11	10.60
EUR	15.40	11.31
CNY	1.62	-

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

The board of directors of Poynting ("the Board") is pleased to advise shareholders that Poynting has entered into a binding Heads of Agreement ("HOA") with African Union Communications Proprietary Limited ("Aucom"), The MAS Trust (Master's Reference IT 6611/01), Rudolf Rashama, Tebogo Rashama and Villiers Joubert, to acquire 100% of the issued share capital of Aucom and associated member loans, if any, from The MAS Trust, Rudolf Rashama and Tebogo Rashama (collectively referred to hereinafter as the "Sellers") – who have agreed to dispose of their individual shareholdings of 55%, 15% and 30%, respectively, for a purchase consideration of R49.5 million to be settled by way of the issue of 66 million Poynting shares at an issue price of 75 cents per share ("Share Consideration") subject to an earn-out structure ("the Acquisition"). In addition to the Share Consideration, the Sellers will receive an amount of 50% of the Actual Net Profit After Tax achieved during the financial years ending 30 June 2014, 30 June 2015 and 30 June 2016 ("Earn-Out Period") in excess of the minimum cumulative Net Profit After Tax of R38.0 million required to be achieved during such financial years.

KING III Application

	Apply	Partially Apply	Under review/ Do Not Apply
Ethical Leadership and Corporate Citizenship			
Effective leadership based on an ethical foundation	✓		
Responsible corporate citizen	✓		
Effective management of company's ethics	✓		
Assurance statement on ethics in integrated annual report	✓		
Boards and Directors			
The Board is the focal point for and custodian of corporate governance	✓		
Strategy, risk, performance and sustainability are inseparable	✓		
Directors act in the best interests of the company	✓		
The Chairman of the Board is an independent non-executive director	✓		
Framework for the delegation of authority has been established	✓		
The Board comprises a balance of power, with a majority of non-executive directors who are independent	✓		
Directors are appointed through a formal process	✓		
Formal induction and ongoing training of directors is conducted	✓		
The Board is assisted by a competent, suitably-qualified and experienced Company Secretary	✓		
Regular performance evaluations of the Board, its committees and the individual directors	✓		
Appointment of well-structured committees and oversight of key functions	✓		
An agreed governance framework between the group and its subsidiary Boards is in place	✓		
Directors and executives are fairly and responsibly remunerated	✓		
Remuneration of directors and senior executives is disclosed	✓		
The company's remuneration policy is approved by its shareholders	✓		

King III - Compliance Issues and Guidelines

	Apply	Partially Apply	Under review/ Do Not Apply
Internal Audit			
Effective risk-based internal audit			✓
Written assessment of the effectiveness of the company's system of internal controls and risk management	✓		
Internal Audit is strategically positioned to achieve its objectives	✓		
Audit Committee			
Effective and independent	✓		
Suitably skilled and experienced independent non-executive directors	✓		
Chaired by an independent non-executive director	✓		
Oversees integrated reporting	✓		
A combined assurance model is applied to improve efficiency in assurance activities	✓		
Satisfies itself of the expertise, resources and experience of the company's finance function	✓		
Oversees Internal Audit			✓
Integral to the risk management process	✓		
Oversees the External Audit process	✓		
Reports to the Board and shareholders on how it has discharged its duties	✓		
Compliance with Laws, Codes, Rules and Standards			
The Board ensures that the company complies with relevant laws	✓		
The Board and directors have a working understanding of the relevance and implications of non-compliance	✓		
Compliance risk forms an integral part of the company's risk management process	✓		
The Board has delegated to management the implementation of an effective compliance framework and processed	✓		
Governing Stakeholder Relationships			
Appreciation that stakeholders' perceptions affect a company's reputation	✓		
Management proactively deals with stakeholder relationships	✓		
There is an appropriate balance between its various stakeholder groupings	✓		
Equitable treatment of stakeholders	✓		
Transparent and effective communication to stakeholders	✓		
Disputes are resolved effectively and timeously	✓		

	Apply	Partially Apply	Under review/ Do Not Apply
The Governance of Information Technology			
The Board is responsible for information technology (IT) governance	✓		
IT is aligned with the performance and sustainability objectives of the company	✓		
Management is responsible for the implementation of an IT governance framework	✓		
The Board monitors and evaluates significant IT investments and expenditure	✓		
IT is an integral part of the company's risk management	✓		
IT assets are managed effectively	✓		
The Risk Committee and Audit Committee assist the Board in carrying out its IT responsibilities	✓		
The Governance of Risk			
The Board is responsible for the governance of risk and setting levels of risk tolerance	✓		
The Risk Management Committee assists the board in carrying out its risk responsibilities	✓		
The Board delegates the process of risk management to management	✓		
The Board ensures that risk assessments and monitoring are performed on a continual basis	✓		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓		
Management implements appropriate risk responses	✓		
The Board receives assurance on the effectiveness of the risk management process	✓		
Sufficient risk disclosure to stakeholders	✓		

Poynting

	Apply	Partially Apply	Under review/ Do Not Apply
Integrated Reporting and Disclosure			
Ensures the integrity of the company's integrated report	✓		
Sustainability reporting and disclosure is integrated with the company's financial reporting	✓		
Sustainability reporting and disclosure is independently assured	✓		

Compliance issues under review at Poynting

Requirement	King III Principle and Recommended Practise	Status	Explanation
2.10	The Board should ensure that there is an effective risk-based internal audit	Under review / Do not comply	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
3.7	The Audit Committee should be responsible for overseeing of internal audit	Under review / Do not comply	

KING III compliance list also available on the Poynting website at www.poynting.co.za.

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 sixth Annual General Meeting ("Annual General Meeting") of shareholders of Poynting will be held at 10:00 on Wednesday, 15 January 2014 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, 10 January 2014. Accordingly, the last day to trade Poynting shares in order to be recorded in the Register to be entitled to vote will be Friday, 3 January 2014.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2013, including the reports of the auditors, directors and the Audit and Risk Committee.
2. To re-elect, Richard Charles Willis who, in terms of Article 24.7 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 15 of the integrated annual report to which this notice is attached.
3. To appoint, Zuko Ntsele Kubukeli as a member and Chairperson 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 14 and 15 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, ("Companies Act") 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 2014, be and is hereby approved as follows:

Type of fee	Approved fee in ZAR for the year ended 30 June 2013	Proposed fee in ZAR for the year ending 30 June 2014
Board		
Chairperson*	R167,400	R167,400
Member	R 55,987	R 55,987
Audit and Risk Committee		
Chairperson	R 60,652	R 60,652
Member	R 13,000	R 13,000
Human Resources and Remuneration Committee		
Chairperson	R 47,652	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 2013 was obtained at the Annual General Meeting held on 16 January 2013 and consequently pre-approval of remuneration to the non-executive directors for their services as directors for the year ending 30 June 2014 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 32 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 Poynting Holdings Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, 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 Poynting Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 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 Listings Requirements") from time to time.

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

- 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;
- 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 securities which are the subject of a general issue for cash may not exceed 50% (fifty percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 45 960 527 securities. Any securities issued under this authorisation will be deducted from the aforementioned 45 960 527 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;

- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing being the issue and the parties subscribing for the securities and 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 securities representing, on a cumulative basis within 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, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased 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.

11. SPECIAL RESOLUTION NUMBER 2

General approval to acquire shares

"**Resolved**, by way of a general approval that Poynting Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 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."

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 14 and 15;
- major shareholders of the Company – page 49 and 50;
- directors' interests in securities – page 50; and
- share capital of the Company – page 93.

11.2 Litigation statement

In terms of paragraph 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 14 to 15 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 95, 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 14 to 15 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

Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008), as amended, ("Companies Act"), the shareholders of Poynting Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.

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. SPECIAL RESOLUTION NUMBER 4

Loans or other financial assistance to directors

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), as amended, the shareholders of Poynting Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 4 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 4 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.

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.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 4:

(a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 4 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or a member;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 4 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

14. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"Resolved that each director of 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."

Notice of annual general 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 Annual General Meeting.

15. 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

13 December 2013

Johannesburg

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

Company Secretary
Merchantec Proprietary Limited

Company registration number
1997/011142/06
Designated Adviser
Merchantec Capital

Poynting

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:	Postal deliveries to:
Computershare Investor Services Proprietary Limited Ground Floor, 70 Marshall Street Johannesburg, 2001	Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown 2107

to be received by no later than 10:00 on Monday, 13 January 2014 (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
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 sixth Annual General Meeting of shareholders of the Company to be held at 33 Thora Crescent, Wynberg, Sandton, 2090 at 10:00 on Wednesday, 15 January 2014 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 2013			
2.	To approve the re-election as director of Richard Charles Willis who retires by rotation			
3.	To approve the appointment of Zuko Ntsele Kubukeli as member and Chairperson 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 approve the appointment of Coenraad Petrus Bester as a member of the 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 -** Financial assistance for subscription of securities			
13.	**Special resolution number 4 -** Loans or other financial assistance to directors			
14.	**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 2013/14

Signature

Assisted by (if applicable)

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

13 December 2013

Dear Poynting Holdings Limited Shareholder

Notice of publication of annual financial statements for the financial year ended 30 June 2013

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 2013.

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: Ruenelle.Ramnath@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