

stellavista

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annual report 2004



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Highlights

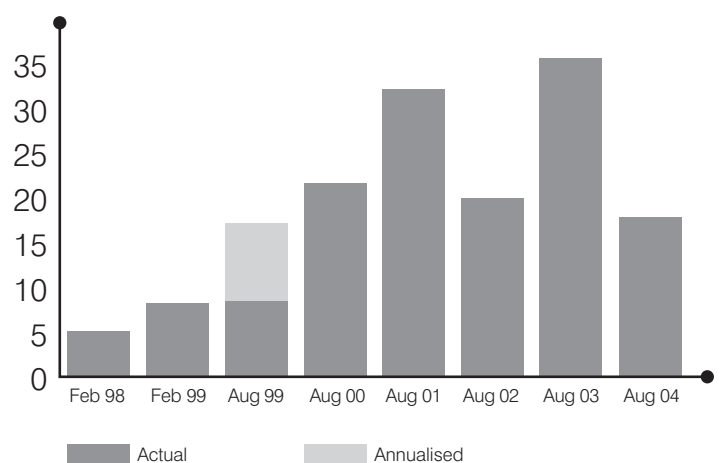
- Exports to Africa, Asia and Europe increasing export revenue from R 0.8 million for 2003 to R 6.5 million for 2004.
- Product range expanded - new Titan T7 and T9 video display models and the LB26 model for scoreboards and message displays.

Synopsis of business

Stella Vista Technologies Ltd, the JSE listed company (symbol: SLL), is a world leader in design of visual mass communications systems, specialising in LED technology that finds its application in large screen video displays, text and graphics messaging displays, advertising, scoreboards, entertainment, video replay screens in sports stadia and flight information displays at airports.

Stella Vista is focused on building its brand based on it being associated with uncompromising quality, application optimised design, low ownership costs, 24/7 reliability and personal after sales service and support.

TURNOVER (Rm)



To our shareholders

General

Forecasting revenue is found to be extremely difficult in the electronic display industry due to the nature of the business, by obtaining major contracts a company's revenue may increase substantially for a particular financial year. This is reflected in our revenue for 2004, which is significantly lower than the previous financial year when our revenues were boosted by the ICC Cricket World Cup 2003 contract. However, we reaped the benefits of the improved product range and our status as a reliable supplier of products and services in the electronic display field. As a result of this, Stella Vista increased its international revenues, which included signing contracts to supply products to Africa, Asia, Europe and Australia.

Results

The decrease in sales together with the impairment charge of inventory contributed towards the disappointing financial results for the year ended 31 August 2004.

- Turnover down 54.2% on previous year, however export sales increased from R0.8m to R6.5m year on year.
- Stella Vista reflected an operating loss of R0.2m for the year, prior to the impairment of inventory.
- The continuous price decreases and changes in technology required an impairment charge of R7.5m to reflect the net realisable value of inventory on hand.
- Cash generated from operating activities utilised for the repayment of interest-bearing and other borrowings.

Sales to the value of R4.57m to a related party, Powerview (Pty) Ltd, a company owned by the directors, is included in revenue. These transactions were carried out at arm's length prices, based on market related terms and conditions.

Markets

Stella Vista was very active in the sports market this year - with scoreboard displays being supplied to the Abu Dhabi Cricket Ground, and contracts awarded for video displays for a basketball arena in Novi Sad, Serbia & Montenegro.

Stella Vista screens were used at multiple sporting events in South Africa, including the local and international cricket matches, Nedbank Golf Challenge and the 2003 President's Cup, held in George, South Africa. Furthermore, our displays were used to pro-

vide video images at a number of entertainment and government events, such as the 10 Years of Democracy celebration and Presidential Inauguration in April 2004 in Pretoria, and the 2010 FIFA World Cup bid announcement parties all across South Africa (May 2004).

Our expertise in transportation display systems was rewarded with the signing of a contract to provide flight information displays to the Perth Airport in Australia.

Products and services

New T7 and T9 products expanded our Titan® video display range in the high end of the market.

Introducing the LB26 displays extended the LB series of displays, to complement existing models in the range of outdoor text and information displays used as message screens and scoreboards.

All of the new Titan® and LB models are compatible with Stella Vista's unique faceUp display module system.

Prospects

As communicated in the previous results, Stella Vista's solutions based on the systems used at the ICC CWC 2003 have started to find buyers both locally and internationally.

This year displays were supplied to three continents, and we expect a further continuation of this trend in the future.

The Company

Stella Vista Technologies Ltd (Company) is a world leader in the design of state-of-the-art multimedia communications systems, providing displays, control equipment and software for a multitude of applications. The complete line of multi-purpose products includes scoreboards, video display screens and combined text and graphic messaging displays with real-time data capabilities.

Stella Vista focuses on designing, producing, integrating and supporting innovative products and services for clients' specific needs. This provides the total solution for sport, business, entertainment and the transportation markets, ensuring complete customer satisfaction, while providing the viewer with a truly remarkable experience.

Revenue

Stella Vista's turnover for the current financial year comprises cash income from outright sales, maintenance and contract income.

Contract income relates to long-term contracts that are generally substantial value and complex in nature. The income represents that portion of the contracts completed in the current financial year.

Inventory

Due to logistical constraints and to ensure quality and consistency, a significant inventory of LEDs is maintained. Inventory includes a substantial level of finished goods.

Price decreases and changes in technology required an impairment of consumable and finished goods to reflect the inventory on hand at net realisable value.

Corporate governance

Stella Vista is committed to upholding good corporate governance in all its business dealings in respect of its shareholders.

The company complies with the code of corporate practices and conduct.

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Statement of responsibility by the board of directors

for the year ended 31 August 2004

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Stella Vista Technologies Limited and its subsidiaries. The financial statements are presented on pages 6 to 27 have been prepared in accordance with Statements of Generally Accepted Accounting Practice in South Africa, and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be going concerns in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

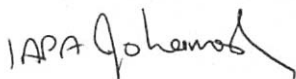
The financial statements have been audited by the independent auditing firm, PricewaterhouseCoopers Incorporated, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The report of PricewaterhouseCoopers Incorporated is presented on page 6.

Certificate by company secretary

for the year ended 31 August 2004

In my opinion as Company Secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 31 August 2004, the company has lodged with the Registrar of Companies all such returns as are required of a company in terms of this Act and that all such returns are true, correct and up to date.



IAPA Johannesburg

Secretary

Approval of group financial statements

for the year ended 31 August 2004

The annual financial statements for the year ended 31 August 2004 set out on pages 6 to 27 were approved by the board of directors on 23 November 2004 and are signed on its behalf:



R Burke
Chairman



M Tabakovic
Director

Report of the independent auditors

for the year ended 31 August 2004

We have audited the annual financial statements and group annual financial statements of Stella Vista Technologies Limited that are set out on pages 7 to 27 for the year ended 31 August 2004. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 31 August 2004 and the results of its operations, and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the South African Companies Act, 1973.



PricewaterhouseCoopers Inc.

Registered Accountants and Auditors

Chartered Accountants (SA)

Johannesburg

23 November 2004

Directors' report

for the year ended 31 August 2004

The directors present their sixth report, which forms part of the audited annual financial statements of the company and of the group for the year ended 31 August 2004.

NATURE OF BUSINESS

Stella Vista Technologies Limited is a South African company listed on the development capital sector of the Johannesburg Securities Exchange South Africa. The company is an investment holding company.

The current business operations of the group focus on the research, development, marketing, sales and support of communication and information systems.

CORPORATE GOVERNANCE

Stella Vista Technologies Limited and its subsidiaries (the group) is fully committed to the principles of accountability, transparency and integrity in accordance with generally accepted corporate practice. Due to the size of the group certain aspects of the King Code of Corporate Practice and Conduct are impractical, but these practices are being monitored to ensure their enactment as soon as is practically possible.

SHARE CAPITAL

No shares were issued during the year under review (2003: Nil).

DIVIDENDS

No dividend has been declared or recommended (2003: R Nil).

FUTURE BUSINESS PROSPECTS

The continued changing technological development throughout the world has created a cash constraint for the group. The group still strives to be the market leader in this ever changing environment .

Stella Vista continues to generate major cash flow from the sale of old technology screens to Powerview (Pty) Ltd. This is expected to change in the new year, as substantial interest has been shown by many other developing markets.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The directors are not aware of any facts or circumstances arising since the end of the financial year,

not otherwise dealt with in the report or group annual financial statements, that would affect the operations of the group or the results of those operations significantly.

SUBSIDIARIES

Details of the company's interest in its subsidiaries are set out in note 26 to the annual financial statements.

SHARE INCENTIVE SCHEME

No options were granted during the year under review (2003: Nil).

DIRECTORS AND SECRETARY

The names of the directors in office at the date of this report, as well as particulars of the secretary appear on page 28.

DIRECTORS' INTERESTS IN CONTRACTS

No material contracts involving directors' interests were entered into during the current year other than the transactions detailed in note 25 of the annual financial statements.

INTEREST OF DIRECTORS IN SHARE CAPITAL

The interest, direct and indirect, of the directors in office at the date of this report, and non-beneficial interests are set out on page 8.

Directors' report

for the year ended 31 August 2004

	Ordinary shares		Ordinary shares	
	Direct beneficial 2004	Indirect beneficial 2004	Direct beneficial 2003	Indirect beneficial 2003
At 31 August				
Executive directors:				
- M Tabakovic	1 000	33 644 600	1 000	24 431 500
- D Tabakovic	16 600	12 169 900	16 600	12 169 900
	17 600	45 814 500	17 600	36 601 400
Non-executive directors				
- R Burke	33 500	31 241 890	33 500	22 892 400
- A Coulson	1 000	22 918 800	1 000	22 918 800
- C Livingstone	150 000	10 000	150 000	10 000
	184 500	54 170 690	184 500	45 821 200
Total	202 100	99 985 190	202 100	82 422 600
At 31 October	202 100	99 985 190	-	-
At 28 November	-	-	202 100	82 422 600

AUDITORS

PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 270(2) of the South African Companies Act, 1973.

Balance sheets

at 31 August 2004

	Notes	Group 2004 R	Group 2003 R	Company 2003 R	Company 2002 R
ASSETS					
Non-current assets					
Property, plant and equipment	1	1 449 649	2 055 959	-	-
Interest in subsidiaries	2		-	2 337 009	17 867 488
Non-current receivables	3		166 005	-	-
Deferred taxation	4	1 080 000	3 121 770	-	-
		2 529 649	5 343 734	2 337 009	17 867 488
Current assets					
Inventories	5	3 973 457	16 279 834	-	-
Current portion of non-current receivables	3	163 251	451 378	-	-
Receivables and prepayments	6	1 652 642	534 105	-	-
Cash and cash equivalents	7	232 384	442 641	2 769	3 350
		6 021 734	17 707 958	2 769	3 350
Total assets		8 551 383	23 051 692	2 339 778	17 870 838
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	8	1 400 000	1 400 000	1 400 000	1 400 000
Share premium	9	16 650 000	16 650 000	16 650 000	16 650 000
Other reserves	10	1 093 076	612 174	-	-
Accumulated losses		(16 803 298)	(5 968 352)	(15 710 222)	(179 162)
		2 339 778	12 693 822	2 339 778	17 870 838
Non-current liabilities					
Interest-bearing borrowings	11	260 097	2 102 562	-	-
Current liabilities					
Trade and other payables	12	3 362 133	3 773 911	-	-
Current portion of interest-bearing borrowings	11	1 657 888	3 062 773	-	-
Other borrowings	13	513 600	1 139 077	-	-
Provisions for liabilities and charges	14	286 515	206 936	-	-
Current taxation liabilities		131 372	72 611	-	-
		5 951 508	8 255 308	-	-
Total liabilities		6 211 605	10 357 870	-	-
Total equity and liabilities		8 551 383	23 051 692	2 339 778	17 870 838

Income statements

for the year ended 31 August 2004

	Notes	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
Revenue		16 012 589	34 991 126	-	-
Cost of sales		(15 507 647)	(24 330 496)	-	-
Gross profit		504 942	10 660 630	-	-
Operating costs		(8 226 151)	(11 314 734)	(15 531 060)	(1 099 373)
Operating loss	18	(7 721 209)	(654 104)	(15 531 060)	(1 099 373)
Net finance (cost)/income	20	(1 013 206)	(2 105 022)	-	278 505
Loss before taxation		(8 734 415)	(2 759 126)	(15 531 060)	(820 868)
Taxation	21	(2 100 531)	278 845	-	-
Net loss for the year		(10 834 946)	(2 480 281)	(15 531 060)	(820 868)
Loss per share (cents)					
- Basic	22	(7.7)	(1.8)		
Headline loss per share (cents)					
- Basic	22	(7.8)	(1.8)		

Cash flow statements

for the year ended 31 August 2004

	Notes	2004 R	2003 R	2004 R	2003 R
Cash flows from operating activities					
Cash receipts from customers		16 255 123	38 720 430	-	-
Cash paid to suppliers and employees		(11 701 759)	(31 245 713)	(274 925)	(455 255)
Cash flows from operating activities	23	4 553 363	7 474 717	(274 925)	(455 255)
Interest received		19 048	840 861	-	282 210
Interest paid		(538 624)	(1 671 995)	-	(3 705)
Net unrealised foreign exchange loss		(493 630)	(1 273 888)	-	-
Taxation paid	24	-	(402 838)	-	(163 432)
Net cash flows from operating activities		3 540 157	4 966 857	(274 925)	(340 182)
Cash flows from investing activities					
Purchase of property, plant and equipment		(108 131)	(1 278 978)	-	-
Disposal of property, plant and equipment		230 544	134 747	-	-
Net loans repaid by/(made to) subsidiary		-	-	274 344	(7 287 037)
Net cash flows from investing activities		122 413	(1 144 231)	274 344	(7 287 037)
Cash flows from financing activities					
Net repayment of interest-bearing borrowings		(3 246 983)	(7 787 803)	-	-
Net repayment of shareholders' loans		63 600	-	-	-
Net repayment of other borrowings		(689 077)	(11 431 101)	-	-
Cash flows from financing activities		(3 872 460)	(19 218 904)	-	-
Net decrease in cash and cash equivalents		(209 890)	(15 396 278)	(581)	(7 627 219)
Cash and cash equivalents at beginning of the year		442 274	15 838 552	3 350	7 630 569
Cash and cash equivalents at end of the year	7	232 384	442 274	2 769	3 350

Statement of changes in equity

for the year ended 31 August 2004

	Notes	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
Share capital	8				
Balance at beginning and end of the year		<u>1 400 000</u>	<u>1 400 000</u>	<u>1 400 000</u>	<u>1 400 000</u>
Share premium	9				
Balance at beginning and end of the year		<u>16 650 000</u>	<u>16 650 000</u>	<u>16 650 000</u>	<u>16 650 000</u>
Other reserves	10				
Balance at beginning of the year		612 174	(579 007)	-	-
Foreign currency translation differences		480 902	1 191 181	-	-
Balance at end of the year		<u>1 093 076</u>	<u>612 174</u>	<u>-</u>	<u>-</u>
Accumulated losses					
Balance at beginning of the year		(5 968 352)	(3 488 071)	(179 162)	641 706
Net loss for the year		(10 834 946)	(2 480 281)	(15 531 060)	(820 868)
Balance at end of the year		<u>(16 803 298)</u>	<u>(5 968 352)</u>	<u>(15 710 222)</u>	<u>(179 162)</u>
Total capital and reserves		<u>2 339 778</u>	<u>12 693 822</u>	<u>2 339 778</u>	<u>17 870 838</u>

Summary of the accounting policies

for the year ended 31 August 2004

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and are consistent with those of the previous year, unless otherwise indicated.

1. BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with and comply with Statements of Generally Accepted Accounting Practice using the historical cost basis as adjusted for the revaluation of financial assets and liabilities. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

2. CONSOLIDATION

Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group are eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

A listing of the group's principal subsidiaries is set out in note 26 to the annual financial statements. The financial effect of the acquisition and disposal of the subsidiaries are separately disclosed in the notes to the annual financial statements.

3. FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in rands, which is the measurement currency of the parent.

Income statements of foreign entities are translated into the group's reporting currency at the average exchange rates for the year and the balance sheets are translated at the year-end exchange rates ruling on 31 August. Exchange differences arising from the retranslating of the net investment in foreign subsidiaries and of borrowings which hedge such investments, are taken to "foreign currency translation reserve" in shareholders' equity.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign currency transactions in group companies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at the year-end exchange rates.

Exchange gains and losses and hedging costs arising on contracts entered in as hedges of specific revenue or expense transactions and of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the determination of such revenues and expenses.

All other gains and losses relating to hedge transactions are recognised in the income statement in the same period as the exchange differences on the items covered by the hedge transactions. Costs on such contracts are amortised over the life of the hedge contract. Gains and losses on contracts that are no longer designated as hedges are included in the income statement.

4. FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Investments in financial assets are initially recognised at cost. Subsequently financial assets are re-measured at fair value, except for fixed maturity investments such as debt and loans. Financial liabilities are recognised at the original debt less principal repayments and amortisation.

The company and group are also parties to the financial instruments that reduce exposure to fluctuations in foreign currency exchange. These instruments, which mainly comprise foreign currency forward contracts, are not recognised in the financial statements on inception. The purpose of these instruments is to reduce risk.

Foreign currency forward contracts protect the company and group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Any increase or decrease in the amount required to settle a corresponding movement in the value of the forward exchange contract offsets the asset or liability. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the income statements. The fee incurred in establishing each agreement is amortised over the contract period.

Summary of the accounting policies

for the year ended 31 August 2004

All financial instruments are classified as originated by the enterprise and includes loans to subsidiaries, non current receivables and receivables and prepayments.

5. INTERESTS IN SUBSIDIARIES

Interests in subsidiaries are stated at cost and are written down only where there is a permanent impairment in value. Dividends are brought into account as at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

6. RESEARCH AND DEVELOPMENT

Research and development expenditure is recognised as an expense, except that costs incurred on development projects are recognised as development assets (intangible assets) to the extent that such expenditure is expected to have future benefits. However, development costs initially recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial production of the product to which they relate on a straight line basis over the period of their expected benefit, but not exceeding five years. Development costs associated with specific long-term contracts are recognised as expenditure when incurred and forms part of the percentage of completion calculation.

Where technology/products are superseded by more advanced and superior technology/products, any unamortised development costs relating to the superseded technology/product will be written off immediately in the period of the advancement where:

- the advance in the available technology and/or industry is significant;
- the intention of management is to market the new technology/product above all other products; and
- the demand for the new technology/product will in all likelihood replace that for the older technology/product.

7. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is included at historical cost. Cost includes all costs directly attributable to bringing the assets into working condition for their intended use.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

- | | |
|----------------------------------|----------|
| • Assets for rehire | 5 years |
| • Computer equipment | 3 years |
| • Leasehold improvements | 5 years |
| • Motor vehicles | 5 years |
| • Office furniture and equipment | 10 years |
| • Workshop equipment | 5 years |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

Gains and losses on the disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Repairs and maintenance are charged to the income statement during the financial period in which they incurred.

8. LEASED ASSETS

Leases of property, property, plant and equipment where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charge to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

9. INVENTORIES

Inventories are stated at the lower of cost or estimated net realisable value. Cost is determined by the weighted average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

Summary of the accounting policies

for the year ended 31 August 2004

10. TRADE RECEIVABLES

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

11. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held on call at banks, term deposits and investments in money market instruments, net of current bank borrowings. In the balance sheet, bank overdrafts are included within borrowings in current liabilities.

12. PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and long-service are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service as a result of services rendered by employees up to the balance sheet date.

13. BORROWINGS

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

14. IMPAIRMENT OF LONG LIVED ASSETS

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for an amount which the carrying amount of the assets exceeds the recoverable amount which is higher of an assets' net selling price and value in use.

15. DEFERRED TAXATION

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation.

Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings.

The principal temporary differences arise from the provisions and inventory allowances. Deferred taxation assets relating to the carry forward of the unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which unused tax losses can be utilised.

16. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of the acquisition.

17. REVENUE RECOGNITION

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the group.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue relating to long-term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the costs incurred to date to estimated total cost for each contract.

Revenue from the rendering of services is based on the stage of completion determined by reference to service performed to date as a percentage of the total services to be performed.

Interest is recognised on the time-proportion basis, taking account of the principal amount outstanding and effective rates over the period to maturity.

Notes to the annual financial statements

for the year ended 31 August 2004

	Leasehold improvements	Motor vehicles	Workshop equipment	Computer equipment	Office furniture and equipment	Total
	R	R	R	R	R	R
1. PROPERTY, PLANT AND EQUIPMENT						
Group						
Year ended 31 August 2004						
Opening carrying amount	80 112	980 271	463 709	287 354	244 513	2 055 959
Foreign currency translation differences				(4 025)	(8 438)	(12 463)
Additions	-	-	4 130	98 143	5 858	108 131
Disposals	-	(97 968)	-	-	-	(97 968)
Depreciation charge	(59 832)	(232 697)	(123 547)	(146 410)	(41 525)	(604 010)
Closing carrying amount	20 280	649 606	344 292	235 063	200 408	1 449 649
At 31 August 2004						
Cost	299 163	1 205 312	706 435	1 073 611	380 638	3 665 159
Accumulated depreciation	(278 883)	(555 706)	(362 143)	(838 549)	(180 230)	(2 215 510)
Carrying amount	20 280	649 606	344 293	235 062	200 408	1 449 649
Year ended 31 August 2003						
Opening carrying amount	139 945	895 290	43 335	228 325	279 696	1 586 591
Foreign currency translation differences	-	-	-	(25 070)	(32 683)	(57 753)
Additions	-	432 691	513 155	296 505	36 627	1 278 978
Disposals	-	(52 209)	-	(3 264)	-	(55 473)
Depreciation charge	(59 833)	(295 501)	(92 781)	(209 142)	(39 127)	(696 384)
Closing carrying amount	80 112	980 271	463 709	287 354	244 513	2 055 959
At 31 August 2003						
Cost	299 163	1 616 052	702 305	1 032 491	388 482	4 038 493
Accumulated depreciation	(219 051)	(635 781)	(238 596)	(745 137)	(143 969)	(1 982 534)
Carrying amount	80 112	980 271	463 709	287 354	244 513	2 055 959

Instalment sale liabilities are secured over motor vehicles with a net book value of R646 634 (2003: R929 741). Further information about instalment sale liabilities is presented in note 11.

Notes to the annual financial statements

for the year ended 31 August 2004

	Company 2004 R	Company 2003 R
2. INTEREST IN SUBSIDIARIES		
Shares at cost	400	400
Indebtedness		
By subsidiaries ⁽¹⁾	17 593 044	17 867 388
To subsidiaries	(300)	(300)
Provision for losses	(15 256 135)	-
	<u>2 336 609</u>	<u>17 867 088</u>
	<u>2 337 009</u>	<u>17 867 488</u>
Directors' valuation	<u>2 337 009</u>	<u>17 867 488</u>
Aggregate attributable after taxation profits and losses of subsidiaries		
Profits	-	-
Losses	<u>(10 560 020)</u>	<u>(1 659 413)</u>

⁽¹⁾ The loan to the subsidiary has been subordinated in favour of the creditors of the subsidiary until the assets, fairly valued, exceed the liabilities.

Refer to note 26 for details of principal subsidiary undertakings.

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
3. NON-CURRENT RECEIVABLES				
Non-current				
Trade receivables	-	166 005	-	-
Current				
Current portion of non-current receivables	163 251	451 378	-	-
	<u>163 251</u>	<u>617 383</u>	-	-

Trade receivables to the value of R163 251 (2003: R617 383) have been ceded to The Standard Bank of South Africa Limited, Stannic Division (note 11).

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
4. DEFERRED TAXATION				
Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2003: 30%).				
The movement on the deferred taxation account is as follows:				
At beginning of the year	3 121 770	2 858 710	-	-
Income statement (charge)/credit (note 21)	(2 041 770)	263 060	-	-
At end of the year	1 080 000	3 121 770	-	-
The deferred taxation balance comprise:				
Provisions	36 871	99 996	-	-
Amounts received in advance	222 595	712 278	-	-
Assessable loss	820 534	2 309 496	-	-
	1 080 000	3 121 770	-	-
The group has an estimated tax loss amounting to R16m. A deferred tax asset has been raised to the extent that the deferred tax asset will be realised in the foreseeable future.				
5. INVENTORIES				
Raw material components (at net realisable value)	2 261 307	12 175 354	-	-
Finished goods (at cost)	457 150	1 134 480	-	-
Finished goods (at net realisable value)	1 255 000	2 970 000	-	-
	3 973 457	16 279 834	-	-
The loans from The Standard Bank of South Africa Limited, Stannic Division, are secured over inventory with a net book value of R1 035 000 (2003: R5 410 000)				
Further information about the loans is presented in note 11.				
6. RECEIVABLES AND PREPAYMENTS				
Trade receivables	1 633 986	205 559	-	-
Rental deposit	-	10 417	-	-
Sundry receivables	18 655	318 129	-	-
	1 652 642	534 105	-	-

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
7. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	442 641	442 641	3 350	3 350
For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:				
Cash and bank balances	442 641	442 641	3 350	3 350
Bank overdrafts (note 11)	(367)	(367)	-	-
	442 274	442 274	3 350	3 350
	Group and Company		Group and Company	
	No. of shares	No. of shares	R	R
	2004	2003	2004	2003

8. SHARE CAPITAL

Authorised

The total authorised number of ordinary shares is 600 000 000 shares (2003: 600 000 000 shares) with a par value of 1 cent per share.

600 000 000	600 000 000	6 000 000	6 000 000
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Issued

Balance at beginning and end of the year

140 000 000	140 000 000	1 400 000	1 400 000
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All issued shares are fully paid.

The directors are authorised, until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as approved at the annual general meeting.

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
9. SHARE PREMIUM				
Balance at beginning and end of the year	<u>16 650 000</u>	16 650 000	<u>16 650 000</u>	16 650 000
10. OTHER RESERVES				
Foreign currency translation reserve	<u>1 093 076</u>	612 174	-	-
The movement on the foreign currency translation reserve account is as follows:				
Balance at beginning of the year	612 174	(579 007)	-	-
Foreign currency translation differences arising during the year	<u>480 902</u>	1 191 181	-	-
Balance at end of the year	<u>1 093 076</u>	612 174	-	-

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
11. INTEREST-BEARING BORROWINGS				
Non-current				
Instalment sale liabilities	260 097	466 018	-	-
Finance lease liabilities	-	166 005	-	-
Loans from The Standard Bank of South Africa Ltd, Stannic Division.	-	1 470 539	-	-
	260 097	2 102 562	-	-
Current				
Bank overdrafts	-	367	-	-
Instalment sale liabilities	290 119	382 054	-	-
Finance lease liabilities	163 251	451 378	-	-
Loans from The Standard Bank of South Africa Ltd, Stannic Division.	1 204 518	2 228 974	-	-
	1 657 888	3 062 773	-	-
Total borrowings	1 917 985	5 165 335	-	-
The interest rate exposure of the borrowings of the group and the company were as follows:				
- At floating rates	1 917 985	5 165 335	-	-
Maturity of non-current borrowings (excl. finance lease liabilities)				
Not later than one year	260 097	1 936 556	-	-
Later than one year and not later then five years	-	-	-	-
	260 097	1 936 556	-	-
Finance lease liabilities - minimum lease payments				
Not later than one year	179 259	511 866	-	-
Later than one year and not later then five years	-	167 231	-	-
	179 259	679 097	-	-
Future finance charges on finance leases	(16 008)	(61 714)	-	-
Present value of finance lease liabilities	163 251	617 383	-	-
The present value of finance lease liabilities may be analysed as follows:				
Not later than one year	163 251	451 378	-	-
Later than one year and not later then five years	-	166 005	-	-
	163 251	617 383	-	-
Securities				

(1) Instalment sale liabilities are secured over motor vehicles with a net book value of R646 634 (2003: R929 741). These liabilities bear interest at varying rates approximating prime lending rates.

(2) Finance lease liabilities are secured over non-current receivables with a net book value of R163 251 (2003: R617 383). These liabilities bear interest at varying rates approximating prime lending rates.

(3) The loans from The Standard Bank of South Africa Limited, Stannic Division are secured over inventory with a net book value of R1 035 000 (2003: R5 410 000). These loans bear interest at varying rates approximating prime lending rates.

Borrowing facilities and borrowing powers

The group and company have no committed borrowing facilities. The articles of association of the company state that the extent of the borrowings of the company are at the discretion of the directors.

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
12. TRADE AND OTHER PAYABLES				
Trade payables	742 850	349 888	-	-
Deposits	1 578 052	2 364 523	-	-
Accrued expenses	385 005	684 287	-	-
Other payables	656 226	375 213	-	-
	3 362 133	3 773 911	-	-

13. OTHER BORROWINGS

Loan from third party	450 000	500 000	-	-
Loan from Powerview (Proprietary) Limited	-	592 510	-	-
Loan from Sizwe AV (Proprietary) Limited	-	46 567	-	-
Shareholders' loans (note 25)	63 600	-	-	-
	513 600	1 139 077	-	-

The above loans are unsecured, interest-free and have no fixed terms of repayment.

14. PROVISIONS FOR LIABILITIES AND CHARGES

Provision for leave pay

At beginning of the year	206 936	56 054	-	-
Additional provisions	79 579	198 239	-	-
Utilised during the year	-	(47 357)	-	-
At end of the year	286 515	206 936	-	-

15. CONTINGENCIES

Contingent liabilities

At 31 August 2004, the group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material unrecorded liabilities will arise.

There is a potential claim against the group approximating R2.8m, however in the opinion of the directors the potential for this claim to be successful is remote and has in their opinion no foundation in law.

16. COMMITMENTS

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

Not later than one year	365 640	352 440	-	-
Later than one year and not later than five years	1 331 295	387 684	-	-
	1 696 935	740 124	-	-

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
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17. SEGMENT INFORMATION

No segment information is presented as the American operation is not fully operational and the main business unit is the South African operation. During the year ended 31 August 2004 costs amounting to R 522 019 (2003: R706 773) was incurred to develop the American business unit. The group has only one functional business segment in which it operates.

18. OPERATING LOSS

The following items have been charged/(credited) in arriving at operating loss:

Depreciation on property, plant and equipment (note 1)	604 010	696 384	-	-
Profit on disposal of property, plant and equipment	(132 576)	(79 274)	-	-
Provision for losses of subsidiaries	-	-	15 256 135	-
Operating lease rentals				
Property	332 400	305 316	-	-
Motor vehicles		32 860	-	-
Equipment	2 705	1 379	-	-
	335 105	339 555	-	-
Auditors' remuneration				
Audit fees	180 000	190 000	60 000	60 000
Prior year over provision	(70 000)	-	-	-
Other services	14 273	23 249	-	-
	124 273	213 249	60 000	60 000
Fees relating to non-employees				
Consulting services	-	370 259	-	-

19. STAFF COSTS

Salaries and wages	5 184 437	6 179 999	106 000	150 000
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Average weekly number of persons employed by the group and company during the year:

- Full time	29	32	-	-
- Part time	2	-	-	-

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
20. NET FINANCE (COST)/INCOME				
Interest received				
Bank balances	19 048	840 861	-	282 210
Interest paid				
- Instalment sale liabilities	(100 218)	(166 581)	-	-
- Loans from The Standard Bank of South Africa Limited, Stannic Division	(284 758)	(1 375 848)	-	-
- Other	(153 647)	(129 566)	-	(3 705)
	(538 624)	(1 671 995)	-	(3 705)
Net foreign currency exchange loss	(493 630)	(1 273 888)	-	-
Net finance (cost)/income	(1 013 206)	(2 105 022)	-	278 505
21. TAXATION				
South African Normal Taxation				
Current taxation				
Current year	-	-	-	-
Prior year under/(over) provision	58 761	(15 785)	-	-
	58 761	(15 785)	-	-
Deferred taxation				
Current year	2 041 770	(264 716)	-	-
Prior year under provision	-	1 656	-	-
	2 041 770	(263 060)	-	-
	2 100 531	(278 845)	-	-
The taxation on the group and company's (loss)/profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:				
(Loss)/profit before taxation	(8 734 415)	(2 759 126)	(15 531 060)	(820 868)
Tax calculated at a tax rate of 30%	(2 620 324)	(827 738)	(4 659 318)	(246 260)
Effect of different tax rates in other countries	-	-	-	-
Expenses not deductible for tax purposes	(17 901)	(220 871)	4 576 840	-
Unrecognised tax losses	4 721 128	768 108	82 478	246 260
Prior year under provision	17 628	1 656	-	-
Taxation	2 100 531	(278 845)	-	-

Notes to the financial statements

for the year ended 31 August 2004

	Group 2004	Group 2003
22. BASIC AND HEADLINE LOSS PER SHARE		
Basis loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year (note 8).		
Net loss attributable to shareholders (R)	(10 834 946)	(2 480 281)
Profit on disposal of property, plant and equipment	132 576	79 274
Headline loss (R)	(10 967 522)	(2 559 555)
Weighted average number of shares in issue	140 000 000	140 000 000
Basic loss per share (cents)	(7.7)	(1.8)
Headline loss per share (cents)	(7.8)	(1.8)

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
23. CASH FLOWS FROM OPERATING ACTIVITIES				
Reconciliation of operating loss to cash flows from operating activities:				
Operating loss	(7 721 209)	(654 104)	(15 531 060)	(1 099 373)
Adjusted for:				
- Depreciation of property, plant and equipment	604 010	696 384	-	-
- Profit on disposal of property, plant and equipment	(132 576)	(79 274)	-	-
- Provision/impairment loss - investment in subsidiaries	-	-	15 256 135	651 400
- Translation reserve	493 365	1 248 934	-	-
Changes in working capital:				
- Decrease in inventories	12 306 377	2 009 718	-	-
- (Increase)/decrease in receivables and prepayments	(664 405)	4 733 222	-	27 000
- (Decrease)/increase in trade and other payables	(411 778)	(631 045)	-	(34 282)
- Increase in provisions for liabilities and charges	79 579	150 882	-	-
Cash flows from operating activities	4 553 363	7 474 717	(274 925)	(455 255)

Notes to the annual financial statements

for the year ended 31 August 2004

	Group 2004 R	Group 2003 R	Company 2004 R	Company 2003 R
24. TAXATION PAID				
Balance payable at beginning of the year	(72 611)	(491 234)	-	(163 432)
Income statement charge	(58 761)	15 785	-	-
Balance payable at end of the year	131 372	72 611	-	-
Taxation paid	-	(402 838)	-	(163 432)
25. RELATED PARTY TRANSACTIONS				
Sales of inventory				
Powerview (Proprietary) Limited	1 880 210	3 375 581		
Rental of inventory				
Powerview (Proprietary) Limited	2 688 400	2 162 500		
Powerview (Proprietary) Limited is a company owned by the directors of Stella Vista Technologies Limited. The above transactions were carried out at market related terms and conditions.				
Property rental				
Side Road Properties (Proprietary) Limited	332 400	279 700		
Side Road Properties (Proprietary) Limited is a company owned by A Coulson and R Burke, who are directors of the Stella Vista Technologies Limited. The above transactions were carried out at market related terms and conditions.				
Outstanding balances arising from related party transactions				
Powerview (Proprietary) Limited	519 881	-		
Side Road Properties (Proprietary) Limited	(81 049)	(115 150)		
Shareholders' loans				
Advances during the year	63 600	-		
Directors' remuneration				
Executive - Gross salaries				
M Tabakovic			564 000	583 809
R Burke			106 000	-
S Radman - Resigned 30 March 2003			-	363 617
D Tabakovic			441 056	573 367
			1 111 056	1 520 793
Paid by subsidiaries			(1 005 056)	(1 370 793)
			106 000	150 000

Notes to the annual financial statements

for the year ended 31 August 2004

	Country of incorporation	Issued ordinary shares	Group Percentage held	Shares at cost R	Loans R
26. PRINCIPAL SUBSIDIARY UNDERTAKINGS					
Details of companies are reflected below:					
Directly held					
Subsidiaries of:					
Stella Vista Technologies Limited					
Stella Vista Asset Finance (Proprietary) Limited	South Africa	300	100%	100	(300)
Stella Vista South Africa (Proprietary) Limited	South Africa	100	100%	300	2 336 909
Stella Vista America Incorporated	USA	100 000	100%	651 400	-
				<u>651 800</u>	<u>2 336 609</u>

27. FINANCIAL INSTRUMENTS

Objectives and significant terms and conditions

The company's and group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in interest rates. Interest rate exposure is managed within management approved policies and guidelines.

Interest rate risk

The company is exposed to interest rate risk as it places funds at floating rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and placings within market expectations

Net fair values

At 31 August 2004, the carrying amounts of cash and cash equivalents, trade receivables, trade payables and current borrowings approximate their fair values due to short-term maturities of these assets and liabilities.

Credit risk

Potential concentrations of credit risk consist principally of cash investments and trade debtors. The company and group only deposits short-term cash surpluses with banks of a high credit standing. Trade debtors comprise of a large, widespread customer base, and ongoing credit evaluations are performed on the financial condition of customers and where appropriate, specific provisions for doubtful receivables are made. At 31 August 2004, the company and group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

Liquidity risk

The group has adequate cash resources on hand to meet its current and future commitments.

28. PENSION AND OTHER POST-RETIREMENT BENEFITS

The group has no post-retirement plans and does not have any post-retirement pension or medical aid liability.

Group administration

for the year ended 31 August 2004

	Company 2004 c	Company 2003 c
<hr/>		
JSE Securities Exchange South Africa statistics		
Market price (cents per ordinary share)		
- Closing at 31 August	6	2
- High for the year	7	11
- Low for the year	2	1
<hr/>		
Volume of shares traded during the year (m)	24 183	5 586
<hr/>		

Directorate and administration

REGISTRATION NUMBER

1996/000172/06

EXECUTIVE DIRECTORS

M Tabakovic (Chief Executive Officer)

D Tabakovic

NON-EXECUTIVE DIRECTORS

R Burke (Chairman)

A Coulson

C Livingstone

REGISTERED OFFICE

Ground Floor

Autoparks House

13 Park Crescent

Glenhazel

2192

POSTAL ADDRESS

PO Box 786475

Sandton

2146

SECRETARY

IAPA Chartered Accountants (SA)

Johannesburg

Ground Floor

Autoparks House

Cnr Cross Road and Park Crescent

Glenhazel

Johannesburg

2192

(PO Box 787, Highlands North, 2027)

ATTORNEYS

Du Toit McDonald Inc

BANKERS

The Standard Bank of South Africa Limited

AUDITORS

PricewaterhouseCoopers Inc.

Chartered Accountants (SA)

Registered Accountants and Auditors

2 Eglin Road

Sunninghill

2157

(Private Bag X36, Sunninghill, 2157)

TRANSFER SECRETARIES

Computershare Services Limited

PO Box 61051

Marshalltown

2107

Analysis of shareholders

for the year ended 31 August 2004

	Number of ordinary shareholders	%	Number of ordinary shares	%
Major holders (over 10 000 000 shares)	1	0.19	10 000 000	7.14
Directors and related parties	28	4.90	100 488 800	71.79
Other individuals	420	83.24	15 952 755	11.39
Institutions and other companies	58	11.68	13 558 445	9.68
Total	507	100.00	140 000 000	100.00
1 - 1,000	171	33.73	39 905	0.03
1,001 - 10,000	179	35.31	992 216	0.71
10,001 - 100,000	104	20.51	3 419 834	2.44
100,001 - 1,000,000	39	7.69	13 325 000	9.52
1,000,001 shares and over	14	2.76	122 223 045	87.30
Total	507	100.00	140 000 000	100.00

The following are the shareholders holding 1% or more of the listed ordinary shares in the company at 31 August 2004:

	Number of ordinary shares	%
Directors (direct and indirect beneficial)	100 488 800	71.78
Centurion Nominees Limited	10 000 000	7.14
Elcor Holdings Limited	2 784 695	1.99
Mr Oftebro Odmund Garry	2 427 700	1.73
Furzedown Holdings Limited	2 000 000	1.43
Total	117 701 195	84.07

Notice of annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Stella Vista Technologies Limited will be held at 10:00 on Friday, the 25th of February, 2005, at 134 Side Road, West Turffontein, Johannesburg.

The following business will be dealt with at the annual general meeting of shareholders:

- to receive and consider the annual financial statements for the year ended 31 August 2004;
- to transact such other business as may be transacted at any ordinary general meeting;
- to consider and, if deemed fit, pass the following two ordinary resolutions:

Ordinary resolution number 1

"Resolved that, in terms of this ordinary resolution number 1, all of the unissued ordinary shares in the capital of the company are hereby placed under the control of the directors of the company as a general authority, in terms of section 221(2) of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), for allotment and issue from time to time to such persons and in such manner as the directors of the company may determine in accordance with the provisions of the Act, the company's articles of association and the listing requirements of the JSE Securities Exchange South Africa ("JSE"), until such time as the authority lapses in terms of the Act."

Ordinary resolution number 2

"Resolved that the directors be given the general authority to issue new ordinary shares of 1 cent each for cash when suitable situations arise, subject to the listing requirements of the JSE and to the following limitations that:

- this authority shall be valid until the next annual general meeting of the company (provided it shall not extend beyond 15 months);
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of ordinary shares in issue prior to the issues;
- issues in the aggregate in any one year will not exceed 10% of the number of ordinary shares in the company's issued share capital and provided further that such issues shall not in aggregate in any three-year period exceed 15% of the company's issued share capital;
- the issue must be made to public shareholders as defined by the JSE;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price as determined over the 30 days prior to the date that the price of the issue is determined or agreed to by the directors of the company."

As less than 35% of the company's issued shares are in the hands of the public, as defined by the JSE, the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this general meeting is required for this ordinary resolution number 2 to become effective.

A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more persons as his/her proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Forms of proxy must be deposited at the transferring secretary of the company or posted to Computershare Investor Services 2004 (Pty) Limited (70 Marshall Street, Johannesburg, 2000) (P O Box 61051, Marshalltown, 2107), so as to arrive not less than 48 hours before the time of holding the meeting (excluding Saturdays, Sundays and public holidays).

By order of the board

IAPA Johannesburg
Company Secretary

Proxy form

stellavista

Stella Vista Technologies Limited

(Registration number 1996/000172/06, Share code: SLL, ISIN code: ZAE000018198)

For use by the members at the annual general meeting of shareholders of the company to be held at 10:00 on Friday, the 25th of February, 2005, or any adjournment thereof ("the annual general meeting") in the boardroom of the company, 134 Side Road, West Turffontein, Johannesburg.

I/We (name in full) _____

of _____

being the holder(s) of _____ ordinary shares in the company, hereby appoint

1. _____ or failing him/her,

2. _____ or failing him/her,

3. _____ the chairman of the annual general meeting,

as my/our proxy to act for me/us on my/our behalf at the first annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof; and to vote for and against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions (see note 2):

Number of votes (one vote per ordinary share)

	In favour of	Against	Abstain
1. Approval of financial statements			
2. Ordinary resolution number 1			
3. Ordinary resolution number 2			
4. Other business			

Signed at _____ on _____ 200_

Signature _____

Assisted by me (where applicable) _____

Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.

Please read the notes on the reverse side hereof.

Notes to the proxy form

1. If you have disposed of all your shares in Stella Vista, please forward this document together with the attached notice of general meeting to the stockbroker, banker or other agent through whom you disposed of such shares.

Certificated shareholders and "own name" dematerialised shareholders who are unable to attend the general meeting to be held at 10:00 on Friday, 25 February 2005, in the boardroom at 134 Side Road, West Turffontein, Johannesburg, but wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions therein and lodge it with Computershare Investor Services 2004 (Pty) Limited (70 Marshall Street, Johannesburg, 2000) (P O Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Wednesday, 23 February 2005.

Dematerialised shareholders (other than "own name" dematerialised shareholders) who are unable to attend the general meeting to be held at 10:00 on Friday, 25 February 2005, but wish to be represented thereat, should contact their CSDP or broker and furnish them with their voting instructions in order for the CSDP or broker to vote at the general meeting in accordance with such instructions. This must be effected in terms of the agreement entered into between such shareholder and their CSDP or broker.

Dematerialised shareholders who wish to attend the general meeting or to send a proxy to represent them at the general meeting must timeously advise their CSDP or broker of such, in order to obtain the necessary letter of authority to enable them or their nominated proxy to attend. This must be effected in terms of the agreement entered into between such shareholder and their CSDP or broker.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy, to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolution at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable at that meeting.
4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her but the total number of votes for or against the resolution and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
5. Forms of proxy must be lodged with or posted to the transferring secretary, Computershare Investor Services 2004 (Pty) Limited (70 Marshall Street, Johannesburg, 2000) (P O Box 61051, Marshalltown, 2107), to be received by them not later than 10:00 on Wednesday, the 23rd of February, 2005.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
7. Any alterations or corrections made to this form of proxy must be initialled by the signatory(ies).
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's secretary or waived by the chairman of the annual general meeting.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.



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