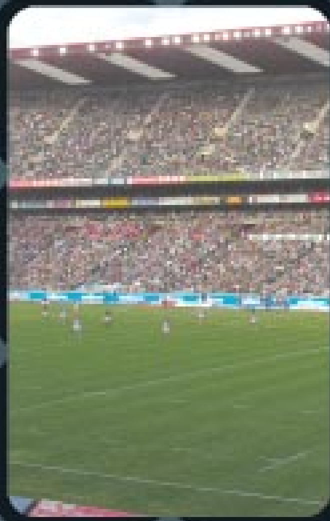


stellavista

where have you seen us today?

Annual Report 2006

CONTENTS

Highlights

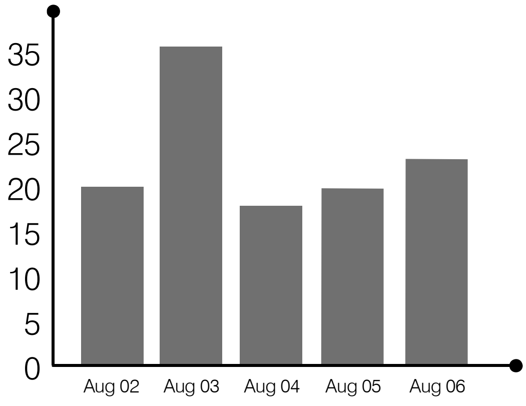
- **Stella Vista displays used in a large number of international sporting events, both as video displays and electronic perimeter signage.**
- **Product range expansion - new Titan S-Series of video displays, as well as LB24 and LB26W display models for scoreboards and information displays.**

Synopsis **of business**

Stella Vista Technologies Ltd, a JSE listed company (share code: 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)



General

Forecasting revenue remains extremely difficult in the electronic display industry due to the nature of the business.

Stella Vista continues to increase its international revenues making significant in-roads into cricket markets in the sub-continent and the Caribbean.

Results

Despite our sales increasing by 18% on the previous financial year, the results for Stella Vista were disappointing posting a loss for the year ending 31 August 2006. The loss can be attributed to various factors including:

- Foreign exchange losses as a result of a weaker local currency.
- A provision for an impairment charge of R0.8m for a second hand LED display as a result of changes in technology.

The increase in inventory included work in progress and finished goods which have subsequently been sold.

The sale of displays, control equipment and services to the value of R14.1m to a related party, Megaview Displays (Pty) Ltd, a company co-owned by directors of Stella Vista, is included in revenue. These transactions were carried out at arm's length prices, based on market related terms and conditions.

Markets and prospects

Stella Vista has continued to be active in the sports market during this period - both locally and internationally. We delivered displays to two cricket grounds in the West Indies, ahead of the ICC Cricket World Cup 2007, as well as displays in Africa.

Stella Vista screens continue to be used at multiple international and local sporting events in South Africa. Our electronic perimeter boards were used in international cricket, rugby and local soccer competitions, as well as golf tournaments and motorsport.

The prospects in the sports and commercial markets appear high in the medium term. Key contributors to this are the adoption of electronic perimeter boards in various sports, and the international move to introduce full-size electronic billboards by large outdoor companies.

Products and services

Development of a new line of Titan® displays has started with Titan® S9. The Titan® S-Series will further widen Stella Vista offering in the field of video displays. There were also developments in the LB-series of information displays, such as LB26 and LB24.

Stella Vista continues to enhance its current range of sport solutions, particularly in cricket. These solutions can be customized to suit any customer demand, from small school sport grounds to World class venues.

Stella Vista products and services are continually improved and upgraded to match the customer requirement. This applies across the board, from simple information scoreboards and electronic perimeter displays to the video replay displays.

The Company

Stella Vista Technologies Ltd 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 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 contract completed in the current financial year.

Corporate governance

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

Due to the size of the group certain aspects of the King Code of Corporate Practice and Conduct are impractical, however these practices are being monitored to ensure their enactment as soon as is practically possible.

Board of directors

The Stella Vista Board of directors consists of two executive directors and three non-executive directors. Mr. A Coulson resigned as a director of Stella Vista on the 1 September 2006 Mr. R Burke stepped down as chairman of Stella Vista on the 31 December 06 and Dr A Bacher was appointed as the non-executive chairman of Stella Vista on the 1 January 2007.

- The roles of the Chairman and Chief Executive Officer do not vest in the same person, the Chairman is a non-executive director.
- The maximum term of office of directors is three years. A third of the directors retire by rotation annually. If eligible their names are submitted for re-election at the annual general meeting.
- The board has unrestricted access to all company information, records, documents and property to enable it to discharge its responsibilities.

C O N T E N T S

Statement of responsibility by the board of directors

for the year ended 31 August 2006

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 7 to 32 have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates and that all International Financial Reporting Standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group and company at year-end. The directors also prepared the financial information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the group and company to enable the directors to ensure that the financial statements comply with the relevant legislation.

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, who were 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.

The financial statements were approved by the Board of Directors on 9 February 2007 and are signed on its behalf by:

R Burke

Director

M Tabakovic

Director

Certificate by company secretary

for the year ended 31 August 2006

In my capacity as Company Secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 31 August 2006, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

IAPA Johannesburg

IAPA Johannesburg

Secretary

Approval of group financial statements

for the year ended 31 August 2006

The financial statements were approved by the Board of Directors on 9 February 2007 and are signed on its behalf:

R Burke

Director

M Tabakovic

Director

Report of the independent auditors

for the year ended 31 August 2006

We have audited the annual financial statements and group annual financial statements of Stella Vista Technologies Limited, which comprise the director's report, the balance sheet and consolidated balance sheet as at 31 August 2006, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 29.

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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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 directors, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 31 August 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: J Potgieter
Registered Auditor

Johannesburg, 9 February 2007

Directors' report

for the year ended 31 August 2006

The directors present their annual report, which forms part of the audited annual financial statements of the company and of the group for the year ended 31 August 2006.

NATURE OF BUSINESS

Stella Vista Technologies Limited is a South African company listed on the development capital sector of the JSE Limited. 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) are 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 (2005: Nil).

DIVIDENDS

No dividend has been declared or recommended (2005: 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 screens to Megaview Displays (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 (2005: 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 31.

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.

	Ordinary shares		Ordinary shares	
	Direct beneficial 2006	**Indirect beneficial 2006**	Direct beneficial 2005	Indirect beneficial 2005
At 31 August				
Executive directors:				
- M Tabakovic	**1 000**	**33 644 600**	1 000	33 644 600
- D Tabakovic	**16 600**	**12 169 900**	16 600	12 169 900
	17 600	**45 814 500**	17 600	45 814 500
Non-executive directors				
- R Burke	**33 500**	**31 543 400**	33 500	31 543 400
- A Coulson *	**1 000**	**22 918 800**	1 000	22 918 800
- C Livingstone	**150 000**	**10 000**	150 000	10 000
	184 500	**54 472 200**	184 500	54 472 200
Total	**202 100**	**100 286 700**	202 100	100 286 700

* A Coulson resigned as non-executive director on 1 September 2006.

AUDITORS

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

Balance sheets

at 31 August 2006

	Notes	Group 2006 R	Group Restated 2005 R	Company 2006 R	Company 2005 R
ASSETS					
Non-current assets					
Property, plant and equipment	1	**1 844 261**	2 018 091	-	-
Interest in subsidiaries	2	-	-	**1 653 110**	1 933 456
Deferred taxation	3	**2 976 129**	2 976 129	-	-
		4 820 390	4 994 220	**1 653 110**	1 933 456
Current assets					
Inventories	4	**7 676 189**	3 318 290	-	-
Trade and other receivables	5	**5 764 986**	286 171	-	-
Cash and cash equivalents	6	**2 987 614**	3 286 724	**1437**	2 769
		16 428 789	6 891 185	**1437**	2 769
Total assets		**21 249 179**	11 885 405	**1 654 547**	1 933 583
EQUITY					
Capital and reserves					
Share capital	7	**1 400 000**	1 400 000	**1 400 000**	1 400 000
Share premium	8	**16 650 000**	16 650 000	**16 650 000**	16 650 000
Other reserves	9	**791 421**	1 050 411	-	-
Accumulated losses		**(14 137 441)**	(13 425 366)	**(16 395 453)**	(16 116 417)
Total Equity		**4 703 980**	5 675 045	**1 654 547**	1 933 583
LIABILITIES					
Non-current liabilities					
Interest-bearing borrowings	10	**106 229**	110 906	-	-
Current liabilities					
Trade and other payables	11	**9 851 747**	3 182 787	-	-
Current portion of interest-bearing borrowings	10	**135 113**	237 758	-	-
Other borrowings	12	**6 033 855**	2 292 132	-	-
Provisions for liabilities and charges	13	**418 255**	386 777	-	-
		16 438 970	6 099 454	-	-
Total liabilities		**16 545 199**	6 210 360	-	-
Total equity and liabilities		**21 249 179**	11 885 405	**1 654 547**	1 933 583

Income statements

for the year ended 31 August 2006

	Notes	Group 2006 R	Group Restated 2005 R	Company 2006 R	Company 2005 R
Revenue		**23 443 714**	19 835 349	-	-
Cost of sales		**(10 834 468)**	(8 513 048)	-	-
Gross profit		**12 609 246**	11 322 301	-	-
Operating costs		**(6 261 639)**	(5 771 770)	-	-
Administrative costs		**(5 853 792)**	(4 294 963)	**(279 036)**	(406 195)
Distribution costs		**(983 726)**	(357 812)		
Operating (loss)/profit	17	**(489 911)**	897 756	**(279 036)**	(406 195)
Finance income	19	**32 877**	27 248	-	-
Finance costs	19	**(255 041)**	(170 552)	-	-
(Loss)/profit before taxation		**(712 075)**	754 452	**(279 036)**	(406 195)
Taxation	20	-	2 133 691	-	-
Net (loss)/profit for the year		**(712 075)**	2 888 143	**(279 036)**	(406 195)
(Loss)/profit per share (cents)					
- Basic	21	**(0.5)**	2.0		
Headline (loss)/profit per share (cents)					
- Basic	21	**(0.5)**	2.0		

Cash flow statements

for the year ended 31 August 2006

	Notes	2006 R	2005 Restated R	2006 R	2005 R
Cash flows from operating activities					
Cash receipts from customers		17 815 011	19 835 349	-	-
Cash paid to suppliers and employees		(21 315 517)	(16 318 274)	(279 036)	(406 195)
Cash flows from operating activities	22	(3 500 506)	3 517 075	(279 036)	(406 195)
Interest received		32 877	27 248	-	-
Interest paid		(255 041)	(170 552)	-	-
Taxation paid	23	-	106 190	-	-
Net cash flows from operating activities		(3 722 670)	3 479 961	(279 036)	(406 195)
Cash flows from investing activities					
Purchase of property, plant and equipment		(243 691)	(634 832)	-	-
Proceeds of property, plant and equipment		32 850	-	-	-
Net loans repaid by subsidiary		-	-	280 346	403 553
Net cash flows from investing activities		(210 841)	(634 832)	280 346	403 553
Cash flows from financing activities					
Net repayment of interest-bearing borrowings		(107 322)	(1 569 321)	-	-
Net contributions from shareholders' loans		3 839 861	162 400	-	-
Net (repayment of)/proceeds from other borrowings		(1 687 139)	1 616 132	-	-
Cash flows from financing activities		2 045 400	209 211	-	-
Net (decrease)/increase in cash and cash equivalents		(1 888 111)	3 054 340	1 310	(2 642)
Cash and cash equivalents at beginning of the year		3 286 724	232 384	127	2 769
Cash and cash equivalents at end of the year	6	1 398 613	3 286 724	1 437	127

Statement of changes in equity

for the year ended 31 August 2006

	Notes	Group 2006 R	Group Restated 2005 R	Company 2006 R	Company 2005 R
Share capital	7				
Balance at beginning and end of the year		1 400 000	1 400 000	1 400 000	1 400 000
Share premium	8				
Balance at beginning and end of the year		16 650 000	16 650 000	16 650 000	16 650 000
Foreign currency translation reserve	9				
Balance at beginning of the year		1 050 411	1 093 076	-	-
Foreign currency translation differences		(258 990)	(42 665)	-	-
Balance at end of the year		791 421	1 050 411	-	-
Accumulated losses as previously shown in the financial statements					
Balance at beginning of the year		(13 425 366)	(16 313 508)	(16 116 417)	(15 710 222)
Net (loss)/profit for the year		(712 075)	2 888 143	(279 036)	(406 195)
Balance at end of the year		(14 137 441)	(13 425 365)	(16 395 453)	(16 116 417)
Total capital and reserves		4 703 980	5 675 046	1 654 547	1 933 583

Accumulated losses as previously shown in the financial statements

	Group	Company
Balance as at 1 September 2004 (as previously stated)	(16 803 299)	(15 710 222)
Adoption of IFRS	489 790	-
Balance at 1 September 2004 (restated)	(16 313 509)	(15 710 222)
Movement for the year ended 31 August 2005		
Net (loss)/profit for the year (as previously stated)	2 793 338	(406 195)
Adoption of IFRS	94 805	-
Balance as at 31 August 2005	(13 425 366)	(16 116 417)
Movement for the year ended 31 August 2006		
Net loss for the year	(712 075)	(279 036)
Balance as at 31 August 2006	(14 137 441)	(16 395 453)

for the year ended 31 August 2006

1. INTRODUCTION

For the year ended 31 August 2005 Stella Vista Technologies Limited prepared its financial statements under South African Statements of Generally Accepted Accounting Practice ("SA GAAP") as effective at that date. In the current year, Stella Vista Technologies Limited has adopted International Financial Reporting Standards (“IFRS”) for its first annual consolidated financial statements in accordance with IFRS for the year ended 31 August 2006.

As Stella Vista Technologies Limited shows comparative information in its financial statements, the date for transition is 1 September 2004, which represents the beginning of the earliest period of comparative information to be presented as required in terms of the requirements of IFRS.

Transitional arrangements

The date of transition for the group is 1 September 2004 and therefore as required by IFRS1 the group's opening balance sheet at 1 September 2004 has been restated to reflect all existing IFRS statements and interpretations effective at 31 August 2006. The group has not applied any of the stated exemptions or exceptions in terms of IFRS1.

2. PRINCIPAL ACCOUNTING POLICIES

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.

The financial statements are prepared on a going concern basis, in accordance with International Financial Reporting Standards (“IFRS”) and interpretations of those Standards, as adopted by the International Accounting Standards Board (“IASB”). These are the group’s first consolidated financial statements under IFRS. An explanation of how the transition to IFRS has affected the reported financial position and the financial performance of the group is provided in note 24.

The financial statements are prepared using the historical cost convention as modified by the revaluation of financial assets and liabilities.

The group made the following adjustments to its SA GAAP financial statements in order to restate the information in terms of IFRS:

Stella Vista Technologies Limited componentised most of their assets in the past however the useful lives of the items of property, plant and equipment did not always reflect the pattern of consumption of economic benefits. The group has therefore reviewed the useful lives of the items of property, plant and equipment which resulted in a decrease in depreciation.

Amendments to published standards effective in 2006 not affecting the group:

- IAS 21(Amendment) - Net investment in a foreign operation.
- IAS 39 (Amendment) - Cash flow hedge accounting of forecast intragroup transactions.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the group's operations:

- IAS 39 - The fair value option
- IAS 39 and IFRS4 - Financial guarantee contracts
- IFRIC 4 - Determining whether an arrangement contains a lease

3. RECOGNITION OF ASSETS AND LIABILITIES

Assets are only recognised if it is probable that future economic benefits associated with the asset will flow to the group and the cost or fair value can be measured reliably. Liabilities are only recognised if it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Where a legally enforceable right of offset exists for recognised assets and liabilities and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset. Otherwise, unless specifically permitted by an accounting standard, assets and liabilities are not offset.

4. BASIS OF CONSOLIDATION

Interest in Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The group recognises in the carrying amount of property, equipment and vehicles, the replacement cost of parts which meet the definition of an asset. All other costs are recognised in the income statement as repairs and maintenance expenditure when incurred.

All property, plant and equipment are depreciated on a straight-line basis at rates estimated to write each asset down to residual value over the term of its useful life. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with changes accounted for prospectively as a change in accounting estimate. If the expected residual value of an asset is equal to or greater than its carrying value, depreciation on that asset ceases and is resumed when the expected residual value falls below the asset’s carrying value.

The estimated useful lives of depreciable property, plant and equipment are as follows:

- Computer equipment 3 years
- Leasehold improvements 5 years
- Motor vehicles 5 years
- Office furniture and equipment 10 years
- Workshop equipment 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit and loss.

6. LEASED ASSETS

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are capitalised as property, plant and equipment, at their cash equivalent cost. The corresponding liability is included in the balance sheet as a finance lease obligation. The cash equivalent cost is the lower of the fair value of the asset and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease obligation, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss. Rentals in respect of operating leases with fixed escalations are recognised as an expense on a straight- line basis over the term of the lease so as to account for the time pattern of the lessee’s benefit.

7. INTANGIBLE ASSETS

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development expenditure is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination. It is determined as the excess of the cost of acquisition over the group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associated or jointly controlled entity, and recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying value of any related goodwill. To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisitions, the excess is recognised in the income statement at the acquisition date.

8. IMPAIRMENT OF ASSETS

The group’s assets are reviewed annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable, to determine whether there is any indication of impairment. An annual impairment test is performed on all goodwill and intangible assets with indefinite useful lives. The impairment amount recognised in the income statement is the excess of the carrying value over the recoverable amount. Recoverable amounts are estimated for individual assets or where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash generating unit to which the asset belongs. The recoverable amount is the greater of fair value less cost of disposal and the value of the asset in use. In assessing its value in use, the estimated future pre-tax cash flows of an asset are discounted to their present value using an appropriate pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. With the exception of goodwill, a previously recognised impairment will be reversed insofar as an estimate changes as a result of any event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the income statement. After the recognition of an impairment loss, any depreciation or amortisation charge for the asset is adjusted for future periods to allocate the asset's revised carrying value, less estimated residual value, on a systematic basis, over its remaining useful life.

9. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax is realised or the deferred income tax liability settled.

Deferred income tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

10. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. All damaged or substandard materials and obsolete, redundant or slow moving inventories are written down to their net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

11. FINANCIAL INSTRUMENTS

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group's derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other gains/(losses) - net.

12. FINANCIAL ASSETS

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment. 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 the receivables. Significant financial dificulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term liquid investments that are readily convertible to cash. These are measured at fair value, based on the relevant exchange rates at balance sheet date, with changes in fair value being included in profit or loss.

15. BORROWINGS

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

16. TRADE AND OTHER PAYABLES

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

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, the difference between the carrying amount of the financial liability and settlement amount paid is recognised in the income statement.

17. PROVISIONS

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when the group has a present or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation. Provisions are adjusted to reflect the time value of money where the effect of the discounting to present value is material.

18. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the shares or options are shown in equity as a deduction, net of tax, from the proceeds.

19. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents the net invoice value of goods and services provided to third parties after deducting value added tax. Sales of goods are recognised when a group entity has delivered the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue from fixed price contracts (maintenance) is generally recognised in the period the services are provided, using a straight line basis over the term of the contract.

20. INCOME TAX EXPENSE

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and includes any adjustments to tax payable in respect of prior years.

Deferred tax is recognised in the profit or loss except when it relates to items credited or charged directly to equity in which case, it is also recognised in equity.

21. FOREIGN CURRENCY TRANSACTIONS

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the settlement date or balance sheet date. Exchange differences on the settlement or translation of monetary assets or liabilities are recognised in the income statement in the period in which they are incurred.

The annual financial statements of entities within the group, whose functional currencies are different from the group's presentation currency, are translated into South African Rands for incorporation in the consolidated financial statements. Assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Income, expenditure and cash flows are translated at the average exchange rates for the period. Material exceptional items are translated at the rate on the date of the transaction. Exchange differences on the translation of the net assets of foreign entities, are recognised in equity. On subsequent disposal, the cumulative amounts of unrealised exchange differences are recognised in the income statement as part of the gain or loss on disposal.

22. JUDGEMENTS MADE BY MANAGEMENT

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain accounting estimates. It also requires management to exercise judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements and carrying values of assets and liabilities. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year. In the current year, the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Asset lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Property, plant and equipment and intangible assets are considered for impairment if there is reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the asset are projected, taking into account market conditions and the expected useful lives of the asset. The present value of these cash flows, determined using appropriate discount rates, is compared to the current net asset value and if lower, the asset is impaired to the present value.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

23. SEGMENTAL REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. The primary basis for reporting segment information is business segments. The basis is consistent with internal reporting for management purposes as well as the source and nature of business risk and returns. All intra-segment transactions are eliminated on consolidation.

24. POST BALANCE SHEET EVENTS

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

	Leasehold improvements R	Motor vehicles R	Workshop equipment R	Computer equipment R	Office furniture and equipment R	Total R
1. PROPERTY, PLANT AND EQUIPMENT						
Group						
Year ended 31 August 2006						
Opening carrying amount	110 290	820 500	733 400	167 052	186 849	2 018 091
Foreign currency translation differences	-	-	-	2 797	-	2 797
Additions	3 895	140 739	3 375	85 803	9 879	243 691
Depreciation charge	(26 729)	(154 622)	(97 149)	(107 391)	(34 427)	(420 318)
Closing carrying amount	87 456	806 617	639 626	148 261	162 301	1 844 261
At 31 August 2006						
Cost	303 058	1 467 113	1 079 032	1 275 929	426 214	4 551 346
Accumulated depreciation	(215 602)	(660 496)	(439 406)	(1 127 668)	(263 913)	(2 707 085)
Carrying amount	87 456	806 617	639 626	148 261	162 301	1 844 261
Year ended 31 August 2005						
Opening carrying amount	20 280	649 606	344 292	234 266	200 408	1 448 852
Foreign currency translation differences	-	-	-	(463)	(30)	(493)
Additions	-	121 062	369 222	110 299	34 249	634 832
Depreciation charge	(20 280)	(243 899)	(161 484)	(177 050)	(47 778)	(650 491)
IFRS restatement	110 290	293 731	181 370	-	-	585 391
Closing carrying amount	110 290	820 500	733 400	167 052	186 849	2 018 091
At 31 August 2005						
Cost	299 163	1 326 374	1 075 657	1 187 330	416 335	4 304 859
Accumulated depreciation	(299 163)	(799 605)	(523 627)	(1 020 278)	(229 486)	(2 872 159)
IFRS restatement	110 290	293 731	181 370	-	-	585 391
Carrying amount	110 290	820 500	733 400	167 052	186 849	2 018 091

Instalment sale liabilities are secured over motor vehicles with a net book value of R569 072 (2005: R347 640). Further information about instalment sale liabilities is presented in note 10.

	Company 2006 R	Company 2005 R
2. INTEREST IN SUBSIDIARIES		
Shares at cost - (Directors' valuation)	**400**	400
Indebtedness		
By subsidiaries (1)	**1 653 010**	17 189 491
To subsidiaries	**(300)**	(300)
Provision for losses	**-**	(15 256 135)
	1 652 710	1 933 056
	1 653 110	1 933 456

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

Refer to note 26 for details of principal subsidiary undertakings.

for the year ended 31 August 2006

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
3. DEFERRED TAXATION				
Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 29% (2005: 29%).				
The movement on the deferred taxation account is as follows:				
At beginning of the year	2 976 129	1 080 000	-	-
Income statement credit (note 20)	-	1 896 129	-	-
At end of the year	2 976 129	2 976 129	-	-
The deferred taxation balance comprises:				
Provisions	9 129	22 222	-	-
Amounts received in advance	31 900	1 953	-	-
Assessable loss	2 935 100	2 951 954	-	-
	2 976 129	2 976 129	-	-

The group has an estimated tax loss amounting to R16.8m.
A deferred tax asset has been raised to the extent that the deferred tax asset will be realised in the foreseeable future.

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
4. INVENTORIES				
Raw material components (at net realisable value)	5 387 129	2 280 263	-	-
Work in progress	682 028	-	-	-
Finished goods (at cost)	336 532	443 027	-	-
Finished goods (at net realisable value)	1 270 500	595 000	-	-
	7 676 189	3 318 290	-	-

Due to changes in technology a provision for an impairment charge of R750,000.00 for a second hand LED display was made during the financial year.

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
5. TRADE AND OTHER RECEIVABLES				
Trade receivables	5 628 703	278 797	-	-
Sundry receivables	136 283	7 374	-	-
	5 764 986	286 171	-	-

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
6. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	**2 987 614**	3 286 724	**1 437**	127
	2 987 614	3 286 724	**1 437**	2 769
For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:				
Cash and bank balances	**2 987 614**	3 286 724	**1 437**	127
Bank overdrafts (note 12)	**(1 589 001)**	-	-	-
	1 398 613	3 286 724	**1 437**	127

	Group and Company		Group and Company	
	No. of shares 2006	No. of shares 2005	**R 2006**	R 2005
7. SHARE CAPITAL				
Authorised				
The total authorised number of ordinary shares is 600 000 000 shares (2005: 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
Issued				
Balance at beginning and end of the year	**140 000 000**	140 000 000	**1 400 000**	1 400 000

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.

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
8. SHARE PREMIUM				
Balance at beginning and end of the year	**16 650 000**	16 650 000	**16 650 000**	16 650 000
9. REVALUATION AND OTHER RESERVES				
Foreign currency translation reserve	**791 421**	1 050 411	-	-
The movement on the foreign currency translation reserve account is as follows:				
Balance at beginning of the year	**1 050 411**	1 093 076	-	-
Foreign currency translation differences arising during the year	**(258 990)**	(42 665)	-	-
Balance at end of the year	**791 421**	1 050 411	-	-

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
10. INTEREST-BEARING BORROWINGS				
Non-current				
Instalment sale liabilities	106 229	110 906	-	-
	106 229	110 906	-	-
Current				
Bank overdrafts (refer note 12)	1 589 001	-	-	-
Instalment sale liabilities	135 113	237 758	-	-
	1 724 114	237 758	-	-
Total borrowings	1 830 343	348 664	-	-
The interest rate exposure of the borrowings of the group and the company were as follows:				
- At floating rates	1 830 343	348 664	-	-
Maturity of non-current borrowings (excl. finance lease liabilities)				
Not later than one year	69 761	85 038	-	-
Later than one year and not later then five years	36 468	25 868	-	-
	106 229	110 906	-	-

Securities

Instalment sale liabilities are secured over motor vehicles with a net book value of R569 072(2005: R347 640). These liabilities 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.

for the year ended 31 August 2006

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
11. TRADE AND OTHER PAYABLES				
Trade payables	**3 893 443**	2 026 672	-	-
Deposits	**884 544**	6 509	-	-
Accrued expenses	**3 676 605**	442 850	-	-
Other payables	**1 397 155**	706 756	-	-
	9 851 747	3 182 787	-	-
12. OTHER BORROWINGS				
Loan from Megaview Displays (Proprietary) Limited	**378 993**	2 066 132	-	-
Shareholders' loans (note 25)	**4 065 861**	226 000	-	-
Bank overdraft	**1 589 001**	-	-	-
	6 033 855	2 292 132	-	-

The loan from Megaview Displays (Pty) Ltd is unsecured, interest-free and has no fixed terms of repayment. The shareholders loans are unsecured, interest is payable at the bank prime lending rate and have no specific terms of repayment.

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
13. PROVISIONS FOR LIABILITIES AND CHARGES				
Provision for leave pay				
At beginning of the year	**386 777**	286 515	-	-
Additional provisions	**31 478**	100 262	-	-
At end of the year	**418 255**	386 777	-	-

14. CONTINGENCIES

Contingent liabilities

At 31 August 2006, 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 legal claim against the group, in the opinion of the directors this has been adequately provided for and this will not result in any further losses.

15. COMMITMENTS

Operating lease commitments

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

Premises:

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Not later than one year	**210 204**	390 016	-	-
Later than one year and not later than five years	**1 073 112**	1 991 071	-	-
	1 283 316	2 381 087	-	-

	Group 2006 R	Group Restated 2005 R	Company 2006 R	Company 2005 R
16. SEGMENT INFORMATION				
No segment information is presented as the American operation is not operational and the only operational business is the South African operation. During the year ended 31 August 2006 costs amounting to NIL (2005: Nil) were incurred to develop the American business unit.				
17. OPERATING LOSS / (PROFIT)				
The following items have been charged/(credited) in arriving at operating loss:				
Depreciation on property, plant and equipment (note 1)	420 318	65 100	-	-
Profit on disposal of property, plant and equipment	(32 850)	-	-	-
Operating lease rentals				
Property	348 110	354 560	-	-
Equipment	2 145	1 996	-	-
	350 255	356 556	-	-
Auditors' remuneration				
Audit fees	180 000	168 000	-	-
Prior year over provision	(33 000)	(55 000)	-	-
	147 000	113 000	-	-
Fees relating to non-employees				
Consulting services	536 579	116 060	-	-
18. STAFF COSTS				
Salaries and wages	7 545 425	6 537 696	120 000	106 000
Average weekly number of persons employed by the group and company during the year:				
- Full time	36	31	-	-
- Part time	7	10	-	-

for the year ended 31 August 2006

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
19. FINANCE (COST)/INCOME				
Interest received				
Bank balances	**32 877**	27 248	-	-
Interest paid				
- Instalment sale liabilities	**(25 074)**	(27 266)	-	-
- Loans from The Standard Bank of South Africa Ltd	**(56 883)**	(86 402)	-	-
- Other	**(173 084)**	(56 884)	-	-
	(255 041)	(170 552)	-	-
Net finance costs	**(222 164)**	(143 304)	-	-
20. TAXATION				
South African Normal Taxation				
Current taxation				
Current year	-	-	-	-
Prior year over provision	-	(237 562)	-	-
	-	(237 562)	-	-
Deferred taxation				
Current year	-	(1 896 129)	-	-
	-	(2 133 691)	-	-
The taxation on the group and company's profit/(loss) before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:				
(Loss)/profit before taxation	**(712 075)**	659 647	**(279 036)**	(406 195)
Tax calculated at a tax rate of 29%	**(206 502)**	191 298	**(80 921)**	(117 797)
Expenses not deductible for tax purposes	**(34 128)**	(13 845)	-	-
Derecognition/(recognition) of deferred taxation	**240 630**	(2 311 144)	**80 921**	117 797
Taxation	-	(2 133 691)	-	-

for the year ended 31 August 2006

	Group 2006	Group 2005
21. BASIC AND HEADLINE LOSS PER SHARE		
Basic 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 7).		
Net (loss)/profit attributable to shareholders (R)	**(712 075)**	2 888 143
Profit on disposal of property, plant and equipment	**32 850**	
Headline (loss)/profit (R)	**(744 925)**	2 888 143
Weighted average number of shares in issue	**140 000 000**	140 000 000
Basic (loss)/profit per share (cents)	**(0.5)**	2.0
Headline (loss)/profit per share (cents)	**(0.5)**	2.0

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
22. CASH FLOWS FROM OPERATING ACTIVITIES				
Reconciliation of operating (loss)/profit to cash flows from operating activities:				
Operating (loss)/profit	**(489 911)**	897 756	**(279 036)**	(406 195)
Adjusted for:				
- Depreciation of property, plant and equipment	**420 318**	555 686	-	-
- Profit on disposal of property, plant and equipment	**(32 850)**	-	-	-
- Translation reserve	**(261 786)**	(42 171)	-	-
Changes in working capital:				
- (Increase)/Decrease in inventories	**(4 357 899)**	655 167	-	-
- (Increase)/Decrease in receivables and prepayments	**(4 761 271)**	1 529 722	-	-
- Increase/(Decrease) in trade and other payables	**5 951 415**	(179 346)	-	-
- Increase in provisions for liabilities and charges	**31 478**	100 262	-	-
Cash flows from operating activities	**(3 500 506)**	3 517 075	**(279 036)**	(406 195)

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
23. TAXATION RECEIVED				
Balance payable at beginning of the year	-	(131 372)	-	-
Income statement charge	-	237 562	-	-
Balance payable at end of the year	-	-	-	-
Taxation received	-	106 190	-	-

24. RESTATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The group is reporting under IFRS for the first time for the year ended 31 August 2006. Comparative information previously published under SA GAAP has been restated to the equivalent basis under IFRS. The effective date of transition is 1 September 2004, which represents the start of the earliest period of comparative information presented. The restatement follows the guidelines set out in IFRS 1 First time adoption of International Financial Reporting Standards (IFRS 1). The accounting policies used in the preparation of the annual financial statements are compliant with IFRS and are consistent with those applied in the previous financial period, except as discussed below.

IAS 16 (Revised) Property, plant and equipment

Certain items of property, plant and equipment were recognised at deemed cost, being the fair value on 1 September 2004. In subsequent periods, these items have been measured at deemed cost less accumulated depreciation and impairment losses. Residual values and useful lives of assets were re-assessed, and where applicable, restated as required by IAS 16. The aforementioned restatements did not have any effest on the group's cashflow. The effects of the changes are as follows:

	Previously reported R	IAS 16 R	Restated R
Property, plant and equipment	1 433 497	584 594	2 018 091
Retained earnings	(14 009 960)	(584 594)	(13 425 366)

	Group 2006 R	Group 2005 R
25. RELATED PARTY TRANSACTIONS		
Sales of inventory		
Megaview Displays (Proprietary) Limited	**12 305 868**	4 470 657
Rental of inventory		
Megaview Displays (Proprietary) Limited	**1 819 109**	2 525 302

Megaview Displays (Proprietary) Limited is a company partly owned by the directors of Stella Vista Technologies Limited. The above transactions were carried out at market related terms and conditions.

	Group 2006 R	Group 2005 R
Property rental		
Side Road Properties (Proprietary) Limited	-	110 800
Workshop 510 (Proprietary) Limited	**348 110**	241 920
Total	**348 110**	352 720

Side Road Properties (Proprietary) Limited is a company owned by A Coulson and R Burke, who are directors of the Stella Vista Technologies Limited. Workshop 510 (Proprietary) Limited is a company owned by M Tabakovic and R Burke, who are directors of Stella Vista Technologies Limited. The above transactions were carried out at market related terms and conditions.

	Group 2006 R	Group 2005 R
Outstanding balances arising from related party transactions		
Megaview Displays (Proprietary) Limited	**378 993**	2 066 132
Workshop 510 (Proprietary) Limited	**(76 017)**	104 207
Shareholders' loans		
At beginning of the year	**226 000**	63 600
Advances during the year	**4 065 861**	162 400
Adjustments during the year	**(226 000)**	-
At end of the year	**4 065 861**	226 000

	Salaries	Bonus	Medical aid contributions	Company 2006	Company 2005
Directors' remuneration				**R**	R
Executive - Gross salaries					
M Tabakovic (executive)	724 225	7 775	-	**732 000**	673 525
R Burke (non-executive)	-	-	-	-	120 000
D Tabakovic (executive)	569 682	10 916	19 402	**600 000**	556 357
	1 293 907	18 691	19 402	**1 332 000**	1 349 882
Paid by subsidiaries	1 173 907	18 691	19 402	**1 212 000**	1 229 882
	120 000	-	-	**120 000**	106 000

	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	1 653 010
Stella Vista America Incorporated	USA	100 000	100%	651 400	-
				651 800	1 652 710

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 interest rates and foreign exchange movements. These exposures are 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 2006, 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 2006, 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 liabilities.

Directorate and administration

for the year ended 31 August 2006

REGISTRATION NUMBER
1996/000172/06

EXECUTIVE DIRECTORS
M Tabakovic (Chief Executive Officer)
D Tabakovic

NON-EXECUTIVE DIRECTORS
R Burke (Resigned as Chairman 31 December 2006)
A Coulson (Resigned 1 September 2006)
C Livingstone
Dr Ali Bacher (Appointed non-executive Chairman 1 January 2007)

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)

BANKERS
The Standard Bank of South Africa Limited

AUDITORS
PricewaterhouseCoopers Inc.
Registered Auditors
2 Eglin Road
Sunninghill
2157
(Private Bag X36, Sunninghill, 2157)

TRANSFER SECRETARIES
Computershare Investor Services 2004 (Pty) Limited
PO Box 61051
Marshalltown
2107

SPONSOR
LPC Manhattan Moela (Pty) Limited
PO Box 55376
Northlands
Johannesburg
2116

POSTAL ADDRESS
PO Box 786475
Sandton
2146
South Africa

Analysis of shareholders

for the year ended 31 August 2006

	Number of ordinary shareholders	%	Number of ordinary shares	%
Major holders (over 10 000 000 shares)	1	0.21	10 000 000	7.14
Directors and related parties	20	4.17	100 488 800	71.78
Other individuals	428	89.17	17 063 555	12.19
Institutions and other companies	30	6.46	12 447 645	8.89
Total	479	100.00	140 000 000	100.00
1 - 1,000	171	35.70	40 240	0.03
1,001 - 10,000	157	32.78	847 083	0.61
10,001 - 100,000	97	20.25	3 497 519	2.50
100,001 - 1,000,000	37	7.72	10 867 369	7.76
1,000,001 shares and over	17	3.55	124 747 789	89.11
Total	479	100.00	140 000 000	100.00
Public / non-public shareholders				
Non-public shareholders	-	-	-	-
Directors and associates of the company holdings				
Public shareholders	479	100.00	140 000 000	100.00
	479	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 2006:

	Number of ordinary shares	%
Directors (direct and indirect beneficial)	100 328 800	71.66
Centurion Nominees Limited	10 000 000	7.14
Elcor Holdings Limited	2 784 695	1.99
Furzedown Holdings Limited	2 000 000	1.43
Citibank	2 000 000	1.43
Mr Kourie Alan	1 415 300	1.01
Mr Oftebro Odmund Garry	1 412 644	1.01
Total	119 941 439	85.67

	Company 2006 c	Company 2005 c
JSE Securities Exchange South Africa statistics		
Market price (cents per ordinary share)		
- Closing at 31 August	**9**	12
- High for the year	**20**	20
- Low for the year	**8**	3
Volume of shares traded during the year (m)	**4.662**	24.183

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 9H00 on Monday, the 26th of March, 2007, 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 2006;
- 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 the annual financial statements for the year ended 31 August 2006 are hereby received and adopted."

Ordinary resolution number 2

"Resolved that, in terms of this ordinary resolution number 2, 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 3

"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."

Ordinary resolution number 4

"Resolved that the re-appointment of R Burke for a further term of office in terms of Article 14 of the articles of association of the company be hereby approved."

Ordinary resolution number 5

"Resolved that the re-appointment of D Tabakovic for a further term of office in terms of Article 14 of the articles of association of the company be hereby approved."

Ordinary resolution number 6

"Resolved that the re-appointment of PricewaterhouseCoopers Inc. as auditors of the company be hereby approved."

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 3 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

Stella Vista Technologies Limited

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

For use by certificated and dematerialised shareholders with "own name" shareholders only at the annual general meeting of shareholders of the company to be held at 9H00 on Monday, the 26th of March, 2007, 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. Ordinary resolution number 1 (annual financial statements)			
2. Ordinary resolution number 2 (shares under control of directors)			
3. Ordinary resolution number 3 (general authority to issue shares for cash)			
4. Ordinary resolution number 4 (re-appointment of director)			
5. Ordinary resolution number 5 (re-appointment of director)			
6. Ordinary resolution number 6 (re-appointment of auditors)			

Signed at ______________________ on ______________________ 2007

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 9H00 on Monday, 26 March 2007, 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 Thursday, 22nd March 2007.

   Dematerialised shareholders (other than "own name" dematerialised shareholders) who are unable to attend the general meeting to be held at 9H00 on Monday, 26 March 2007, 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 Thursday, the 22nd of March, 2007.

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.

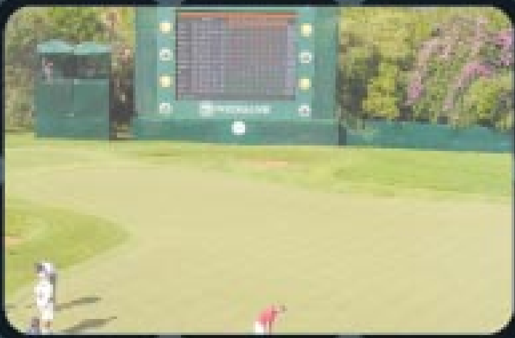
7. Any alterations or corrections made to this form of proxy must be initialled by the signatory(ies).

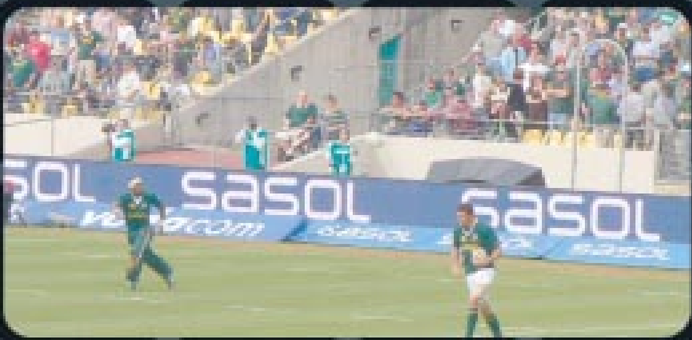
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's secretary or waived by the chairman of the annual general meeting.

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.

10. A minor must be assisted by his/her parent or guardian when the relevant documents establishing his/her legal capacity are produced or have been received by the transfer secretaries.

stellavista





www.stellavista.com
telephone +27 11 433 2020 | facsimile +27 11 433 3912
po box 786475 | sandton 2146 | south africa