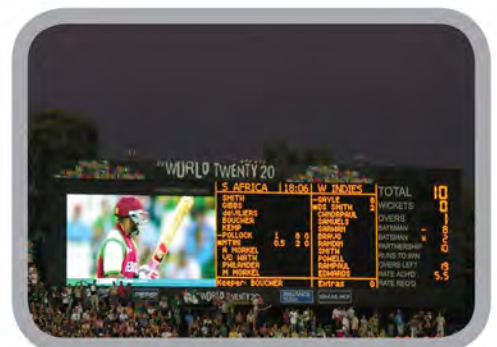


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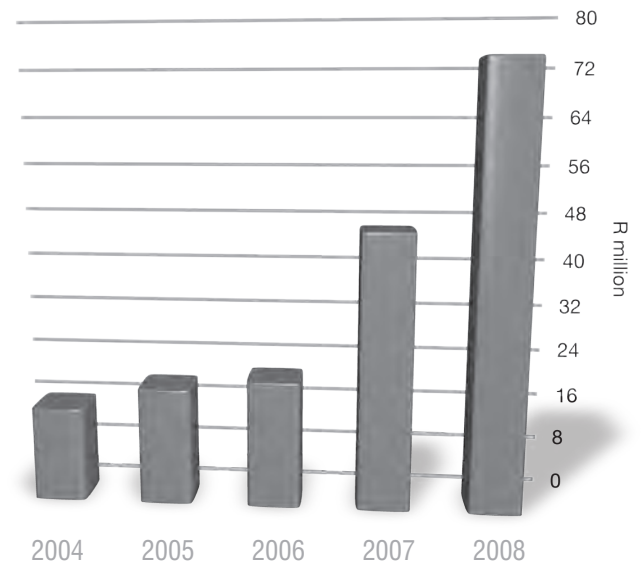
- 1** Highlights
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## Highlights

- Turnover up by 58%
- Net profit up by 13%
- Operating profit up by 150%
- Competitive technology
- Focus on research and development
- Increased presence in international markets

## Turnover



## 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.

## To our shareholders

### General

During the period under review, Mrs Nomsa Chabeli Mazibuko was appointed as Marketing Director. Mrs Chabeli Mazibuko served as Director: Marketing, Advertising and Distribution for Government Communications and Information Systems, Marketing Director for the ICC Cricket World Cup 2003, as well as for the 2010 FIFA World Cup Bid. More recently, Mrs Chabeli Mazibuko served as Sales Development Director for South African Airways in Washington, DC.

The Black Economic Empowerment transaction which was approved by shareholders on the 10th April 08 was cancelled following further discussions between the parties, who decided jointly to pursue separate opportunities

The global economic slowdown and negative consumer sentiment has not affected our trading operations thus far, and we continue to monitor the difficult environment to avoid possible effect it may have on our operations.

### Results

The Company maintained its admirable organic growth during the year under review and increased its operating profit. Operating and administrative expenses are well contained which has contributed to the improved operating profit. Exports to various destinations around the world continue to grow.

Inventories include finished displays, which are currently being utilized in the United Kingdom for various international sporting events.

### Markets and prospects

The period under review has been a good one for The Company in various markets around the world, particularly in sports markets and transportation.

Building on our leadership position in cricket worldwide, 5 cricket stadia in Pakistan now feature state-of-the-art Stella Vista Titan video replay screens, as well as our unique white LB24 scoreboards. Also, the site of the ICC Cricket World Cup 2007 final match, Kensington Oval in Barbados has taken ownership of our largest video replay display to date and the new, full matrix, white LB24 linear scoreboard, mounted on the second tier of the stadium.

Australia has continued to be a growing market for Stella Vista, with systems now in operation in Sydney, Brisbane and Perth, most recently used at the Rugby League World Cup. Stella Vista is now the largest supplier of electronic perimeter displays to international rugby in the world.

The joint venture in the United Kingdom, Megaview UK, has continued establishing itself as the primary supplier to rugby in the home unions, supplying and operating electronic perimeter systems to Rugby Football Union (Twickenham Stadium, London), Welsh Rugby Union (Millennium Stadium, Cardiff) and Premier Rugby League (various venues). Megaview UK has also been selected to supply and operate electronic perimeter displays at Hampden Park in Glasgow for Scottish Football Association, which extends Stella Vista's involvement in soccer to three continents (Africa, Australia, Europe). In cricket, Stella Vista electronic perimeter displays have been used in three cities (Bangalore, Mumbai, Delhi) during the inaugural Indian Premier League and the inaugural ICC World Twenty20, held in South Africa in September 2007.

There has been more interest from the African continent in the period under review, with a project in Nigeria (FIFA Under-17 World Cup 2009) being won. We have increased our efforts to satisfy the demand in sports, transportation and commercial markets in Africa.

As anticipated, international competition for FIFA World Cup 2010-related projects has been fierce. In spite of this fact, Stella Vista has so far won tenders to supply video displays to two stadia during 2008, namely Atteridgeville Super Stadium in Tshwane, and Coca-Cola Park (Ellis Park) in Johannesburg.

The prospects in the sports and commercial markets are good as more local and international stadia and sporting codes are adopting the use of electronic perimeter boards and permanently fitting electronic big screens and scoreboards.

In the transportation market, we supplied Flight Information Display Systems for the Airports Company South Africa (OR Tambo International Airport). There is scope for further growth in this market for Stella Vista in the short to medium term.

### Products and services

The Titan® S9 display, introduced in this period has been well received, with considerable orders generated and executed. It has extended our outdoor product line and is the perfect choice for high profile installations of both permanent and temporary nature.

Our investment into research and development increased during the period under review, and it has already resulted in improvements in both reliability and cost efficiency in product design. The intensive R&D drive is set to continue in the medium term.

# Overview

## The Company

Stella Vista Technologies Limited is a world leader in the design of state-of-the-art multi-media mass 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, electronic perimeter boards, flight information display boards and combined text and graphic messaging displays with real-time data capabilities.

The Company 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.

## Corporate governance

The directors of Stella Vista are responsible and accountable to shareholders for ensuring compliance with the standards of corporate governance and for maintaining an effective system of internal controls. The board remains fully committed to the principle of integrity, transparency and accountability in its dealing with its shareholders.

### Board of Directors

The board is responsible to shareholders for setting the direction of Stella Vista through the establishment of strategic objectives and key policies. The board accepts that it is ultimately accountable and responsible for the performance and affairs of Stella Vista and that the chief executive and executive directors are responsible for the management of the day-to-day affairs of the company.

### Structure

Stella Vista has a board of five directors. The board consists of an appropriate mix of executive and non-executive directors, with two executive directors and three non-executive directors. The role of the chairman and the chief executive are separated and a non-executive director acts as chairman.

### Skills and experience of the board

Stella Vista's directors have a wide range of expertise as well as significant experience in financial and commercial activities. All directors have access to management and to such information as is needed to carry out their duties and responsibilities fully and effectively. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Stella Vista, at the company's expense.

### Selection, appointment and rotation of directors

Appointment of directors is considered by the remuneration committee and after due consideration to the satisfaction of the committee, the appointments are recommended to the full board for approval.

All directors are subject to election by shareholders at each three-year interval in accordance with Stella Vista's articles of association. In total, at least one-third of the directors retire by rotation. If eligible their names are submitted for re-election at the annual general meeting.

### Board meetings

The board meets on a regular basis, at least four times a year. During the 2008 financial year, four board meetings were held. In terms of the articles of association, the chairman of the board may be appointed for a maximum period of five years at any one time and he shall be subject to retirement by rotation and shall be eligible for reappointment at the expiry of any period of appointment.

### Directors' attendance at board meetings:

	02/10/07	23/04/08	22/07/08	12/08/08
<b>Dr A Bacher (chairman)</b>	✓	✓	✓	✓
<b>M Tabakovic</b>	✓	✓	✓	✓
<b>D Tabakovic</b>	✓	✓	✓	✓
<b>CS Livingstone</b>	✓	✓	✓	✓
<b>RH Burke</b>	✓	A	✓	✓

A - Apology

### Remuneration Committee

The remuneration and nominations committee met twice during the year and comprises three non-executive directors, namely Dr A Bacher, CS Livingstone and RH Burke.

## Overview

The remuneration committee members' attendance at board meetings:

	20/09/07	10/03/08
<b>CS Livingstone (chairman)</b>	✓	✓
<b>Dr A Bacher</b>	✓	✓
<b>RH Burke</b>	✓	✓

The committee is responsible for determining the remuneration philosophy for Stella Vista, including short and long-term incentive plans and for agreeing the individual remuneration package of the group's top executives. The committee advises and recommends compensation strategies, policies and salary packages necessary to support group strategic objectives.

The committee makes recommendations to the board on the appointment of new executive and non-executive directors, the composition of the board generally and the balance between executive and non-executive directors.

Note 23 of the annual financial statements provides details of the remuneration and fees paid to directors during the financial year.

### Accountability and Internal Control

Company law requires the board to prepare financial statements for each year, which fairly present the financial position, the results of operations and cash flow information for the group.

In addition, the board is responsible for maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and the group and enable the board to ensure that the financial statements comply with International Financial Reporting Standards and the Companies Act of South Africa, as amended.

The board also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and detect fraud and other irregularities.

The external auditors provide an independent assessment of internal controls and systems through the audit work that they perform. They are also responsible for reporting on whether the financial statements are fairly presented and their report is presented on page 7.

The finance committee meet monthly where the monthly results are reported against approved budget and prior year actual results, with updated forecasts to the end of the financial year.

### Code of conduct

The group's directors, management and employees are committed to maintaining the highest ethical standards in their dealings with each other and all their business associates.

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

### Price sensitive information and closed periods

The company complies with the JSE Limited's guidelines on matters which may involve price sensitive information.

The company follows a closed period principle, during which period employees and directors are prohibited from dealing in the company's shares.

### Company secretary

The group company secretary, appointed by the board in terms of section 268A of the Companies Act, is required to provide the directors of the company with guidance as to their duties, responsibilities and powers. All directors have access to the advice and services of the group company secretary.

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# Statement of responsibility by the board of directors

for the year ended 31 August 2008

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Stella Vista Technologies Limited. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements are presented on pages 7 to 37 and have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management.

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 company to enable the directors to ensure that the financial statements comply with the relevant legislation.

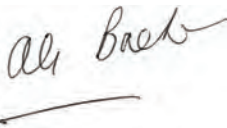
The directors are also responsible for the Company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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 company at year-end.

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

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 financial statements were approved by the Board of Directors on 9 December 2008 and are signed on its behalf by:



Dr A Bacher  
Chairman

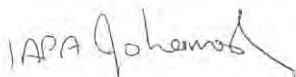


M Tabakovic  
Director

## Certificate by company secretary

for the year ended 31 August 2008

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 2008, 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  
Secretary

# Report of the independent auditors

for the year ended 31 August 2008

We have audited the annual financial statements and group annual financial statements of Stella Vista Technologies Limited, which comprise the directors' report, the balance sheet and consolidated balance sheet as at 31 August 2008, the income statement and consolidated income statement, the statement of changes in equity, and consolidated statement of changes in equity, and 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 8 to 34.

## 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 management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the Group as of 31 August 2008, and 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.

Director: J Potgieter

Registered Auditor

Johannesburg, 9 December 2008

# Directors' report

for the year ended 31 August 2008

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 2008.

## 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.

## Share capital

During the year shareholders approved the issue of 45 591 455 ordinary shares at 1 cent each to the Woodlane Consortium. The parties decided jointly to cancel the issue *ab initio*.

## Dividends

No dividend has been declared or recommended (2007: R Nil).

## 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 24 to the annual financial statements.

## Share incentive scheme

The rationale for the share option scheme, together with the rights and options over allocated ordinary shares outstanding at 31 August 2008 and a reconciliation of the movement for the year ended, is fully detailed in note 25 to the annual financial statements.

## 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 35.

## Directors' interests in contracts

No material contracts involving directors' interests were entered into during the current year other than the transactions detailed in note 23 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 below.

	Ordinary shares		Ordinary shares	
	Direct beneficial	Indirect beneficial	Direct beneficial	Indirect beneficial
	2008	2008	2007	2007
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
- C Livingstone	350 000	-	350 000	10 000
	383 500	31 543 400	383 500	3 155 3400
Total	401 100	77 357 900	401 100	77 367 900

## AUDITORS

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

# Balance sheets

for the year ended 31 August 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1	<b>1 622 967</b>	1 732 217	-	-
Investment in associated company	2	<b>5 641 866</b>	6 182 504	<b>6 580 152</b>	-
Investment in subsidiaries	3	-	-	<b>400</b>	1 404 944
Deferred income tax	4	<b>412 362</b>	3 972 318	-	-
		<b>7 677 195</b>	11 887 039	<b>6 580 552</b>	1 404 944
<b>Current assets</b>					
Inventories	5	<b>11 529 386</b>	18 845 283	-	-
Trade and other receivables	6	<b>8 553 679</b>	2 454 724	-	-
Cash and cash equivalents	7	<b>8 867 758</b>	12 705 789	<b>1 196</b>	-
		<b>28 950 823</b>	34 005 796	<b>1 196</b>	-
<b>Total assets</b>		<b>36 628 018</b>	45 892 835	<b>6 581 748</b>	1 404 944
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Share capital	8	<b>1 400 000</b>	1 400 000	<b>1 400 000</b>	1 400 000
Share Premium	9	<b>16 650 000</b>	16 650 000	<b>16 650 000</b>	16 650 000
Other reserves	10	<b>3 048 770</b>	3 002 266	<b>2 535 000</b>	-
Accumulated losses		<b>(4 947 269)</b>	(9 819 689)	<b>(17 442 629)</b>	(16 645 152)
		<b>16 151 501</b>	11 232 577	<b>3 142 371</b>	1 404 848
<b>Non-current liabilities</b>					
Interest-bearing borrowings	11	-	30 291	-	-
Deferred Revenue	12	<b>2 672 724</b>	-	-	-
		<b>2 672 724</b>	30 291	-	-
<b>Current liabilities</b>					
Trade and other payables	13	<b>16 230 596</b>	34 583 719	-	-
Deferred revenue	12	<b>404 527</b>	-	-	-
Loans from related parties	23	-	-	<b>3 431 373</b>	-
Current tax liability		<b>65 929</b>	-	<b>8 004</b>	-
Current portion of interest-bearing borrowings	11	<b>39 466</b>	46 152	-	-
Bank overdraft	14	<b>1 063 275</b>	96	-	96
		<b>17 803 793</b>	34 629 967	<b>3 439 377</b>	96
<b>Total liabilities</b>		<b>20 476 517</b>	34 660 258	<b>3 439 377</b>	96
<b>Total equity and liabilities</b>		<b>36 628 018</b>	45 892 835	<b>6 581 748</b>	1 404 944

# Income statements

for the year ended 31 August 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
<b>Revenue</b>	15	<b>73 341 043</b>	46 375 334	<b>314 453</b>	-
Cost of sales		<b>(46 180 371)</b>	(26 828 316)	-	-
<b>Gross profit</b>		<b>27 160 672</b>	19 547 018	<b>314 453</b>	-
Other income	16	<b>2 146 149</b>	2 427 342	-	-
Operating costs		<b>(14 044 778)</b>	(11 854 624)	-	-
Administrative costs		<b>(4 833 235)</b>	(5 617 876)	<b>(1 103 919)</b>	(252 815)
Distribution costs		<b>(1 040 586)</b>	(747 511)	-	-
Operating profit/(loss)	17	<b>9 388 222</b>	3 754 349	<b>(789 466)</b>	(252 815)
Finance income	19	<b>423 094</b>	160 096	-	-
Finance costs	19	<b>(446 644)</b>	(486 636)	<b>(7)</b>	-
Share of loss of associates		<b>(866 367)</b>	(109 362)	-	-
<b>Profit/(loss) before income tax</b>		<b>8 498 305</b>	3 318 447	<b>(789 473)</b>	(252 815)
Income tax expense	20	<b>(3 625 885)</b>	999 305	<b>(8 004)</b>	3 116
<b>Net profit/(loss) for the year</b>		<b>4 872 420</b>	4 317 752	<b>(797 477)</b>	(249 699)
Profit per share (cents)					
- Basic	21	<b>3.5</b>	3.1		
- Diluted	21	<b>3.3</b>	3.0		

# Cash Flow statements

for the year ended 31 August 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
<b>Cash flows from operating activities</b>					
Cash receipts from customers		67 242 089	70 265 120	-	-
Cash paid to suppliers and employees		(71 071 015)	(47 243 287)	1 745 534	(252 815)
Cash flows from operations	22	(3 828 926)	23 021 833	1 745 534	(252 815)
Finance income		423 094	160 096	-	-
Finance cost		(446 644)	(486 636)	(7)	-
Tax refunded		-	3 116	-	3 116
Net cash flows from operating activities		(3 852 476)	22 698 409	1 745 527	(249 699)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(746 000)	(680 995)	-	-
Proceeds on sale of property, plant and equipment		22 530	191 284	-	-
Investment in associated company		(288 287)	(6 291 866)	(6 580 152)	-
Net cash flows from investing activities		(1 011 757)	(6 781 577)	(6 580 152)	-
<b>Cash flows from financing activities</b>					
Net repayment of interest-bearing borrowings		(36 977)	(164 899)	-	-
Net repayment of shareholders' loans		-	(4 065 861)	-	-
Net loans repaid by subsidiaries		-	-	4 835 917	248 166
Net repayment from other borrowings		-	(378 993)	-	-
Cash flows from financing activities		(36 977)	(4 609 753)	4 835 917	248 166
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4 901 210)</b>	11 307 079	<b>1 292</b>	(1 533)
<b>Cash and cash equivalents at beginning of the year</b>		<b>12 705 693</b>	1 398 613	<b>(96)</b>	1 437
<b>Cash and cash equivalents at end of the year</b>	7	<b>7 804 483</b>	12 705 693	<b>1 196</b>	(96)

# Statement of changes in equity

for the year ended 31 August 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
<b>Share capital</b>					
Balance at beginning and end of the year	8	1 400 000	1 400 000	1 400 000	1 400 000
<b>Share premium</b>					
Balance at beginning and end of the year		16 650 000	16 650 000	16 650 000	16 650 000
<b>Foreign currency translation reserve</b>					
Balance at beginning of the year		753 266	791 421	-	-
Foreign currency translation differences		(239 496)	(38 155)	-	-
<b>Balance at end of the year</b>		<b>513 770</b>	<b>753 266</b>	<b>-</b>	<b>-</b>
<b>Share based payment reserve</b>					
Balance at beginning of the year		2 249 000	-	-	-
Net movement for the year		286 000	2 249 000	2 535 000	-
<b>Balance at end of the year</b>		<b>2 535 000</b>	<b>2 249 000</b>	<b>2 535 000</b>	<b>-</b>
<b>Accumulated losses</b>					
Balance at beginning of the year		(9 819 689)	(14 137 441)	(16 645 152)	(16 395 453)
Net (loss)/profit for the year		4 872 420	4 317 752	(797 477)	(249 699)
Other movements for the year		-	-	-	-
<b>Balance at end of the year</b>		<b>(4 947 269)</b>	<b>(9 819 689)</b>	<b>(17 442 629)</b>	<b>(16 645 152)</b>
<b>Total capital and reserves</b>		<b>16 151 501</b>	<b>11 232 577</b>	<b>3 142 371</b>	<b>1 404 848</b>

# Summary of the accounting policies

for the year ended 31 August 2008

## 1. Introduction

Stella Vista Technologies Limited is the holding Company of the Stella Vista Group (“the Group”) and is domiciled in the Republic of South Africa. These financial statements are presented in South African Rands, the currency of the primary economic environment in which the Group operates.

## 2. Principal accounting policies

The principal accounting policies adopted in the preparation of these 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”) and with the disclosure requirements of the South African Companies Act. The financial statements are prepared using the historical cost convention as modified by the revaluation of financial assets and liabilities.

Management have considered and assessed the relevance of all new Standards, Interpretations and Amendments to existing Standards that are in issue but not yet effective. These standards will not have any significant impact on the group’s financial statements. The following amendments to published standards were effective at the end of August 2008:

IFRIC 11, ‘IFRS 2 – Group and Treasury Share Transactions’, addresses how to apply IFRS 2 to share-based payment arrangements involving an entity’s own equity instruments or equity instruments of another entity in the same Group (e.g. equity instruments of its parent).

**The following standards, amendments and interpretations were effective in 2008 but not relevant to the Group’s operations:**

IFRIC 12, ‘Service Concession Arrangements’, addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements.

IFRIC 14, ‘IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction’, provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

**The following standards, amendments and interpretations were not yet effective at the end of August 2008 and were not early adopted by the Group:**

**IFRS 8**, ‘Operating Segments’ - (Effective date 1 January 2009); There will be no change in the reporting as a result of the above statement coming into effect. Managements reporting format is that of business segments of which there is only one (sale of screens) **IAS 23**, ‘Borrowing Costs – Revised’ - (Effective date 1 January 2009); **IAS 1**, ‘Presentation of Financial Statements – Revised’ - (Effective date 1 January 2009); The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company’s equity resulting from transactions with owners in their capacity as owners separately from ‘non-owner’ changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements. **IAS 27**, ‘Consolidated and Separate Financial Statements – Revised’ - (Effective date 1 July 2009); **IFRS 3**, ‘Business Combinations – Revised’ - (Effective date 1 July 2009); **Amendment to IFRS 2**, ‘Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations’ - (Effective date 1 January 2009); **Amendment to IAS 32 and IAS 1**, ‘Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - Puttable Financial Instruments and Obligations Arising on Liquidation’ - (Effective date 1 January 2009); **Amendments to IFRS 1 and IAS 27**, ‘Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate’ - (Effective date 1 January 2009); **Amendments to IAS 39**, ‘Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting’ - (Effective date 1 July 2009); **IFRIC 13**, ‘Customer Loyalty Programmes’ - (Effective date 1 July 2008); **IFRIC 15**, ‘Agreements for the Construction of Real Estate’ - (Effective date 1 January 2009); **IFRIC 16**, ‘Hedges of a Net Investment in a Foreign Operation’ - (Effective date 1 October 2008);

### Annual Improvements Project

IAS 1 (Amendment), ‘Presentation of financial statements’ (effective from 1 January 2009). The amendment is part of the IASB’s annual improvements project published in May 2008. The amendment clarifies that some, rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, ‘Financial instruments: Recognition and measurement’ are examples of current assets and liabilities respectively. The group will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group’s financial statements.

There are a number of minor amendments to IFRS 7, ‘Financial instruments: Disclosures’, IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, IAS 10, ‘Events after the reporting period’, IAS 18, ‘Revenue’ and IAS 34, ‘Interim financial reporting’, which are part of the IASB’s annual improvements project published in May 2008. These amendments are unlikely to have an impact on the group’s accounts and have therefore not been analysed in detail.

# Summary of the accounting policies

for the year ended 31 August 2008

**IAS 16 (Amendment)**, 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the group's operations because none of the group's companies ordinary activities comprise renting and subsequently selling assets.

**IAS 28 (Amendment)**, 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). Where an investment in associate is accounted for in accordance with IAS 39 'Financial instruments: recognition and measurement' only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, 'Financial Instruments: Presentation' and IFRS 7 'Financial Instruments: Disclosures'. The amendment will not have an impact on the group's operations because it is the group's policy for an investment in an associate to be equity accounted in the group's consolidated accounts.

**IAS 29 (Amendment)**, 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).

**IAS 31 (Amendment)**, 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009)

**IAS 38 (Amendment)**, 'Intangible assets', (effective from 1 January 2009).

**IAS 40 (Amendment)**, 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009).

**IAS 41 (Amendment)**, 'Agriculture' (effective from 1 January 2009).

**IAS 20 (Amendment)**, 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009)

These amendments, as described above, will not have an impact on the group's operations.

## 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 to 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 recognised as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement. The company's investment in subsidiaries are carried at cost less any impairment in the entity's separate financial statements.

### Interest in associated companies

Investments in associated companies are accounted for under the equity method. Associated companies are those companies in which the Group generally holds between 20% and 50% of the voting rights, or over which the Group exercises significant influence, but which it does not control. Equity accounting involves recognising in the income statement the Group's share of the associate's post-acquisition results net of taxation and minority interests in the associate. The Group's share of post-acquisition movements in reserves is accounted for in the reserves of the Group. Interest in the associates is carried on the balance sheet at cost, adjusted for the Group's share of the change in post-acquisition net assets, and inclusive of goodwill and other identifiable intangible assets recognised on acquisition. Where the Group's share of losses exceeds the carrying amount of its investment, the carrying amount of the investment, as well as any loans to the associate are reduced to nil and no further losses are recognised, unless the Group has incurred obligations to the associate or the Group has guaranteed or committed to satisfy obligations of the associate. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unless a loss provides evidence of an impairment of the asset transferred.

# Summary of the accounting policies

for the year ended 31 August 2008

## 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 - 5 years
• Leasehold improvements	5 years
• Motor vehicles	5 years
• Office furniture and equipment	10 years
• Workshop equipment	5 - 10 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. 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.

## 8. 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 substantively 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 is 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.

# Summary of the accounting policies

for the year ended 31 August 2008

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.

## 9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. All damaged or sub-standard 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.

## 10. 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.

## 11. Financial assets and liabilities

The Group classifies its financial assets and liabilities in the following categories: amortised cost, at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition. The only category of financial assets and liabilities for the Group for the current year was amortised cost or loans and receivables.

### Loan and receivables

Loans and receivables are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets and current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current. Loans and receivables are carried at amortised cost using the effective interest method.

The Group's loans and receivables comprise:

- Trade and other receivables (refer to note 6)
- Cash and cash equivalents (refer to note 7)

The Group's instruments carried at amortised cost comprise:

- Borrowings (refer to note 11)
- Trade and other payables (refer to note 13)

## 12. 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 any impairment. An 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 difficulties 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 impairment 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.

## 13. 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.

## 14. 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.

# Summary of the accounting policies

for the year ended 31 August 2008

## 15. 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.

### De-recognition

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.

## 16. 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.

## 17. 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.

## 18. 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 sales and value added taxes. Sales of goods are recognised when the Group 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. Revenue is deferred when cash is received in advance and services will be provided at a future date.

## 19. Equity compensation benefits

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity for the equity-settled plans and a similar adjustment to liabilities for the cash-settled plans.

## 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 applicable to the company 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 consolidated financial statements are presented in rands, which is the Group's functional currency. However, 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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies 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.

# Summary of the accounting policies

for the year ended 31 August 2008

## 22. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the company's financial performance.

### Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's maximum exposure to credit risk is represented by the carrying amount of all the financial assets (net of impairment losses where relevant) determined to be exposed to credit risk.

Exposure to credit risk on loans receivable and trade and other receivables is managed by ensuring that sales of products and services are made to customers with an appropriate credit history, by assessing the credit quality of the counterparty, taking into account its financial position, past experience and other factors. Cash transactions are limited to high credit quality financial institutions.

Trade receivables comprise a widespread customer base, across various business and market segments. Accordingly, the Group has no significant concentration of credit risk.

### Liquidity Risk

Liquidity risk is the risk that there will be insufficient funds available to settle obligations when they become due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group generates adequate resources to enable it to pay all liabilities, as they become due.

The following schedule analyses the Group's financial liabilities split into future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments' relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the schedule are the contractual undiscounted cash flows. As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the balance sheet for interest-bearing borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

2008	Less than 1 month or on demand R	Between 1 and 3 months R	Between 3 and 6 months R	Between 6 and 12 months R
<b>Current Liabilities</b>				
Interest-bearing borrowings	-	-	-	42 909
Bank borrowings	1 063 275	-	-	-
Trade and other payables	6 438 995	6 442 518	1 184 067	1 446 271
	<u>7 502 270</u>	<u>6 442 518</u>	<u>1 184 067</u>	<u>1 489 180</u>

# Summary of the accounting policies

for the year ended 31 August 2008

2007	More than 1 year but less than 5 years R
<b>Non-current liabilities</b>	
Interest-bearing borrowings	42 322
Other borrowings	-
Total	<u>42 322</u>

	Less than 1 month or on demand R	Between 1 and 3 months R	Between 3 and 6 months R	Between 6 and 12 months R
<b>Current Liabilities</b>				
Interest-bearing borrowings	-		-	46 152
Bank borrowings	96	-	-	-
Trade and other payables	8 898 320	23 137 834	934 591	750 000
	<u>8 898 416</u>	<u>23 137 834</u>	<u>934 591</u>	<u>796 152</u>

## Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate in Rands due to changes in foreign exchange rates.

The Group has specific exposure to foreign currency changes with respect to its investments in Megaview UK Limited and Stella Vista America Incorporated, as well as to a Dollar denominated banking facility and various foreign denominated trade payables.

### Trade Payables

The importing of goods in US Dollars exposes the Group to exchange rate risk resulting from the translation of closing foreign payables to South African Rands at balance sheet date.

The group manages its foreign currency exposure by contractual price agreements with customers.

As at 31 August 2008, the effect of the Rand strengthening by R1 would have increased net profit before tax by R388,191 (2007: R894,340), due to the translation of foreign accounts payable.

### United States dollar denominated banking facility

Foreign currency fluctuations expose the Group to exchange rate gains or losses upon the translation of the foreign denominated banking facility to the closing rate at reporting date.

As at 31 August 2008, the effect of the Rand strengthening by R1 would have decreased net profit before tax by R1,142,691 (2007: R1,729,632), due to the translation of foreign accounts payable.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash flow interest rate risk arises from loans receivable, cash and cash equivalents and borrowings. The Group is exposed to interest rate risk as it places funds at floating rates.

### Sensitivity analysis:

#### Positive bank balances

An increase of 100 basis points in the average interest rate earned on the positive cash and cash equivalents balances at the reporting date would have increased net profit before tax by R88,639 (2007: R126,992).

# Summary of the accounting policies

for the year ended 31 August 2008

## Overdraft facilities

An increase of 100 basis points in the average Prime interest rate charged against the overdraft balances at the reporting date would have decreased net profit before tax by R10,366 (2007: R1).

## Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus borrowings. There were no changes to the Group's approach to capital management during the year.

## 23. Critical accounting estimates and judgements

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

### Revenue recognition

Revenue is deferred when cash is received in advance and services will only be provided at a future date. Management makes an assessment, based on historic information and experience as well as future trends, of the expected cost of providing services in the future in order to calculate the deferred revenue.

### 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 and inventory are considered for impairment annually or 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 life 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. Refer to note 2 for further information.

### Inventory obsolescence

The Group values its inventories at the lower of cost or expected net realisable value, based on assumptions about future demand and market conditions. The Group monitors inventory levels periodically based on the expected usage of such inventory. If actual market conditions prove to be less favourable than those projected by management, additional inventory write downs may be required. Inventory write downs of R745,200 (2007: R1 million) were made during the financial year ended 31 August 2008. The Group believes that its policy relating to inventory write downs is a critical accounting policy due to the assumptions and estimates that management is required to make in the determination of the expected realisable value of inventories.

## 24. Segmental reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks 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.

## 25. 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.

# Notes to the annual financial statements

for the year ended 31 August 2008

GROUP	Leasehold improvements R	Motor vehicles R	Workshop equipment R	Computer equipment R	Office furniture and equipment R	Total R
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>						
<b>Year ended 31 August 2008</b>						
Opening carrying amount	60 726	385 624	1 043 947	113 390	128 530	1 732 217
Additions	-	-	16 155	673 217	56 628	746 000
Disposals	(32 438)	(36 634)	(366 132)	-	(1 975)	(437 179)
Depreciation charge	(26 730)	(70 772)	(207 100)	(56 696)	(56 774)	(418 071)
Closing carrying amount	1 558	278 218	486 870	729 911	126 409	1 622 967
<b>At 31 August 2008</b>						
Cost	24 729	776 305	865 396	1 342 643	357 202	3 366 275
Accumulated depreciation	(23 171)	(498 087)	(378 526)	(612 732)	(230 792)	(1 743 308)
Carrying amount	1 558	278 218	486 870	729 911	126 409	1 622 967

The useful life of computer equipment was reassessed during the current period. The useful life of some computer equipment was extended from 3-5 years. This was done in order to reflect a more correct estimate of the period over which the computer equipment is expected to be available for use by an entity. The residual values on two motor vehicles were adjusted to reflect a more reasonable estimate of the amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. This was accounted for as a change in accounting estimate, which is prospectively applied in accordance with IAS8. Thus the 2008 financial year was effected with the 2007 results remaining uneffected.

This resulted in the following adjustment:	Computer equipment R	Motor vehicles R	Total R
Reduction in depreciation charge	60 996	55 037	<b>116 033</b>
Tax effect	(17 079)	(15 410)	<b>(32 489)</b>
Post tax effect	43 917	39 627	<b>83 544</b>

GROUP	Leasehold improvements R	Motor vehicles R	Workshop equipment R	Computer equipment R	Office furniture and equipment R	Total R
<b>Year ended 31 August 2007</b>						
Opening carrying amount	87 456	806 617	639 626	148 261	162 301	1 844 261
Additions	-	-	552 235	62 906	65 854	680 995
Disposals	-	(212 920)	-	(2 032)	(46 001)	(260 952)
Depreciation charge	(26 730)	(208 073)	(147 914)	(95 745)	(53 624)	(532 087)
Closing carrying amount	60 726	385 624	1 043 947	113 390	128 530	1 732 217
<b>At 31 August 2007</b>						
Cost	303 058	901 059	1 631 267	1 058 544	381 964	4 275 892
Accumulated depreciation	(242 332)	(515 435)	(587 320)	(945 154)	(253 434)	(2 543 675)
Carrying amount	60 726	385 624	1 043 947	113 390	128 530	1 732 217

Instalment sale liabilities are secured over motor vehicles with a net book value of R94,295 (2007: R116 813). Further information about instalment sale liabilities is presented in note 11.

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Group 2008</b>	Group 2007	<b>Company 2008</b>	Company 2007
	<b>R</b>	R	<b>R</b>	R
<b>2. INVESTMENT IN ASSOCIATE COMPANY</b>				
Balance at beginning of year	6 182 504	-	-	-
Transfer of associate from Stella Vista South Africa (Proprietary)	-	-	<b>6 580 152</b>	-
Limited to Stella Vista Technologies Limited				
Share of associated Group's loss	(866 367)	(109 362)	-	-
Additional capital advanced	288 287	6 291 866	-	-
Foreign Currency Translation Reserve	37 442	-	-	-
Balance at end of year	<b>5 641 866</b>	<b>6 182 504</b>	<b>6 580 152</b>	-

The associate has a year end of 30 June 2008.

Set out below is the summarised financial information of the associate:

	Assets R	Liabilities R	Revenue R	Loss R
<b>2008</b>				
Majestic Silver Trading 361 (Proprietary) Limited	13 861 627	15 612 003	5 561 890	1 929 548
<b>2007</b>				
Megaview UK Limited	14 013 065	14 013 065	-	243 568

Name	Effective holding		<b>2008</b> R	Carrying value 2007 R
	<b>2008</b> %	2007 %		
Unlisted				
Megaview UK Limited - incorporated in the UK	-	44.9	-	6 182 504
Majestic Silver Trading 361 (Proprietary) Limited - Incorporated in RSA	<b>44.9</b>	-	<b>5 641 865</b>	-

Effective 12 May 2008 Stella Vista South Africa (Proprietary) Limited sold its 44.9% interest in investment in Megaview UK Limited to Majestic Silver Trading 361 (Proprietary) Limited. In addition all other shareholders in Megaview UK Limited sold their holding in Megaview UK Limited to Majestic Silver Trading 361 (Proprietary) Limited. All former shareholders in Megaview UK Limited, including Stella Vista South Africa (Proprietary) Limited, purchased in the same ratio as their previous holdings in Megaview UK Limited the holding in Majestic Silver Trading 361 (Proprietary) Limited.

Effective the 31 August 2008 the investment in Megaview UK Limited was transferred at cost from Stella Vista South Africa (Proprietary) Limited to Stella Vista Technologies Limited.

All transactions above were transacted at cost.

The associate made losses during the current period as a result an indicator of possible impairment exists. Impairment tests was performed on the associate.

The recoverable amount of the investment is its fair value less cost to sell. The basis used to determine fair value less cost to sell was determined by reference to an active market. An active market for the screens exist, evidenced by the profitability of the groups operation As a result no impairment was required.

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Company 2008 R</b>	Company 2007 R
<b>3. INVESTMENT IN SUBSIDIARIES</b>		
Shares at cost - Directors' valuation	<b>400</b>	400
<b>Indebtedness</b>		
By subsidiaries	-	1 404 844
To subsidiaries	-	(300)
	-	1 404 544
Investment in subsidiaries shares and loans	<b>400</b>	1 404 944

The loan to the subsidiary has been subordinated in favour of the creditors of the subsidiary until its assets, fairly valued, exceed its liabilities. The loans does not bear interest and has no fixed repayment terms.

Refer to note 24 for details of the principal subsidiary undertakings

	<b>Group 2008 R</b>	Group 2007 R	Company 2008 R	Company 2007 R
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## 4. DEFERRED INCOME TAX

Deferred taxation is calculated on all temporary difference under the liability method using a principal tax rate of 28% (2007: 29%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. The net deferred tax balances are as follows:

Deferred tax assets				
Net	<b>412 362</b>	3 972 318	-	-
At year-end, the deferred tax tax assets comprised:				
Property, plant and equipment	<b>(69 505)</b>	-	-	-
Deferred revenue	<b>1 540 104</b>	78 092	-	-
Section 24c allowance	<b>(1 155 078)</b>	-	-	-
Provisions	<b>96 841</b>	12 435	-	-
Assessable loss	-	3 881 791		
	<b>412 362</b>	3 972 318	-	-

The deferred tax asset in the prior year related primarily to the Group's assessed loss for tax. The group fully utilised its assessed loss in the current year.

### The movement on the deferred income tax account can be reconciled as follows:

At beginning of the year	<b>3 972 318</b>	2 976 129	-	-
Movement in opening balance due to change in tax rate	<b>(112 892)</b>	-	-	-
Prior year underprovision	<b>(698 446)</b>	-	-	-
Adjusted opening balance	<b>3 160 980</b>	-	-	-
Income statement debit	<b>(2 748 618)</b>	996 189	-	-
<b>At end of the year</b>	<b>412 362</b>	3 972 318	-	-

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Company 2007 R
<b>5. INVENTORIES</b>				
Raw material components (at net realisable value)	<b>6 108 727</b>	5 283 976	-	-
Work in progress	-	13 206 980	-	-
Finished goods (at net realisable value)	<b>5 420 659</b>	354 327	-	-
	<b>11 529 386</b>	18 845 283	-	-
<b>6. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	<b>7 450 103</b>	510 361	-	-
Less: Impairment of receivables	-	(408 950)	-	-
	<b>7 450 103</b>	101 411	-	-
SARS - VAT refund	<b>589 403</b>	1 882 002	-	-
Sundry receivables	<b>514 173</b>	471 311	-	-
	<b>8 553 679</b>	2 454 724	-	-
Reconciliation of impairments of accounts receivable				
Balance at beginning of year	<b>408 950</b>	408 950	-	-
Receivables written off during the year as uncollectible	<b>(408 950)</b>	-	-	-
Balance at end of year	-	408 950	-	-

As at 31 August 2008, trade receivables of R 7,096,147 (2007: R 485,653) were fully performing.

As at 31 August 2008, trade receivables of R 868,129 (2007: R 87,069) were past due but not impaired. These relate to a number of independent customers of whom there is no recent history of default. The age analysis of these trade receivables is as follows:

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Company 2007 R
<b>Past due by 1 to 30 days</b>	<b>51 211</b>	29 054	-	-
<b>Past due by 31 to 60 days</b>	<b>393 595</b>	23 370	-	-
<b>Past due by 61 days to 90 days</b>	<b>152 168</b>	-	-	-
<b>Past due by more than 90 days</b>	<b>271 155</b>	34 645	-	-
	<b>868 129</b>	87 069	-	-

The impairment of accounts receivable of R408,950 in the prior year was related to a customer that was past due by more than 90 days at the 2007 reporting date. This impairment was consequently written off in the current year. The trade debtors that are past due but not impaired at the current reporting date are considered to have a low risk of default. The accounts receivable balance is made up of a small volume of high value debtors. 6 customers owe 99% of the account receivable balance outstanding at year end. These debtors are well established and have had no recent history of default.

The carrying amount of the financial assets above is considered to be a reasonable approximation of the fair value. The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

### Currency

US Dollar	<b>4 169</b>	49 611	-	-
South African Rand	<b>8 549 510</b>	2 405 113	-	-
	<b>8 553 679</b>	2 454 724	-	-

# Notes to the annual financial statements

for the year ended 31 August 2008

As at 31 August 2008, trade receivables of R 868,129 (2007: R 87,069) were past due but not impaired. These relate to a number of independent customers of whom there is no recent history of default. The age analysis of these trade receivables is as follows:

	<b>Group 2008</b>	Group 2007	<b>Company 2008</b>	Company 2007
	<b>R</b>	R	<b>R</b>	R
<b>7. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and on hand	<b>8 866 017</b>	12 704 135	<b>1 196</b>	-
Call deposits	<b>1 741</b>	1 654	-	(96)
	<b>8 867 758</b>	12 705 789	<b>1 196</b>	(96)

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

Cash and bank balances	<b>8 867 758</b>	12 705 789	<b>1 197</b>	-
Bank overdrafts (refer to note 14)	<b>(1 063 275)</b>	(96)	-	(96)
	<b>7 804 483</b>	12 705 693	<b>1 197</b>	(96)

	Group and Company <b>2008</b>	Group and Company 2007	Group and Company <b>2008</b>	Group and Company 2007
	<b>no of shares</b>	no of shares	<b>R</b>	R

## 8. SHARE CAPITAL

### Authorised

The total authorised number of ordinary shares is 600 000 000 shares (2007: 600 000 000 shares) with a par value of 1 cent per share.

	<b>600 000 000</b>	600 000 000	<b>6 000 000</b>	6 000 000
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### Issued

Balance at beginning and end of the year

	<b>140 000 000</b>	140 000 000	<b>1 400 000</b>	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.

	<b>Group 2008</b>	Group 2007	<b>Company 2008</b>	Company 2007
	<b>R</b>	R	<b>R</b>	R

## 9. SHARE PREMIUM

Balance at beginning and end of year	<b>16 650 000</b>	16 650 000	<b>16 650 000</b>	16 650 000
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## 10. OTHER RESERVES

Foreign currency translation reserve

The movement on the foreign currency translation reserve is as follows:

Balance at beginning of year	<b>753 266</b>	791 421	-	-
Foreign currency translation differences arising during the year:	<b>(239 496)</b>	(38 155)	-	-
- through foreign subsidiary	<b>(276 939)</b>	(38 155)	-	-
- through foreign associate	<b>37 443</b>	-	-	-
Balance at end of year	<b>513 770</b>	753 266	-	-

The movement on the share based payment reserve account is as follows:

Balance at beginning of year	<b>2 249 000</b>	-	-	-
Reserve arising during the year	<b>286 000</b>	2 249 000	<b>2 535 000</b>	-
Balance at end of year	<b>2 535 000</b>	2 249 000	<b>2 535 000</b>	-

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Company 2007 R
<b>11. INTEREST-BEARING BORROWINGS</b>				
<b>Non-current</b>				
Installment sale liabilities	-	30 291	-	-
	-	30 291	-	-
<b>Current</b>				
Installment sale liabilities	<b>39 466</b>	46 152	-	-
	<b>39 466</b>	46 152	-	-
<b>Total borrowings</b>	<b>39 466</b>	76 443	-	-
The interest rate exposure of the borrowings of the Group were as follows:				
- At floating rates	<b>39 466</b>	76 443	-	-
<b>Maturity of non-current borrowings</b>				
Not later than one year	<b>39 466</b>	46 152	-	-
Later than one year and not later than five years	-	30 291	-	-
	<b>39 466</b>	76 443	-	-

## Securities

Installment sale liabilities are secured over motor vehicles with a net book value of R94,295 (2007: R116,813). These liabilities bear interest at varying rates approximating prime lending rates.

## Borrowing facilities and borrowing powers

The Group has no committed borrowing facilities. The articles of association of the Group state that the extent of the borrowings of the Group are at the discretion of the directors.

## 12. DEFERRED REVENUE

Non-current portion	<b>2 672 724</b>	-	-	-
Current portion	<b>404 527</b>	-	-	-
	<b>3 077 251</b>	-	-	-

The deferred revenue relates to maintenance revenue for Pakistan Cricket Board Contract. The maintenance will be provided over the next 5 years.

## 13. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

Trade payables	<b>9 360 322</b>	15 243 526	-	-
Deposits	<b>2 423 122</b>	15 615 166	-	-
Accrued expenses	<b>2 252 296</b>	1 564 906	-	-
Payroll related liability	<b>424 930</b>	564 397	-	-
Bonus accrual	<b>1 184 067</b>	934 591	-	-
Audit fee accrual	<b>240 000</b>	200 000	-	-
Leave pay accrual	<b>345 859</b>	461 133	-	-
	<b>16 230 596</b>	34 583 719	-	-

# Notes to the annual financial statements

for the year ended 31 August 2008

	Group 2008 R	Group 2007 R	Company 2008 R	Group 2007 R
<b>14. BANK OVERDRAFT</b>				
Bank overdraft	<b>1 063 275</b>	96	-	96
	<b>1 063 275</b>	96	-	96
<b>15. REVENUE</b>				
Revenue income comprises:				
- sales of goods	<b>70 374 896</b>	44 605 398	-	-
- maintenance	<b>2 966 147</b>	1 769 935	-	-
- management fee	-	-	<b>314 453</b>	-
	<b>73 341 043</b>	46 375 334	<b>314 453</b>	-
<b>16. OPERATING INCOME</b>				
Operating income comprises:				
Net foreign exchange profit/(losses)	<b>2 009 307</b>	-	-	-
Recovery of various expenses	<b>136 842</b>	2 427 342	-	-
	<b>2 146 149</b>	2 427 342	-	-
<b>17. OPERATING PROFIT</b>				
The following items have been charged/(credited) in arriving at operating loss:				
Changes in inventories of finished goods and work in progress	<b>7 315 897</b>	11 169 093	-	-
Raw materials and consumables used	<b>38 793 667</b>	16 143 478	-	-
Depreciation on property, plant and equipment (note 1)	<b>418 071</b>	532 087	-	-
Loss on disposal of property, plant and equipment	<b>414 649</b>	69 668	-	-
Transportation expenses	<b>945 676</b>	690 384	-	-
Legal Fees	<b>559 182</b>	38 962	<b>497 683</b>	-
Operating lease rentals				
- Property	<b>243 036</b>	220 714	-	-
Advertising costs	<b>133 939</b>	200 423	-	87 151
Auditors' remuneration				
- Audit fees	<b>249 800</b>	200 000	-	-
Net foreign exchange profit/(losses) included in operating profit	-	50 801	-	-
Consulting services	<b>1 443 041</b>	881 649	<b>381 457</b>	115 119
Employee benefits expense (note 18)	<b>9 877 195</b>	9 250 595	-	-
Share-based payment expense (note 10)	<b>286 000</b>	2 249 000	-	-
Other operating expenses	<b>5 418 817</b>	3 351 474	<b>224 779</b>	50 545
<b>Total cost of sales, administration and other costs and distribution expenses</b>	<b>66 098 970</b>	45 048 328	<b>1 103 919</b>	252 815

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Company 2007 R
<b>18. STAFF COSTS</b>				
Salaries and wages	<b>9 877 195</b>	9 250 595	-	-
Average weekly number of persons employed by the Group during the year:				
- Full time	<b>28</b>	35	-	-
- Part time	<b>4</b>	4	-	-
<b>19. NET FINANCE (COST)/INCOME</b>				
<b>Interest received</b>				
Bank balances	<b>423 094</b>	160 096	-	-
<b>Interest paid</b>				
- Instalment sale liabilities	<b>(8 588)</b>	(19 572)	-	-
- Bank Overdraft	<b>(434 037)</b>	(39 785)	<b>(7)</b>	-
- Other	<b>(4 019)</b>	(427 279)	-	-
	<b>(446 644)</b>	(486 636)	<b>(7)</b>	-
Net finance (cost)/income	<b>(23 550)</b>	(326 540)	<b>(7)</b>	-
	Group <b>2008 R</b>	2007 R	Group <b>2008 R</b>	2007 R
<b>20. INCOME TAX EXPENSE</b>				
<b>South African normal tax</b>				
<b>Current income tax</b>				
- Current year	<b>65 929</b>	-	<b>8 004</b>	-
- Prior year underprovision	-	(3 116)	-	(3 116)
	<b>65 929</b>	(3 116)	<b>8 004</b>	(3 116)
<b>Deferred income tax</b>				
- Current year	<b>2 748 618</b>	(996 189)	-	-
- Prior year overprovision	<b>698 446</b>	-	-	-
- Rate change	<b>112 892</b>	-	-	-
	<b>3 559 956</b>	(996 189)	-	-
Total	<b>3 625 885</b>	(999 305)	<b>8 004</b>	(3 116)

# Notes to the annual financial statements

for the year ended 31 August 2008

The taxation on the group and Group's profit/(loss) before income tax expense differs from the theoretical amount that would arise using the basic tax rate as follows:

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Group 2007 R
20. INCOME TAX EXPENSE continued				
Profit/(loss) before income tax expense and share of associate loss	<b>9 364 672</b>	3 318 447	<b>(789 473)</b>	(252 815)
Tax calculated at a tax rate of 28% (2007: 29%)	<b>2 622 108</b>	962 350	<b>(221 052)</b>	(73 316)
Expenses not deductible for tax purposes	<b>192 439</b>	11 865	<b>229 056</b>	-
Underprovision in prior year	<b>698 446</b>		-	
Change in tax rate	<b>112 892</b>	2 585 741	-	73 316
Income tax credit	<b>3 625 885</b>	3 559 956	<b>8 004</b>	-

## 21. EARNINGS PER SHARE

Basic profit 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).

Profit attributable to ordinary equity holders of the parent entity for year

**4 872 420**      4 317 752

Weighted average number of shares in issue

**140 000 000**      140 000 000

Basic profit per share (cents)

**3.5**      3.1

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Profit attributable to ordinary equity holders of the parent entity for year

**4 872 420**      4 317 752

Weighted average number of ordinary shares in issue

**140 000 000**      140 000 000

Adjustments for:

Share options

**6 055 882**      3 753 846

Weighted average number of ordinary shares for diluted earnings per share

**146 055 882**      143 753 846

Diluted earnings per share (cents)

**3.3**      3.0

Profit attributable to ordinary equity holders of the parent entity for year

**4 872 420**      4 317 752

Loss on sale of disposal of property plant and equipment

**414 649**      69 668

Headline earnings (R)

**5 287 069**      4 387 420

Weighted average number of shares in issue

**140 000 000**      140 000 000

Headline profit per share (cents)

**3.8**      3.1

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Company 2007 R
<b>22. CASH FLOWS FROM OPERATIONS</b>				
Reconciliation of operating (loss)/profit to cash flows from operating activities:				
Operating (loss)/profit before tax	<b>8 498 305</b>	3 318 447	<b>(789 473)</b>	(279 036)
Adjusted for:				
- Finance Income	<b>(423 094)</b>	(160 096)	-	-
- Finance Cost	<b>446 644</b>	486 636	<b>7</b>	-
- Share of associate loss	<b>866 367</b>	109 362	-	-
- Translation reserve	<b>(276 937)</b>	(38 155)		
- Depreciation of property, plant and equipment	<b>418 071</b>	532 087	-	-
- Loss on disposal of property, plant and equipment	<b>414 649</b>	69 668	-	-
- Share-based payments	<b>286 000</b>	2 249 000	<b>2 535 000</b>	-
Changes in working capital:				
- Decrease/(increase) in inventories	<b>7 315 897</b>	(11 169 094)	-	-
- (Increase)/decrease in trade and other receivables	<b>(6 098 955)</b>	3 310 261	-	-
- (Decrease)/increase in trade and other payables and deferred revenue	<b>(15 275 873)</b>	24 313 717	-	-
<b>Cash flows from operations</b>	<b>(3 828 926)</b>	23 021 833	<b>1 745 534</b>	(279 036)
Taxation paid/ refunded				
Current tax payable at the beginning of the year	-	-	-	-
Charge to income statement	<b>65 929</b>	999 305	<b>8 004</b>	-
Movement in deferred income tax	-	(996 189)	-	3 116
Current tax payable at the end of year	<b>65 929</b>	-	<b>8 004</b>	-
Tax refunded	-	3 116	-	3 116

# Notes to the annual financial statements

for the year ended 31 August 2008

	<b>Group 2008 R</b>	Group 2007 R	<b>Company 2008 R</b>	Company 2007 R
<b>23. RELATED PARTY TRANSACTIONS</b>				
<b>Sales of inventory</b>				
Megaview Displays (Proprietary) Limited	<b>8 333 333</b>	13 133 333	-	-
<b>Rental of inventory and recovery of expenses</b>				
Megaview Displays (Proprietary) Limited	<b>2 204 845</b>	4 461 654	-	-
Megaview Displays (Proprietary) Limited is a Group partly owned by the directors of Stella Vista Technologies Limited. The above transactions were carried out at market related terms and conditions.				
<b>Related to property rental</b>				
Workshop 510 (Proprietary) Limited	<b>257 955</b>	220 714	-	-
Workshop 510 (Proprietary) Limited is a Group previously 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.				
<b>Outstanding balances arising from related party transactions</b>				
Megaview Displays (Proprietary) Limited	<b>1 103 009</b>	12 669	-	-
Megaview UK Limited (refer to note 2)	<b>158 103</b>	-	-	-
Workshop 510 (Proprietary) Limited	<b>257 955</b>	34 026	-	-
The outstanding balances do not bear interest, have no fixed items of repayment and are payable on demand.				
<b>Shareholders' loans</b>				
At beginning of the year	-	4 065 861	-	-
Advances during the year	-	-	-	-
Adjustments during the year	-	-	-	-
Repayments during the year	-	(4 065 861)	-	-
<b>At end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans from Related Parties</b>				
Stella Vista South Africa (Proprietary) Limited	-	-	<b>3 431 373</b>	-
The Loan does not bear interest and has no fixed repayment terms.				
<b>Management fees</b>				
Stella Vista South Africa (Proprietary) Limited	-	-	<b>314 453</b>	-

# Notes to the annual financial statements

for the year ended 31 August 2008

	Directors Fees R	Salaries R	Bonus R	Medical Aid Contributions R	Share Options R	Group 2008 R	Group 2007 R
<b>23. RELATED PARTY TRANSACTIONS</b>							
continued							
<b>Directors' remuneration</b>							
<b>Executive - Gross salaries</b>							
M Tabakovic (executive)	-	922 800	250 000	-	-	<b>1 172 800</b>	818 475
R Burke (non-executive)	90 000	-	-	-	-	<b>90 000</b>	75 000
C Livingstone (non-executive)	90 000	-	-	-	-	<b>90 000</b>	75 000
Dr A Bacher (non-executive)	640 000	-	-	-	286 000	<b>926 000</b>	400 000
D Tabakovic (executive)	-	788 760	92 000	26 173	-	<b>906 933</b>	693 202
	<b>820 000</b>	<b>1 711 560</b>	<b>342 000</b>	<b>26 173</b>	<b>286 000</b>	<b>3 185 733</b>	<b>2 061 677</b>

	Country of incorporation	Issued ordinary shares	Percentage held	Shares at cost R	Loans R
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## 24. 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	(3 431 074)
Stella Vista America Incorporated	USA	100 000	100%	651 400	-
				<b>651 800</b>	<b>(3 431 374)</b>

# Notes to the annual financial statements

for the year ended 31 August 2008

## 25. SHARE OPTIONS

Share options are granted by Stella Vista Technologies Limited to its employees. The Group has no legal or constructive liability to repurchase or settle the options in cash. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	<b>Wtd. Avg Exercise Price (R)</b>	<b>2008 No. of shares under option</b>	<b>Wtd. Avg Exercise Price (R)</b>	<b>2007 No. of shares under option</b>
Balance at 1 September	<b>0.05</b>	<b>8 200 000</b>	-	-
Options granted	-	-	0.05	8 200 000
Options exercised	<b>0.05</b>	<b>7 100 000</b>	-	-
Options forfeited	-	-	-	-
Options expired	-	-	-	-
Options transferred	-	-	-	-
Balance at 31 August	<b>0.05</b>	<b>1 100 000</b>	0.05	8 200 000
Exercisable at 31 August	<b>0.05</b>	<b>7 100 000</b>	0.05	6 100 000
<b>Exercise price range</b>				
R0.04 – R0.05	<b>0.05</b>	<b>7 100 000</b>	0.05	6 100 000
	<b>0.05</b>	<b>7 100 000</b>	0.05	6 100 000

All options were granted on the 31 August 2007. The weighted average fair value of options at grant date was determined using the Black-Scholes valuation model was R0.37. The significant inputs into the model were weighted average share price of R0.13 at the grant date, exercise price shown above, volatility of 177.81% dividend yield of 0% an expected option life of three years, and an annual risk-free interest rate of 8.91%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices.

# Notes to the annual financial statements

for the year ended 31 August 2008

## 26. 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.

## 27. POST BALANCE SHEET EVENTS

No material fact or circumstance has occurred between 31 August 2008 and the date of the approval of the annual financial statements, which has a material impact on the financial position of the Group.

## 28. CONTINGENCIES AND COMMITMENTS

### Contingent liabilities

At 31 August 2008, 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, however, in the opinion of the directors, this has been adequately provided for and this will not result in any further losses.

	<b>Group</b> <b>2008</b> <b>R</b>	Group 2007 R	<b>Company</b> <b>2008</b> <b>R</b>	Company 2007 R
Commitments				
The future minimum lease payments under non-cancellable operating leases are as follows:				
Premises:				
Not later than one year	<b>127 173</b>	242 786	-	-
Later than one year and not later than five years	-	139 891	-	-
	<b>127 173</b>	382 677	-	-

## 29. SEGMENT INFORMATION

The primary reporting segment for the Group is the business segment in which the Group operates. It is involved in the supply of only one type of product. All information in regard to this is thus presented in the balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the annual financial statements.

No geographical segment information was prepared. The initiation of sales transactions occur in the Republic of South Africa except for business through the associate, Majestic Silver Trading 361 (Proprietary) Limited, which operates from the United Kingdom. This associate is equity accounted for. Refer to note 2 for further information in this regard.

# Directorate and administration

for the year ended 31 August 2008

## Registration number

1996/000172/06

## Executive directors

M Tabakovic (Chief executive officer)

D Tabakovic

## Non-executive directors

R Burke

C Livingstone

Dr Ali Bacher (Non-executive chairman)

## Registered office

Ground Floor

Autoparks House

13 Park Crescent

Glenhazel

2192

## Postal address

P O 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 (Pty) Ltd

PO Box 61051

Marshalltown

2107

## Sponsor

Arcay Moela Sponsors (Pty) Limited

3 Anerley Road

Parktown

2193

## Analysis of shareholders

for the year ended 31 August 2008

	No of Shareholdings	%	No of Shares	%
Major Holders (over 10 000 000 shares)	2	0.39	32 875 000	23.48
Directors and Related Parties	17	3.35	77 759 000	55.54
Other individuals	439	86.42	17 402 210	12.43
Institutions and other companies	50	9.84	11 963 790	8.55
<b>Total</b>	<b>508</b>	<b>100.00</b>	<b>140 000 000</b>	<b>100.00</b>
1 - 1 000 shares	176	34.65	41 186	0.03
1 001- 10 000 shares	171	33.66	905 763	0.65
10 001- 100 000 shares	102	20.08	3 787 501	2.71
100 001- 1 000 000 shares	45	8.86	13 036 651	9.31
1 000 001 shares and over	14	2.76	122 228 899	87.31
<b>Totals</b>	<b>508</b>	<b>100.00</b>	<b>140 000 000</b>	<b>100.00</b>
<b>PUBLIC / NON - PUBLIC SHAREHOLDERS</b>				
<b>Non - Public Shareholders</b>				
Directors and Associates of the Company holdings	17	3.35	77 759 000	55.54
<b>Public Shareholders</b>	491	96.65	62 241 000	44.46
<b>Totals</b>	<b>508</b>	<b>100.00</b>	<b>140 000 000</b>	<b>100.00</b>

# Analysis of shareholders

for the year ended 31 August 2008

	No of Shares	%
Beneficial shareholders holding 1% or more of the listed ordinary shares in the company at 31 August 2008:		
Tabakovic, M	33 645 600	24.03
Burke, RH	31 576 900	22.55
Base Trust	22 875 000	16.34
Tabakovic, D	12 186 500	8.70
Centurion Nominees Limited	10 000 000	7.14
Elcor Holdings Limited	2 784 695	1.99
Green, CL	2 004 704	1.43
Furzedown Holdings Limited	2 000 000	1.43
The Paraclete Trust	1 762 900	1.26
<b>Totals</b>	<b>118 836 299</b>	<b>84.87</b>
	<b>Company</b>	Company
	<b>2008</b>	2007
	<b>c</b>	<b>c</b>
Market price (cents per ordinary share)		
Share price at 29 August 2008	<b>32</b>	10
Low for the year	<b>10</b>	8
High for the year	<b>60</b>	20
Volume Traded for the year	<b>9 360 671</b>	11 061 000

# Notice of the annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Stella Vista Technologies Limited will be held at 10H00 on Thursday, 19 February 2009, Expo Centre, Nasrec, 1st floor, Administration Building, Gate 2, 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 2008;
- 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 2008 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 Limited South Africa (“JSE”), until such time as the authority lapses in terms of the Act.”

## Ordinary resolution number 3

“Resolved that, subject to the approval of 75% of the members present in person and by proxy, and entitled to vote at the meeting, excluding the controlling shareholders of the company and the company’s Sponsor, the directors of the company be and hereby are authorised, by way of general authority, to allot and issue all or any of the authorised but unissued shares in the capital of the company as they in their discretion deem fit, subject to the following limitations:-

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- this authority shall not endure beyond the next annual general meeting of the company nor shall it endure beyond 15 months from the date of this meeting;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE in its Listing Requirements) and not to related parties;
- upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall by way of an announcement on Securities Exchange News Service (“SENS”), give full details thereof, including the effect on the net asset value of the company and earnings per share;
- the aggregate issue of a class of shares already in issue in any financial year may not exceed 50% of the number of that class of shares (including securities which are compulsorily convertible into shares of that class); and
- the maximum discount at which shares may be issued is 10% of the weighted average traded price of the company’s shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the applicant.”

## Ordinary resolution number 4

“Resolved that, the re-appointment of PricewaterhouseCoopers Inc. as the auditors with Mr Johan Potgieter as the designated auditor, at partner status be and hereby is approved and that the directors be and are hereby authorised to determine the remuneration of the auditors.”

### Explanatory Note:

PricewaterhouseCoopers Inc. has indicated their willingness to continue as the company’s auditors until the next annual general meeting. The board of directors has satisfied itself as to the independence of PricewaterhouseCoopers Inc. The remuneration and non-audit fees paid to the auditors during the year ended 30 June 2008 are contained on page 27.

## Ordinary resolution number 5

“Resolved that, the non-executive directors’ remuneration be fixed at R7 500, for the financial year commencing 01 September 2008, for attendance fees at Board, Audit and Remuneration Committee Meetings. The Chairman is paid a fixed monthly fee of R55 000.”

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 (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 10H00 on Thursday, 19 February 2009, or any adjournment thereof ("the annual general meeting") at the Expo Centre, Nasrec, 1st floor, Administration Building, Gate 2, 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 allot and issue shares for cash)			
4. Ordinary resolution number 4 (re-appointment of auditors)			
5. Ordinary resolution number 5 (remuneration of non-executive directors)			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2009

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

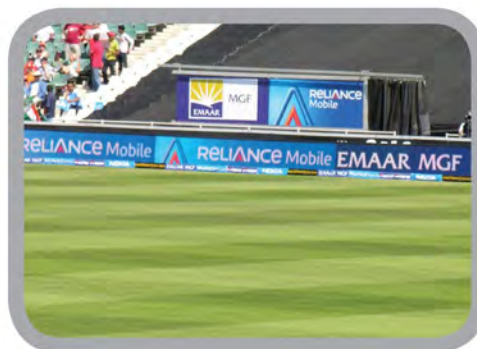
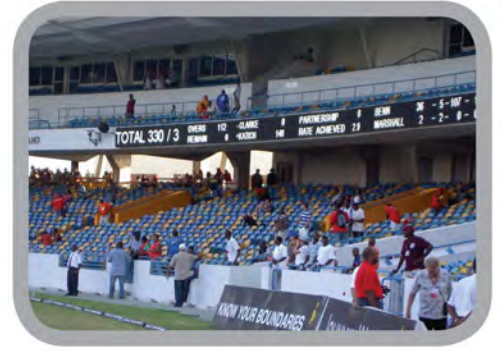
1. If you have disposed of all your shares in Stella Vista, please forward this document together with the attached notice of general meeting to the stockbroker, banker or other agent through whom you disposed of such shares.

Certificated shareholders and “own name” dematerialised shareholders who are unable to attend the general meeting to be held at 10H00 on Thursday, 19 February 2009, Expo Centre, Nasrec, 1st floor, Administration Building, Gate 2, 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 (Pty) Limited (70 Marshall Street, Johannesburg, 2000) (P O Box 61051, Marshalltown, 2107), to be received by no later than 10H00 on Tuesday, 17 February 2009.

Dematerialised shareholders (other than “own name” dematerialised shareholders) who are unable to attend the general meeting to be held at 10H00 on Thursday, 19 February 2009, 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 timely 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 (Pty) Limited (70 Marshall Street, Johannesburg, 2000) (P O Box 61051, Marshalltown, 2107), to be received by them not later than 10H00 on Tuesday, 17 February 2009.
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**

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where have you seen us today?