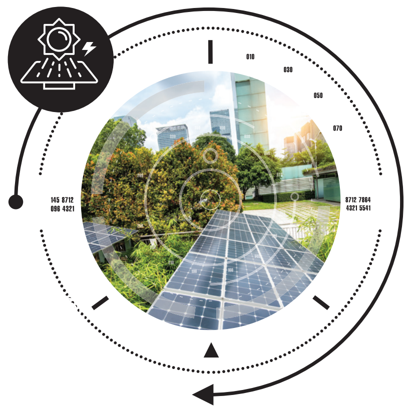

JASCO
INSPIRE.INNOVATE.

AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2018

ORDER ENTRY	REVENUE	EBITDA	PROFIT BEFORE TAX	EARNINGS LOSS REDUCED BY
R1,2bn Exceeded for the first time	**↑ 10%** R1,15 billion	**↑ 51%** R75,5 million	**↑ 270%** R16,1 million	**80%** (R7,7 million)

CONTEXT TO RESULTS

Jasco Electronics Holdings today publishes its audited year-end results to 30 June 2018 following the retraction of its previously-released results on 27 September 2018. As announced on SENS on 1 October 2018, the group retracted its results and requested a voluntary suspension following the erroneous use of the words "audited results" instead of "provisional results" on 27 September 2018. There were no trades conducted between the release of the first set of results and the voluntary suspension.

In conjunction with and under the guidance of the group's new external auditors PwC Inc., Jasco worked through certain accounting changes. These adjustments were required in accordance with International Financial Reporting Standards (IFRS).

These are clearly outlined in the section "Adjustments giving rise to restatement of results" in the financial overview.

The company regrets any inconvenience caused by this bona fide error. In line with its unwavering commitment to being a responsible corporate citizen, there was never any intention to make materially false and/or misleading statements. Following the publishing of these audited results, the company will apply to the JSE for the lifting of the voluntary suspension of the shares.

It is important to note that excluding these once-off adjustments, the group continued to deliver at an operational level, with a strong operating profit improvement.

INTRODUCTION

The tough economic conditions in South Africa continued to prevail, with the country entering a technical recession after the second quarter of calendar 2018. This exacerbated the ongoing volatility of the rate of exchange on the back of emerging market weakness. These factors presented significant challenges to the group.

The main achievements and disappointments for the year are outlined below:

Achievements include:

- Continued good operating performance from the Carrier business, contributing R53,7 million to operating profit;
- Ongoing customer diversification in Electrical Manufacturers, with volumes from new customers contributing to the revenue growth;
- Operating profit growth from Broadcast Solutions in Intelligent Technologies on completion of large projects;
- The acquisition of RAMM Technologies, with effect from 1 March 2018, and its first-time profit contribution in line with expectation; and
- Good operating profit contribution from the acquisition of Reflex Solutions for 12 months.

Disappointments include:

- The biggest disappointment was the delay in issuing the June 2018 Integrated Annual Report and related announcements of financial results and suspension of the security on the Johannesburg Securities Exchange.

Other disappointments were:

- Continued lack of organic growth in the South African market, with Carriers negatively impacted in the telecommunications sector;
- Lack of progress in the Middle East, which resulted in the closure of the UAE office in favour of only project-based work;
- The rate of exchange volatility. Although an improvement from last year's R8,6 million loss, the group suffered forex losses of R4,0 million this year;
- Ongoing margin squeeze in Electrical Manufacturers due to pressure from its major customer. To address this, the customer diversification programme is progressing;
- The operating loss by Datavoice in Enterprise due to the delay of projects in the Middle East. These have materialised post year-end;
- The operating loss from Power & Renewables in Intelligent Technologies on lower sales volumes. Restructuring has been completed and costs reduced;
- The once-off goodwill impairments in F2017 and F2018 affected the debt to equity ratio. This resulted in the ratio exceeding the group's self-imposed maximum level of 50%, at 56% from 43% reported in F2018. (F2017's restated at 43% versus 34% reported). This was also below the requirements of the corporate bond and the working capital facility; and
- Lower revenue in East Africa due to the uncertain political environment from national elections, which resulted in low business confidence. Operations were reduced and local Kenyan partners were introduced to grow the sales pipeline. Based on IFRS requirements, the investment was impaired in F2018.

FINANCIAL OVERVIEW

ADJUSTMENTS GIVING RISE TO RESTATEMENT OF RESULTS

As indicated earlier, Jasco started working with new auditors this year, which resulted in a number of aspects of the results being interpreted differently in terms of IFRS. This required the following restatements:

REVENUE

F2017 audited	F2017 restated	F2018 previously reported	F2018 audited (and adjusted)	Financial impacts
R1,044 billion	R1,037 billion	R1,150 billion	R1,147 billion	Reported revenue changed by R7 million in F2017 and R3 million in F2018.

Reason for amendment:

Finance income of R4,3 million was offset by R1,0 million of revenue in the Enterprise business (F2017: R7,0 million). This should not have been included in revenue.

OTHER INCOME

F2017 audited	F2017 restated	F2018 previously reported	F2018 audited	Financial impacts
R27,9 million	R24,5 million	No impact	No impact	The profit of R3,4 million on the disposal of Jasco Technical Services (Pty) Ltd (JTS) had to be reversed, as it was consolidated from a 10% to a 100% holding. JTS was therefore consolidated in the group statement of financial position at 30 June 2017 in terms of IFRS 2 and IFRIC interpretation 2015. This was a change from the application of IFRS10 in the F2017 year and the previously audited position.

Reason for amendment:

A profit of R3,4 million arising on the disposal of the group's security installation business to JTS as part of the broad-based black economic empowerment (B-BBEE) enterprise development initiative was included in Other Income in F2017. The group retained a 25% shareholding, which was further reduced to 10% during F2018. The majority holders of the share capital pledged their shares as security over the loan payable to the group of R3,4 million. In essence, the group granted an option to the holders of the 90% shareholding in JTS. As the payment of the full purchase consideration had not taken place as at end of June 2018, the value of the option granted was considered to be immaterial.

IMPAIRMENT OF GOODWILL

Enterprise cash-generating unit (CGU)

F2017 audited	F2017 restated	F2018 previously reported	F2018 audited (and adjusted)	Financial impacts
R0,0 million	R28,3 million	R0,0 million	R4,5 million	An impairment charge of R28,3 million was recorded in F2017 and R4,5 million in F2018 in other expenses in the statements of comprehensive income. The related goodwill balance in the statement of financial position at 30 June 2017 reduced by R28,3 million and by R4,5 million in F2018 due to the impairment charge.

Reason for amendment:

Management performed a value in use calculation to assess if the net asset value of the Enterprise CGU (which excluded Reflex Solutions in 2018, but included it in 2017) was recoverable at 30 June 2018. The calculation indicated that the future discounted cash flows in the value in use calculation were not sufficient to recover the net asset value of the Enterprise CGU. The goodwill of R28,3 million allocated to this CGU was therefore fully impaired at 30 June 2017 as the F2017 calculation should have taken the reduced cash flows into account. In F2018, the goodwill arising from the Datafusion acquisition of R4,5 million was also impaired as a "day one" loss on acquisition.

TAXATION EXPENSE AND DEFERRED TAXATION ASSET IN RESPECT OF TAX LOSSES IN JASCO ENTERPRISE (PTY) LTD

F2017 audited	F2017 restated	F2018 previously reported	F2018 audited	Financial impacts
R27,5 million	R17,8 million	No impact	No impact	The deferred tax asset balance was written down by R10,8 million in the group statement of financial position at 30 June 2017. A corresponding charge was recorded in the taxation charge line in the group statement of comprehensive income.

Reason for amendment:

In performing the value in use calculation referred to above in the Enterprise CGU at 30 June 2018, which indicated that the goodwill of the Enterprise CGU was impaired due to the reduction in the future discounted cash flows, management concluded that the revised cash flows were not sufficient to fully recover the deferred tax asset in respect of Jasco Enterprise (Pty) Ltd. It was therefore concluded that the reduced cash flows were also applicable at 30 June 2017.

SHORT-TERM BORROWINGS AND TRADE PAYABLES

F2017 audited	F2017 restated	F2018 previously reported	F2018 audited	Financial impacts
Short-term borrowings: R50,4 million	R20,4 million	No impact	No impact	Trade and other payables increased by R30 million in the F2017 group statement of financial position and the short-term borrowings decreased by R30 million.
Trade and other payables: R185,0 million	R215,1 million	No impact	No impact	

Reason for amendment:

The short term borrowings in the group statement of financial position in F2017 included the deferred purchase consideration related to the group's acquisition of Reflex Solutions. Following consultation with the new auditors, it was deemed more appropriate to include the deferred consideration of R30 million as part of trade and other payables rather than short-term borrowings.

BASIC AND DILUTED EARNINGS PER SHARE

F2017 audited	F2017 restated	F2018 previously reported	F2018 audited (and adjusted)	Financial impacts
Basic earnings: 3,6 cents	-17,3 cents	3,9 cents	-3,3 cents	Basic earnings per share decreased by 20,9 cents per share and diluted earnings per share by 20,6 cents per share for F2017. Basic earnings per share and diluted earnings per share both decreased by 7,2 cents per share for F2018.
Diluted earnings: 3,5 cents	-17,1 cents	3,9 cents	-3,3 cents	

Reason for amendment:

Due to the impact of all adjustments outlined in this table, the basic and diluted earnings per share for the prior year had to be restated.

STATEMENT OF COMPREHENSIVE INCOME

This section should be read together with the section on adjustments giving rise to restatement of results for additional context to changes.

Revenue

Revenue increased by 10% to R1,147 billion (F2017: R1,037 billion) on small increases in all business units outside of Carriers, as well as a 12-month contribution from Reflex Solutions of R157,0 million (F2017: R28,3 million for two months). This business is included in Enterprise. RAMM Technologies contributed revenue of R13,3 million for four months and is included in Intelligent Technologies. Organic revenue growth declined by 3%, mainly due to the decline in volumes in Carriers following lower spend from a large Tier-1 telecommunications operator.

The main contributors to revenue were:

	F2018 R'm	% change	F2017 R'm
Carriers	**348,7**	(10%)	385,9
Enterprise	**401,7**	28%	314,8
Intelligent Technologies	**206,8**	27%	163,1
Electrical Manufacturers	**203,5**	7%	190,8

The operating profit before net interest showed a strong improvement to R40,4 million from the restated R3,9 million in F2017 (F2017: reported R41,9 million), mainly due to the contributions from Reflex Solutions and RAMM Technologies in the current year.

The F2017 restatement was impacted by:

- R28,3 million goodwill impairment;
- R3,4 million reversal of profit on disposal of JTS;
- R4,1 million Enterprise prior year audit adjustments; and
- R2,2 million Datafusion loan impairment.

The F2018 operating profit was impacted by:

- R4,5 million goodwill impairment;
- R7,4 million operating loss from JTS; and
- R2,5 million loan impairment to East Africa.

Carriers produced a 4% increase in operating profit to R53,1 million (F2017: R51,0 million). Electrical Manufacturers' operating profit remained flat at R13,2 million. Enterprise produced a pleasing turnaround from a loss of R5,2 million to a profit of R11,2 million, mainly due to the 12-month contribution from Reflex Solutions and reduced costs in Communications and Security offsetting a lower performance from Fire Solutions, as well as the negative impact of a R7,4 million loss of the now-consolidated JTS business. Intelligent Technologies' operating profit declined by 17% to R18,2 million due to losses in Power and Renewables. These losses were only partly offset by the good performance from Broadcast Solutions and the first-time contribution from RAMM Technologies. Consequently, the group's net operating margin of 3.5% was up on 0.4% last year.

Net interest costs of R20,1 million increased from R11,5 million, mainly due to the increase in interest paid following the utilisation of a new general working capital facility from the Bank of China. This replaced the bank overdraft facilities from the local commercial banks in May 2017 at improved terms. The imputed interest of R1,0 million on the balance of the purchase consideration for the acquisitions of Reflex Solutions (F2017: R0,7 million) and R1,0 million for RAMM Technologies were also included in net interest costs.

The equity accounted share of losses of R4,1 million (F2017: R1,8 million) represents Jasco's 40% share in the Middle East (R2,1 million) and its 40% share in Jasco Kenya (R2,0 million). The Middle East failed to generate any meaningful revenue due to increasing competition in an over-traded market. To address this, the group closed its UAE office and amended its strategy to only target opportunities in the region on a project basis, with our Middle Eastern partners taking the lead role. The revenue in East Africa reduced significantly and resulted in higher operating losses than planned. Accordingly, the operations were drastically scaled down and new local partners secured as shareholders in the business during the year. It was decided with the auditors to impair the investment in Jasco Kenya in F2018 by R2,5 million.

The taxation charge of R12,8 million compares to a restated R26,0 million in F2017 due to the de-recognition of deferred taxation on assessed losses at subsidiary level. The effective tax rate is above the standard rate because of non-deductible expenses, which resulted in a higher taxable income. The main items included in non-deductible expenses are the interest paid on the corporate bond, the IFRS 2 share incentive scheme costs, acquisition costs, impairment of goodwill, the impairment of a loan receivable from East Africa, and the equity accounted losses in the Middle East and East Africa.

The minorities' share of profits increased from R3,8 million to R11,0 million, mainly due to the 12-month contribution from Reflex Solutions and the first-time contribution from RAMM Technologies. The other minority interests are in Co-Location Solutions, which improved its profitability, and in Fire Solutions, which reported a small loss for the year.

Consequently, the earnings loss reduced by 80% to R7,7 million (F2017: Loss of R39,2 million) and earnings loss per share (EPS) reduced by 80% to 3,3 cents per share (restated F2017: 17,3 cents loss per share). The headline earnings loss of R3,4 million reduced by 69% (restated F2017: R10,9 million) and the headline earnings loss per share (HEPS) reduced by 69% to 1,5 cents per share (restated F2017: Loss of 4,8 cents per share). The weighted average number of shares in issue increased from 226,9 million to 229,1 million shares.

For ease of reference, the EPS and HEPS reported in September 2018 and the restated EPS and HEPS reported today are outlined below:

F2017 audited	F2017 restated	Change	F2018 previously reported	F2018 audited (and adjusted)	Change
Earnings per share (EPS)					
3,6 cents	-17,3 cents	-20,9 cents	**3,9 cents**	**-3,3 cents**	**-7,2 cents**
Headline earnings per share (HEPS)					
2,5 cents	-4,8 cents	-7,3 cents	**2,7 cents**	**-1,5 cents**	**-4,2 cents**

STATEMENT OF FINANCIAL POSITION

Intangibles and goodwill

Intangibles, excluding goodwill, increased to R67,9 million (F2017: R44,6 million) due to the RAMM Technologies acquisition, and includes the following:

- The voice transaction management application and the computer software applications (internet-of-things or IoT platform) of R30,3 million (F2017: R26,1 million);
- Trade names of R7,5 million (F2017: R3,9 million); and
- Customer-related intangibles of R30,0 million (F2017: R14,6 million).

Goodwill increased from the restated R68,0 million in F2017 (refer to adjustments giving rise to restatement of results earlier) to R86,7 million in F2018, mainly due to the acquisition of 51% in Datafusion in September 2017 was impaired as a "day one" loss. There were no other impairments to the carrying value of goodwill during the year. This assessment is conducted annually in accordance with Jasco's accounting policy to test the carrying value of goodwill each year.

Fixed assets

Fixed assets of R79,6 million (F2017: R78,9 million) increased on capital expenditure of R17,2 million (F2017: R25,4 million). This capital expenditure relates mainly to R10,9 million in the Enterprise business, predominantly on technology improvements (R9,1 million) in Reflex Solutions and on plant and machinery (R3,1 million) in the Electrical Manufacturers business. The balance of the expenditure is spread over the asset categories across the remaining businesses.

Long-term liabilities

The corporate bond was partly redeemed in F2017 to R44,6 million and interest was serviced during the current financial year. The corporate bond attracts interest at the equivalent of the prime lending rate and is repayable in January 2020. During the year, all covenants outside of one were met. The corporate bond's interest cover covenant for the six-month period ended 30 June 2018 was breached at 1,8 times versus 2,0 times. This was condoned by the corporate bondholder on 28 October 2018. Consequently, the interest-bearing loan was reclassified at 30 June 2018 as a short-term borrowing. The corporate bondholder confirmed that the repayment date remains unchanged at 31 January 2020.

A medium-term working capital facility of R150 million was negotiated with the Bank of China in February 2017. This replaced the general banking facilities with the group's commercial bankers at better terms. The security provided is similar. The first draw-down of R105 million was made in May 2017 and utilised to settle the bank overdrafts which had historically funded the group's working capital position. A further drawdown of R20 million was made in December 2017, increasing the liability to R125 million at the financial year-end. The financial covenants were met during the year. The term of the facility was extended for a further 24 months to February 2020.

Working capital

Although Jasco's working capital management remained an area of focus during the year, the last two months of the year produced record volumes and resulted in an increase of R39,2 million against an increase of R16,2 million in the prior financial year.

Inventories of R102,6 million includes R4,6 million for Reflex Solutions and R1,5 million for RAMM Technologies, and compares to R86,3 million in F2017. Excluding these acquisitions, the remaining increase was mainly due to higher stock of R10,7 million in the Electrical Manufacturers business in response to demand from existing and new customers.

Trade and other receivables of R286,2 million includes R8,1 million for RAMM Technologies, and compares to R270,0 million in F2017. Excluding the new acquisitions, the increase was mainly due to a R25,0 million increase in Broadcast Solutions on the completion of significant studio upgrades for major sports broadcasters.

Trade and other payables (including provisions and deferred purchase consideration) of R286,5 million includes R0,8 million for RAMM Technologies, compared to the restated R235,6 million in F2017 (reported F2017: R204,6 million). The trade and other payables in Broadcast Solutions increased as the studio upgrades mentioned above were mostly supplier funded. The deferred purchase consideration of R40,4 million is classified as a current liability and includes R9,8 million for Reflex Solutions and R30,6 million for RAMM Technologies. The second tranche payment relating to Reflex Solutions will be paid following the sign off of Jasco's audited June 2018 annual financial statements are signed off by the subsidiary directors and external auditors. The first tranche of R15,3 million of the purchase price of R30,6 million was paid to the RAMM Technologies vendors on 31 August 2018. The second tranche is expected to be paid within seven days of receipt of the reviewed May 2018 annual financial statements.

Deferred maintenance revenue decreased from the restated R56,1 million in F2017 to R38,2 million in F2018 and relates mainly to service level agreement (SLA) renewals from Enterprise customers.

The following table compares the June 2018 net working capital to the restated June 2017 and June 2016 positions:

	June 2018	June 2017	June 2016
Inventory	**30,6**	33,6	35,3
Receivables	**89,7**	91,5	107,3
Payables	**(100,2)**	(98,6)	(103,8)
NWC days	**20,2**	29,3	38,7

Net working capital (NWC) days of 20,6 days (F2017: 29,3 days) are below the group's target of 35 days, mainly as a result of the higher sales volumes due to the inclusion of Reflex Solutions for a full 12 months. This excludes the impact of the RAMM Technologies acquisition.

It is evident from this table that the working capital profile improved this year. It must be noted that the SLA income received in advance from customers and the SLA pre-payments made to suppliers inflate the days calculated for payables and receivables respectively.

STATEMENT OF CASH FLOWS

The statement of cash flows reflects an inflow in cash generated from operations before working capital changes of R94,4 million compared to the restated R71,6 million in F2017 (reported F2017: R58,8 million), mainly due to the contributions from the new acquisitions and the higher level of depreciation and amortisation in the current financial year. Working capital changes reflect an outflow of R39,2 million (restated F2017: R16,2 million versus reported R7,1 million) on an increase in inventories, receivables and payables related to the higher fourth quarter volumes.

The net interest payment amounted to R13,9 million (restated F2017: R8,7 million versus reported of R11,5 million), while income tax payments of R18,7 million were higher than R16,9 million in the prior year. An ordinary dividend of 1 cent per share amounting to R2,2 million related to F2017 was paid in the first half. Dividends of R3,7 million were paid to non-controlling shareholders during the year. Total cash flows from operating activities was a R16,6 million inflow compared to the restated R25,2 million inflow in F2017 (reported F2017: R32,1 million).

Investing activities saw a cash outflow of R44,0 million (restated F2017: inflow of R21,4 million versus a reported F2017: R14,5 million), which mainly related to capital expenditure on fixed assets and intangible assets and the Reflex Solutions acquisition. Financing activities saw an outflow of R0,9 million (F2017: R41,9 million inflow) being the R20,0 million second draw-down of the Bank of China working capital loan. This was partly offset by the repayment of vendor funded loans and transactions with non-controlling shareholders.

Accordingly, Jasco's net cash in the bank position of R67,9 million decreased from R95,6 million in F2017, mainly due to the working capital demands for normal trading in the fourth quarter.

ANTICIPATED MAJOR ACCOUNTING DEVELOPMENTS

The assessment of the impact of the new standards IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) on F2019 must still be fully quantified, but is not expected to have a material impact.

LITIGATION, CLAIMS AND OTHER CONTINGENCIES

The insurance claim raised against the F2017 fraud losses in the Enterprise business was settled in full. The South African Police Service continues with their investigation into the matter.

The minority shareholders of Reflex Solutions have raised a legal dispute with Jasco regarding the majority ownership of the company. The outcome of this dispute may affect the timing of the second tranche payment in respect of Reflex Solutions. The respective parties are in negotiations to resolve this dispute.

There are no other material matters to report.

OPERATIONAL OVERVIEW

The only restatement at an operational level was in Enterprise. This was mainly due to the consolidation of 100% of JTS. As outlined earlier, the operational performance of the group remained solid, with good operating profit improvement on cost reductions and a first-time contribution from RAMM Technologies.

CARRIERS – 30% of group revenue

Carriers delivers telecommunications products and services, from design and planning of networks to configuration, integration and support. As a systems integrator and distributor, its proven solutions focus on access, transmission and operational support systems for telecommunications networks across the African continent.

Year under review

Revenue declined by 10% to R348,7 million from R385,8 million due to lower orders. As anticipated, Carrier Solutions experienced a continued shift in customer capex spend from older technology to newer, integrated network technology. In addition, one client's spend declined due to delays in their long-distance build programme.

Orders at Webb Industries remained relatively flat. Lower orders in the projects division, which delivers in-building solutions for mobile operators, was offset by good growth in the kitting division, which supplies passive ancillary equipment, such as brackets and cables, for the operators in their site build programmes.

Although revenue declined in Carriers, gross margin levels improved due to a higher-margin product mix and improved productivity in the services business.

As this business unit focused on overhead costs and efficiencies, operating profit was up by 4% from R51,0 million to R53,1 million, with particularly pleasing results from Webb Industries. The operating margin remained healthy at 15.1% (F2017: 13.2%). Carriers remains Jasco's largest profit contributor.

Outlook

Tough trading conditions will continue in South Africa, with ongoing pressure on pricing and capex spend in traditional areas. Further consolidation is likely in the operator space and customers are also increasingly dealing with original equipment manufacturers (OEMs) directly and not through systems integrators.

To counter this, Carrier Solutions will focus on selling its niche products to Tier-2 operators in South Africa and East Africa. The group will also continue implementing its diversification strategy of providing service capability to the top four telecommunication original equipment manufacturers.

Jasco also has a significant passive ancillary product portfolio which positions it well for the growing fibre to the home and business (FTTX) and 5G markets. The business plans to increase market share through targeting the open access fibre service providers with this product and services portfolio.

In East Africa, business conditions are expected to improve as the political environment continues to stabilise and growth in GDP in the territory reaches traditional highs of 6% to 7%. To tap into this, Jasco will expand its Carriers product and service portfolio to complement the existing Enterprise portfolio.

This business unit will also remain focused on cost containment to protect operating profit.

ENTERPRISE – 34% of group revenue

Enterprise delivers end-to-end solutions, including contact centres, unified communications, workforce optimisation, IT infrastructure and security and fire solutions to corporates in Southern and East Africa.

Year under review

Results in this business unit had to be restated due to the consolidation of JTS from 10% to 100%. This reduced operating profit in F2018 by R7,4 million to R11,2 million (Restated F2017: loss of R5,2 million versus reported loss of R3,4 million). The turnaround to a profit was due to the 12-month performance from Reflex Solutions and the start of the benefits of corrective actions over the last two years. Whilst the operating margin percentage is still not achieving the group's profit target levels, it was pleasing that an operating margin of 2.8% was achieved compared to an operating loss of 1.7% last year.

Revenue increased by 28% to R401,7 million from R314,8 million due to the first full year of contribution from our IT services business, Reflex Solutions, compared to two months last year. Excluding the 12-month inclusion of Reflex versus two months in 2017, the overhead expenses declined by 3% during the year. This was achieved through a focus on cost containment and reduction programmes and was particularly pleasing considering average employee increases of 6% and continued investment in East Africa's support functions.

The good performance in once-off projects in the FTTX market in Reflex Solutions was offset by a reduction in new orders in Enterprise, especially in Fire and Datavoice and slower expansion in East Africa following political instability and uncertainty. The under-recovery of fixed software development costs due to lower sales in Datavoice and the project delays and increased cost to complete projects in Fire had a negative impact on performance.

To address the disappointing results in Datavoice and Fire, management was replaced and the Security and Fire divisions were separated from Enterprise and combined under one new management team to improve market focus and service delivery to customers. These actions have already started to show some improvement, with the businesses commencing the new financial year with strong order books.

Outlook

South African conditions are expected to remain challenging, which will delay customer spend.

To address this, Jasco has implemented additional marketing initiatives to address new market segments. It has also packaged specialist integration solutions, which will allow more attractive price points to the market and will continue to improve cross-business sales.

The Enterprise Communications business is expanding its cloud-focused solutions, combined with a strong focus on customer service in a market of digital migration. The team is further diversifying the portfolio to improve service and position the business to take advantage of growth areas that digitisation will bring.

The new management and restructuring of Security and Fire will drive an improved performance, as well as increased opportunities for cross-selling across the joint customer base.

The 10% interest in JTS will be disposed of in due course to the existing enterprise development partner.

Although challenging market conditions will prevail during F2019, a further improvement is expected from the Enterprise business unit due to ongoing cost containment and an improved focus on market penetration.

INTELLIGENT TECHNOLOGIES – 18% of group revenue

Intelligent Technologies comprises broadcast solutions, smart buildings, data centres, power solutions and renewable energy solutions. It also includes the recently-acquired RAMM Technologies which provides real-time asset monitoring and measuring solutions.

Year under review

The poor market conditions in South Africa had a particularly negative effect on the Power assurance market, which saw a 70% decline in new orders.

Even against this, due to several long-term projects that create annuity revenue and the inclusion of R13,3 million of RAMM Technologies for four months, revenue increased by 27% from R163,1 million to R206,8 million.

Although revenue growth was strong, the losses incurred in the Power business due to its lack of sales resulted in operating profit declining by 17% from R22,1 million to R18,2 million. Operating margin was down from 13.4% to 8.8%.

The Broadcast Solutions business continued to deliver a strong set of results due to a broader portfolio offering and increased spend on studio upgrades for the 2018 FIFA Soccer World Cup.

The Property Technology Management business delivered good growth due to more properties under management, which increased the long-term revenue base.

Outlook

Although the growth in international entertainment providers over the internet has increased competition, the South African broadcast market remains relatively strong. Jasco's partnerships with global technology providers have positioned it well to offer end-to-end broadcast solutions.

In the Power sector, the lack of government initiatives to stimulate the renewable energy sector will continue to put pressure on the market. However, as reliable power supplies are crucial to corporate entities and government, the group's solar PV energy solutions are well placed. This has already led to the restructure of the Power business and its incorporation into the Renewables business to unlock additional cost savings and management synergies across these two areas, as well as returning it to profitability.

Jasco has recently signed a number of professional service agreements with landlords with significant property portfolios, as well as reviewing alternative business models to leverage the portfolio. Intelligent Technologies now has more than 800 buildings under its management in South Africa.

The business will expand its involvement in the Internet of Things (IoT) market through RAMM Technologies, as well as additional partnerships with local and global IoT players. This is a highly innovative space that shows good growth potential.

In the key market of East Africa, power quality and assurance solutions will continue to present growth opportunities, with the team focusing on expanding the offering in this market to include the in-house power assurance and renewable portfolio.

ELECTRICAL MANUFACTURERS – 18% of group revenue

Electrical Manufacturers is largely a component manufacturer of plastic injection-moulded products, wire harnesses, metal pressings and household electrical products with a special focus on the large home appliance market in South Africa.

Year under review

Despite a tough year, with the South African economy showing almost no growth, revenue increased by 7% from R190,8 million to R203,5 million. The majority of the increase was due to higher volumes from major appliance customers, specifically from the refrigeration plants. For the first time in the business unit's history, it exceeded the R200 million revenue level.

While business volumes increased, gross margins continued to come under pressure from this business unit's largest customer in the appliance white goods market. The more profitable product lines in the wiring harness space were also lost to competitors due to unsustainably low pricing levels. This had a further negative impact on the gross margin product mix.

To address this, Electrical Manufacturers continued to focus on its customer diversification strategy, which resulted in increased sales from new customers.

Aggressive cost containment continued during the year and overhead costs remained flat on last year even though employee costs increased by an average 6% for the year.

All these factors resulted in maintaining the operating profit at R13,2 million, with a decline in operating margin from 7.0% to 6.5%.

Outlook

The relatively benign South African consumer market will pose growth-related challenges in the short term. The key focus in the coming year will be on further diversifying the customer base and product range through a focus on small- to medium-sized companies that will provide additional volume at improved product margins and allow this business unit to leverage its well-established infrastructure.

The team is evaluating further diversification into other markets, such as the motor industry accessory and plastic fibre ducting sectors. In the coming year, further efficiency improvements in the factory production will be introduced, with higher levels of mechanisation through robotics for automatic product extraction processes and reduced electricity consumption through more energy-efficient replacement machinery.

The team is investigating restructuring the business into more focused areas, such as plastics and metal pressings, to reduce input costs from a cost of sales and overhead perspective to improve profitability levels.

In addition, working capital levels will be reduced by increasing local raw materials content where possible and deferring all non-essential operating expenditure through a continued cost containment programme.

This business also plans to target increased longer-term supply contracts with higher volumes and an improved product mix.

DELIVERY ON STRATEGY

Jasco continues to progress its strategy of offering services across the information and communication technologies (ICT), security and fire, power and renewables and manufacturing sectors. It operates across the entire value chain, from engineering, solutions development, procurement, installation and integration to maintenance.

The three strategic goals underpinning our strategy are:

1. **Improve earnings**
2. **Develop employees to achieve formal employer of choice certification**
3. **Accelerate transformation, with a focus on broad-based black economic empowerment (B-BBEE), digitisation of the business and the evolution of the portfolio into a smart solutions provider of choice**

It is imperative that the organisation now shifts from planning into execution mode to deliver against these three strategic goals. This will be management's key focus over the next 12 months.

IMPROVE EARNINGS

Improving earnings will be a key focus area going forward. The group aims to achieve this through:

- Improving business unit operating profit;
- Particular business units that are on the watch list due to disappointing performances are: Power & Renewables and Datavoice. In addition, although the Electrical Manufacturers business delivered a satisfactory performance in F2018, it has had a very tough start to the F2019 year due to ongoing market pressure;
- Reducing costs at the head office. Key areas being targeted are the reduction of interest, audit costs, executive management positions and property rental expenses. Jasco also continues to reduce debt and interest costs; and
- Improving the effective tax rate by reducing non-deductible expenses.

DEVELOP EMPLOYEES

The continued weak performance of the South African economy and the ongoing shortage of critical, skilled resources, particularly within the ICT industry, has resulted in the business environment becoming even more challenging during the past 12 months. To address this, key senior and technical management resources continue to be placed on retention schemes.

The group further invested in training of its technical resources and placed particular emphasis on black employees.

With the implementation of the group's talent management framework, the group will focus on its skills development programme, as well as fast-tracking black employees to reflect the national demographics of the country.

The group is currently benchmarking itself against the top "employer of choice" programme to ensure that it attracts, acquires, develops and retains employees to unlock this key differentiator.

TRANSFORMATION

Jasco has identified three aspects of transformation that should be addressed to achieve transformation objectives:

- Broad-based black economic empowerment (B-BBEE).

  Due to the diverse nature of the group and its operations across four sectors, Jasco has decided to individually rate the various legal entities in their applicable sectors instead of only at group level.
- Digitisation of the business.

  Digitisation of back-office support functions has become an imperative to assist customer-facing business units to improve customer service. The team is implementing a unified technology platform that addresses processes and systems for both enterprise resource planning (ERP) and customer relationship management (CRM).
- Evolution of the portfolio into a smart solutions provider of choice.

  Whilst the economy of South Africa still shows weakness and restricted growth, there are key segments within the group's markets it serves that offer good prospects for growth due to shifts in technology. Jasco is well positioned to take advantage of these segments.

GROUP PROSPECTS

To counter South Africa's low growth environment, Jasco will continue to execute its strategy and focus on the following additional key areas:

- Reduce financial gearing during F2019 through continued cash generation from operations;
- Address opportunities in the rest of Africa on a case by case basis to prevent a further drag on results. The new local partnership in Kenya has significantly reduced Jasco's risk in this market;
- Ensure a return to acceptable and sustainable profitability levels in the Power and Renewables and Datavoice businesses;
- Drive targeted regional growth in the Western Cape, KwaZulu-Natal and the Eastern Cape;
- Add to Jasco's products and services portfolio, with an emphasis on services in the form of managed solutions;
- Target large corporate and public (SOE) entities with the full portfolio; and
- Continue the transformation of Jasco, with employment equity and skills development a priority.

Following the disappointment of having to restate results and the group's voluntary suspension, management will continue working closely with its new external auditors going forward.

Based on a solid underlying operational performance, management's focus will be on executing on its strategy and improving earnings in the short term.

Shareholders are advised that any forward-looking information or statements contained in this announcement have not been reviewed or reported on by Jasco's independent auditors.

SUBSEQUENT EVENTS

There were a number of material subsequent events that occurred between the accounting date of 30 June 2018 and the new reporting date of today, 5 November 2018. These are:

- The group announced the F2018 provisional results on 27 September 2018 and erroneously referred to the results as "audited". This announcement was retracted on 1 October 2018. To ensure that no shareholder was prejudiced, the Jasco board applied for the voluntary suspension of Jasco's shares on the Johannesburg Stock Exchange before 09:00 on the same date.
- The dividend number 24 of 1 cent per share declared by the board on 27 September 2018 had to be withdrawn on 1 October 2018 due to the retraction of the F2018 results.
- On 12 October 2018, the external auditors, PwC Incorporated, reported to the Independent Regulatory Board of Auditors (IRBA) that they believed a suspected irregularity had taken place, as defined in the Auditing Professions Act, 2005 (APA). PwC was of the view that the reportable irregularity related to statements made in the SENS announcements of 27 September and 1 October 2018. They indicated that these announcements may have been misleading, as the audit of the consolidated annual financial statements were not finalised at the date of publication of the results. This could have constituted a breach of the provisions of section 29 of the Companies Act 2008 and/or a breach of the provisions of section 81 of the Financial Markets Act 2012. At the date of publication of these re-published results. PwC followed up their report to the IRBA with a second report as required by the APA, advising the IRBA that, in its view, the reportable irregularities are no longer occurring;
- The corporate bond's interest cover covenant for the six-month period ended 30 June 2018 was breached (1,8 times versus 2,0 times) and was condoned by the corporate bondholder on 28 October 2018. Consequently, the interest-bearing loan was reclassified at 30 June as a short-term borrowing. The corporate bondholder confirmed that the repayment date remains unchanged at 31 January 2020.
- The guarantees issued in favour of subsidiaries will be reduced following the reduction in the company's shareholders' equity resulting from the F2017 restatements; and
- The minority shareholders of Reflex Solutions have raised a legal dispute with Jasco regarding the majority ownership of the company. The outcome of this dispute may affect the timing of the payment of the second tranche payment in respect of Reflex Solutions.

CHANGES TO THE BOARD

There were some changes to the board during the year under review. Mr AMF da Silva retired as the CEO on 30 June 2018 and was appointed as a non-executive director on 1 July 2018. Mr MJ van Vuuren joined the board on 1 July 2018 as the chief executive officer. The board expresses its gratitude to Mr Da Silva for the hard work during his tenure and welcomes Mr Van Vuuren in his new role. Mr JC Farrant, the lead independent non-executive director, will retire from the board at the next AGM after 21 years of service. The board thanks him for his dedicated service to the company.

DIVIDEND

Due to the earnings loss position of the group, the board deemed it prudent not to declare a dividend this year.

For and on behalf of the board

Dr ATM Mokgokong	**MJ van Vuuren**	**WA Prinsloo**
(Non–executive chairman)	*(Chief executive officer)*	*(Chief financial officer)*

5 November 2018

BASIS OF PREPARATION

The summarised consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, 71 of 2008, as amended and the Listings Requirements of the JSE Limited. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year. These summarised consolidated financial statements, which were derived from the underlying audited consolidated financial statements for the year ended 30 June 2018, have not been audited. The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying audited financial statements. The auditors, PwC Inc., have audited the consolidated annual financial statements for the year ended 30 June 2018 from which this summarised report has been derived and on which an unmodified opinion was expressed. The annual financial statements and a copy of the unmodified audit opinion are available at Jasco's registered office.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments are determined using appropriate valuation techniques, including recent market transaction and other valuation models, have been applied and significant inputs include exchange rates. The group only has assets that are carried at fair value in level 2. There is no difference between the fair value and carrying value of financial instruments not presented below due to either the short-term nature of these items, or the fact that they are priced at variable interest rates.

FAIR VALUE HIERARCHY

Financial instruments carried at fair value in the statement of financial position	(R'000)
– Financial assets at fair value through profit or loss	2 929
– Financial liabilities at fair value through profit or loss	83

POSTING OF INTEGRATED REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Shareholders are further advised that the company's Integrated Annual Report for the year ended 30 June 2018, containing the unmodified annual financial statements and notice of annual general meeting, will be distributed on or about Friday, 16 November 2018.

Included in the Integrated Annual Report is a notice of Annual General Meeting of shareholders which will be held in the company's boardroom, Jasco Office Park, Corner Alexandra Avenue and Second Street, Midrand, on or about Thursday, 20 December 2018, at 11:00 to transact the business as stated in the notice of the Annual General Meeting to be posted to shareholders on or about 16 November 2018.

The record date, for purposes of determining which shareholders are entitled to receive the notice of Annual General Meeting, will be Friday, 2 November 2018.

The last day to trade and the record date, for shareholders to be eligible to participate in and vote at the Annual General Meeting, are Tuesday, 4 December 2018 and Friday, 7 December 2018 respectively.

The Integrated Annual Report will be available on the company website: www.jasco.co.za on or about 16 November 2018.

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(R'000)		Audited 30 June 2018	Restated 30 June 2017	% change
Revenue		**1 147 083**	1 036 509	10,7
Cost of sales		**(786 607)**	(724 064)	8,6
Gross profit		**360 476**	312 445	15,4
Other income		**27 437**	24 490	140
Selling and distribution costs		**(1 814)**	(3 145)	(42,3)
Administrative expenses		**(246 584)**	(209 337)	17,8
Other expenses		**(99 122)**	(120 561)	(17,9)
Operating profit		**40 393**	3 892	937,8
Finance income		**4 285**	6 986	(38,7)
Finance costs		**(24 451)**	(18 520)	(32,0)
Equity accounted share of loss from joint venture/associate		**(4 091)**	(1 823)	(124,4)
Profit/(Loss) before taxation		**16 136**	(9 465)	270,5
Taxation		**(12 754)**	(25 976)	50,9
Profit/(Loss) for the year		**3 382**	(35 441)	109,5
Other comprehensive (loss)/income		**(351)**	319	
Total comprehensive income/(loss) for the year		**3 031**	(35 122)	108,6
Profit/(Loss) attributable to:				
– non-controlling interests		**11 047**	3 807	190,2
– ordinary shareholders of the parent		**(7 665)**	(39 248)	80,5
Profit/(Loss) for the year		**3 382**	(35 441)	109,5
Total comprehensive income/(loss) attributable to:				
– non-controlling interests		**11 047**	3 807	190,2
– ordinary shareholders of the parent		**(8 016)**	(38 929)	79,4
Total comprehensive income/(loss) for the year		**3 031**	(35 122)	108,6
Reconciliation of headline earnings				
Net earnings loss attributable to equityholders of the parent		**(7 665)**	(39 248)	80,5
Headline earnings adjustments		**4 246**	28 381	(85,0)
– impairment of goodwill		**4 517**	28 302	
– profit on disposal of subsidiary (East Africa)		**(206)**	–	
– net (profit)/loss on disposal of fixed assets		**(65)**	79	
Headline earnings loss		**(3 419)**	(10 867)	68,5
Number of shares in issue	('000)	**229 319**	229 319	
Treasury shares	('000)	**250**	2 407	
Weighted average number of shares on which earnings per share is calculated	('000)	**229 069**	226 912	
Dilutive share options	('000)	**373**	2 451	
Weighted average number of shares on which diluted earnings per share is calculated	('000)	**229 442**	229 363	
Ratio analysis				
Attributable earnings		**(7 665)**	(39 248)	80,5
EBITDA		**75 525**	49 970	51,1
Earnings per share	(cents)	**(3,3)**	(17,3)	80,7
Diluted earnings per share	(cents)	**(3,3)**	(17,1)	80,5
Headline earnings per share	(cents)	**(1,5)**	(4,8)	68,8
Diluted headline earnings per share	(cents)	**(1,5)**	(4,7)	68,5
Net asset value per share	(cents)	**77,4**	81,3	(4,8)
Net tangible asset value per share	(cents)	**10,0**	40,1	(75,1)
Debt: Equity	(%)	**56,5%**	43,4%	30,3
Interest cover	(times)	**2,0**	2,6	(23,8)
EBITDA interest cover	(times)	**3,7**	4,9	(23,3)

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

(R'000)	Audited 30 June 2018	Restated 30 June 2017
Cash generated from operations before working capital changes	**94 375**	71 584
Working capital changes	**(39 207)**	(16 190)
Cash generated from operations	**55 168**	55 394
Net financing costs paid	**(13 925)**	(8 734)
Net taxation paid	**(18 718)**	(16 943)
Dividends paid	**(5 907)**	(4 478)
Cash flow from operating activities	**16 618**	25 239
Cash flow from investing activities	**(43 971)**	21 373
Cash flow from financing activities	**(932)**	41 878
(Decrease)/Increase in cash resources	**(28 285)**	88 490

Directors and Secretary: Dr ATM Mokgokong (Chairman), MJ Madungandaba (Deputy Chairman), JC Farrant*, S Bawa*, P Radebe*, T Zondi* AMF da Silva (Non-executives), MJ van Vuuren (CEO), WA Prinsloo (CFO), TS Petje, SM Samuels (Executives), N Modisakeng (Company Secretary) *Independent

Registered office: Jasco Park, c/o 2nd Street and Alexandra Avenue, Midrand, 1685

Transfer secretaries: Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001

Sponsor: Grindrod Bank Limited, Fourth Floor, Grindrod Tower, 8A Protea Place, Sandton, 2146

More information is available at: **www.jasco.co.za**

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SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(R'000)	Audited 30 June 2018	Restated 30 June 2017
ASSETS		
Non-current assets	**258 819**	210 788
Plant and equipment	79 596	78 936
Intangible assets	154 509	112 608
Investment in joint venture/associate	4 412	284
Deferred income tax	19 725	17 803
Other non-current assets	577	1 157
Current assets	**467 229**	474 072
Inventories	102 642	86 334
Trade and other receivables	286 197	269 975
Taxation refundable	9 506	7 280
Short-term portion of other non-current assets	995	14 932
Cash and cash equivalents	67 889	95 551
Total assets	**726 048**	684 860
EQUITY AND LIABILITIES		
Shareholders' equity	**204 219**	201 630
Share capital	281 283	281 283
Treasury shares	(450)	(2 635)
Non-distributable reserves	6 941	6 427
Retained loss	(110 392)	(100 495)
Equity attributable to equity holders	177 382	184 580
Non-controlling interests	26 837	17 050
Non-current liabilities	**139 440**	168 504
Interest-bearing liabilities	128 549	162 598
Deferred maintenance revenue	518	331
Deferred income tax	10 373	5 575
Current liabilities	**382 389**	314 726
Trade and other payables	268 432	215 604
Provisions	18 027	19 984
Taxation	2 992	2 626
Deferred maintenance revenue	38 237	56 139
Short-term borrowings	54 701	20 373
Total equity and liabilities	**726 048**	684 860

SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(R'000)	Audited 30 June 2018	Restated 30 June 2017
Attributable to equity holders of the parent		
Opening balance	**184 580**	224 749
Treasury shares – Share Incentive Trust	2 185	3 597
Share-based payment reserve	865	(359)
Total comprehensive income	(8 016)	(38 929)
– Loss for the year	(7 665)	(39 248)
– Other comprehensive (loss)/income	(351)	319
Dividends paid	(2 232)	(4 478)
Closing balance	**177 382**	184 580
Non-controlling interest		
Opening balance	**17 050**	7 100
Acquisition of subsidiary	8 496	6 966
Transactions with non-controlling shareholders	(758)	3
Total comprehensive income	11 047	3 807
– Profit for the year	11 047	3 807
– Other comprehensive income	–	–
Dividends paid to non-controlling shareholders	(8 998)	(826)
Closing balance	**26 837**	17 050
Total equity	**204 219**	201 630

SUMMARISED SEGMENTAL REPORTS

Income and expenses (R'000)	30 June 2018 Revenue	30 June 2018 Operating profit/(loss)	Restated 30 June 2017 Revenue	Restated 30 June 2017 Operating profit/(loss)
Carriers	**348 738**	**53 092**	385 846	51 033
Enterprise	**401 709**	**11 152**	314 846	(5 208)
Intelligent Technologies	**206 767**	**18 231**	163 078	22 094
Electrical Manufacturers	**203 530**	**13 158**	190 795	13 275
Sub-total operating divisions	**1 160 744**	**95 633**	1 054 565	81 194
Other	**–**	**(43 000)**	–	(36 887)
Adjustments	**(13 661)**	**(12 240)**	(18 056)	(40 415)
Total	**1 147 083**	**40 393**	1 036 509	3 892

Financial position (R'000)	30 June 2018 Assets	30 June 2018 Liabilities	Restated 30 June 2017 Assets	Restated 30 June 2017 Liabilities
Carriers	**153 596**	**49 511**	150 705	38 191
Enterprise	**146 326**	**93 965**	136 770	89 993
Intelligent Technologies	**88 780**	**51 634**	75 254	32 824
Electrical Manufacturers	**95 608**	**22 877**	89 445	19 776
Sub-total operating divisions	**484 310**	**217 987**	452 174	180 784
Other	**164 159**	**318 897**	160 963	302 827
Adjustments	**77 579**	**(15 055)**	71 723	(381)
Total	**726 048**	**521 829**	684 860	483 230

JASCO ELECTRONICS HOLDINGS LIMITED

Registration number 1987/003293/06
• JSE share code: JSC
• ISIN: ZAE000003794
("Jasco" or "the company" or "the group")

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