JASCO
INSPIRE.INNOVATE.

INTEGRATED ANNUAL REPORT 2018

CONTENTS

ABOUT THIS REPORT

Scope and boundary

This integrated annual report provides information relating to Jasco's strategy and business model, operating context, material risks and opportunities, governance and operational and financial performance for the period 1 July 2017 to 30 June 2018.

The group operates in Southern Africa, has a satellite office in Nairobi, Kenya, to service East Africa and operates on a project basis in United Arab Emirates to serve the Middle East.

This report was compiled while considering the recommendations of the King IV Report on Corporate Governance (King IV) and the International Integrated Reporting Council. We have documented our assessment of the King IV principles in a separate register. Refer to www.jasco.co.za.

The annual financial statements comply with International Financial Reporting Standards (IFRS), the JSE Listings Requirements and the South African Companies Act. The annual financial statements have been audited by PwC Inc.

Materiality

The group engaged with a range of stakeholders, from government, communities, employees and suppliers to shareholders. These engagements, as well as our internal discussions as a board and management team, were considered during the compilation of this integrated annual report.

We interrogated the material issues through various forums, such as our main board and board sub-committee meetings.

Our material issues have been defined as:

1. Improve earnings
2. Ensure a solid capital base
3. Manage risk and compliance and drive continuous improvement
4. Optimise key growth areas
5. Diversification
6. Effective people engagement, development and retention
7. Transformation
8. Reflex dispute
9. Restatement of results

Refer to pages 40 to 42.

Forward-looking statements

This report contains certain forward-looking statements with respect to Jasco's financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These statements have not been audited.

Directors' responsibility

The Jasco board, supported by the audit and risk committee, takes overall responsibility and accountability for this report. Executive management is responsible for the preparation and consolidation of this report. The board has collectively reviewed this report and confirms the integrity of the content. The board believes that this report is a balanced and appropriate presentation of the profile and performance of Jasco. Upon recommendation from the audit and risk committee, the board approved this report on 9 November 2018.

WHO WE ARE

JASCO DELIVERS SMART TECHNOLOGIES ACROSS MULTIPLE DISCIPLINES OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT), SECURITY AND FIRE, POWER AND RENEWABLES AND MANUFACTURING.

We are a distributor, reseller, systems integrator and service provider that deliver smart and innovative solutions. Jasco has been listed on the South African stock exchange, the JSE Limited, since 1987. We operate across Southern Africa, East Africa and the Middle East.

KEY FACTS

B-BBEE

57% black owned

37% black female owned

ISO 9001:2015

Certified, which has allowed us to improve efficiencies, productivity and customer retention.

Order entry

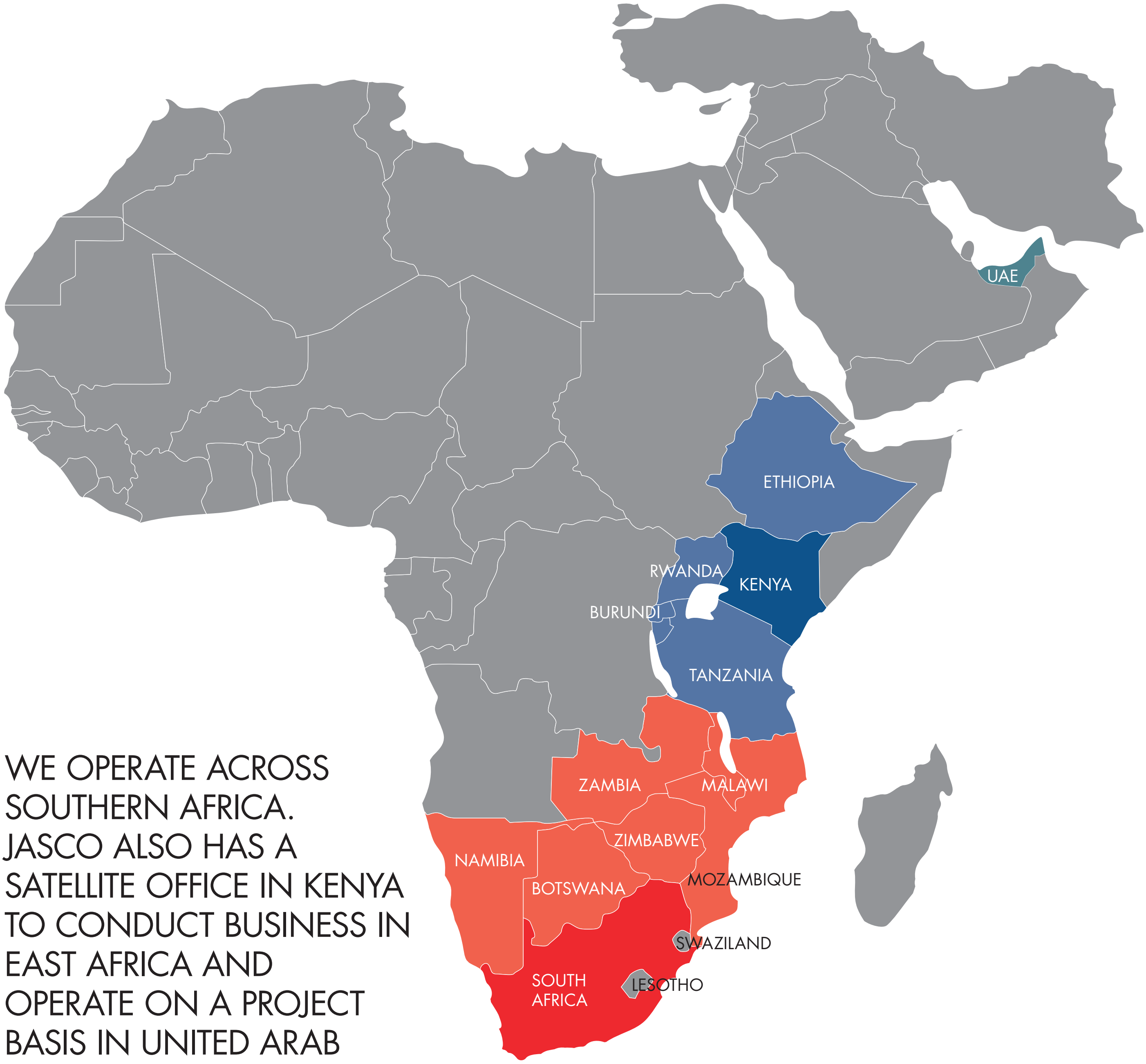
R1,2 billion

KEY PROJECTS

Some key projects during the year, which totalled more than R200 million

- Hosted a cloud contact centre for First Assist for an improved customer experience
- Design and supply of surge protection devices for Ericsson to assist with power assurance on MTN mobile sites
- Fibre to the Home supply of specialist equipment for broadband home connections to Vumatel
- Supply and build of interactive displays and screens for the 2018 Soccer World Cup for Supersport
- Digitisation project for tagging, converting and archiving analogue news content to digital media for SABC

WHERE WE OPERATE



WE OPERATE ACROSS SOUTHERN AFRICA. JASCO ALSO HAS A SATELLITE OFFICE IN KENYA TO CONDUCT BUSINESS IN EAST AFRICA AND OPERATE ON A PROJECT BASIS IN UNITED ARAB EMIRATES TO SERVE THE MIDDLE EAST.

WHY WE EXIST

Our strategy and culture are underpinned by a clear understanding of why we exist (our purpose), where we are going (our vision) and how we live every day (our values).

OUR PURPOSE

To build a sustainable, profitable business through our:

- People being the soul of our organisation;
- Customers being our valuable advocates; and
- Being innovative in everything we do.

OUR VISION

- Dare to excel, expect to succeed.

OUR VALUES

We believe our company culture is crucial to successfully deliver on our strategy.

- In line with this, a set of values is currently being implemented in the group. These were developed during Jasco's change management project in conjunction with our employees to ensure we have a common set of principles that demonstrate how we work within the Jasco environment.
- We have developed eight values to implement a culture that will support the delivery of our strategy.

Values

Leadership

together we can do great things 2018

Our Leadership Brand Ambassador is:

Louise van Zyl

"When I see positivity and common goals, I see her immediately. She is never negative. She lives and loves life. She represents GO GET IT. She SHINES. She SHARES, PROMOTES LEARNING AND LAUGHTER."

"Provides guidance and support where needed, and believes in her team to perform to the best of their ability."

Innovation

together we can do great things 2018

Our Innovation Brand Ambassador is:

Alan Chater

"He brings new ideas to the table."

"He spearheaded the development of products that continue to create value for the organisation."

"He is simply awesome."

Accountability

2018 together we can do great things

Our Accountability Brand Ambassador is:

Sasha Howard

"She takes pride in what she does and she makes sure that she is available to customers and employees. Accountable in all cases even if it is not her role. She continues to push those who do not always deliver, in a wonderful way."

Passion

2018 together we can do great things

Our Passion Brand Ambassador is:

Deshni Harrichran

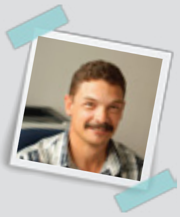
"She is passionate about all things Jasco."

"Deshni !! Of Course - who else?! She is a ball of fire, a pathfinder and she makes our organisation a happy place to go to work. She recently created a soccer fever in the office; and what do you know the other BU's followed suit by putting up flags in the office."

Integrity

2018 TOGETHER WE CAN DO GREAT THINGS

Our Integrity Brand Ambassador is:



Cliff Viljoen

"Cliff is an honest team player."

"He is honest and reliable. Sticks to his word and communicates openly with both management and co-workers."

"Encourages and supports his co-workers."

Agility

20 18 together we can do great things

Our Agility Brand Ambassador is:

Kubashni Ramanjalu

"She adapts easily to change and in turn, helps those around her to do so – She strives to take our company to greater heights."

"She is adaptable, versatile, dependable and adapts easily to sudden changes in our work environment."

Performance

TOGETHER WE CAN DO GREAT THINGS 2018

Our Performance Brand Ambassador is…

Shane Marais

"High level of competency in all spheres of the business."

"If assigned any task, be sure that it will be done before the deadline. You NEVER ask Shane to do something twice. If he needs your help, he will hunt you down until he gets it done according to his high standards. He takes into consideration the people impacted and the cost; in the best interest of Jasco. If you want to gets work done, you need Shane on your team!!!!"

Learning

2018 TOGETHER WE CAN DO GREAT THINGS

Our Learning Brand Ambassador is…

Noxolo Mkotywa

"She is remarkable in all that she does. She joined us only in March 2018 but her dedication to learn and adapt all that we do to her daily functions is outstanding."

"Always hungry to learn new things. Her interest in researching the YES initiative and empowering the youth is very impressive. She is humble, teachable and will continue rising. Keep LEARNING... keep GROWING..."

OUR GROUP AND REPORTING STRUCTURE

JASCO IS STRUCTURED AROUND AUTONOMOUS BUSINESS UNITS WITH THEIR OWN FINANCIAL PERFORMANCE RESPONSIBILITY. SHARED FUNCTIONS ARE CENTRALISED.

CARRIERS

Telecommunications solutions

- Masts and towers
- Distribution antenna systems
- Open access – FTTX*
- Transmission/access
- Outside plant (OSP)
- Cables and connectors

*Fibre to the home and business

ENTERPRISE

Communications

IT infrastructure and services

Security and fire

INTELLIGENT TECHNOLOGIES

- Broadcast
- Smart buildings
- Internet of Things
- Power and renewable energy
- Data centres/cloud services

ELECTRICAL MANUFACTURERS

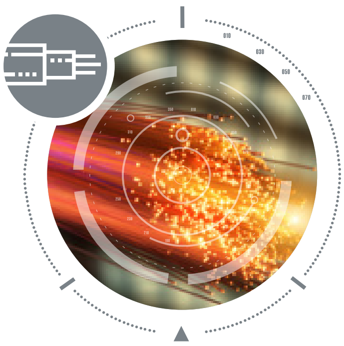
- Component manufacturers
- Tooling manufacture
- Plastic and injection moulding
- Metal press tools

OUR OFFERING

ICT SOLUTIONS

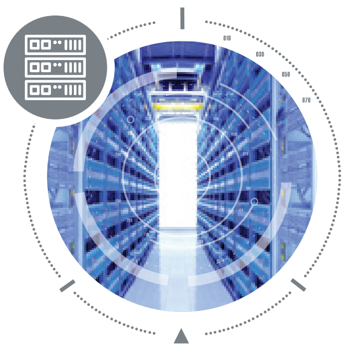
TELECOMMUNICATIONS

Jasco offers a complete range of infrastructure products and services for access, transmission, operational support systems and outside plant equipment. Our infrastructure enables telecommunications operators and service providers to rent space with full complementary site management and technical services. Through our Webb Industries business, we supply radiation systems, kiting, masts and towers, distributor antenna systems, and hi-site infrastructure to the industry on a rental basis.



FIBRE TO THE PREMISE AND OPEN ACCESS

Jasco supplies products and services that allow companies to deploy fibre to homes or businesses quickly and efficiently. The offering includes software automation, backhaul services, specialised passive optical networking equipment and the interconnection to internet service providers.



DATA CENTRES/CLOUD SERVICES

Jasco's offering provides a number of services, most notably co-location solutions and a fully outsourced and virtualised network operations service to global carriers that require a footprint in Africa or to African carriers that require a global footprint. For global reach, we partner with NEWTELCO GmbH, which has points of presence in Amsterdam, Frankfurt, Hong Kong, London, Stockholm and Vienna. The offering extends beyond data centre operators, and ensures that all requirements for equipment procurement or leasing, interconnection, hosting and operations are delivered in accordance with stringent service level agreements.

Jasco's cloud services provide full Infrastructure as a Service (IAAS) and Platform as a Service (PAAS) offerings from our own dedicated data centre. This targeted facility results in efficient uptime and cloud-specific solutions.

ICT SOLUTIONS

UNIFIED COMMUNICATIONS

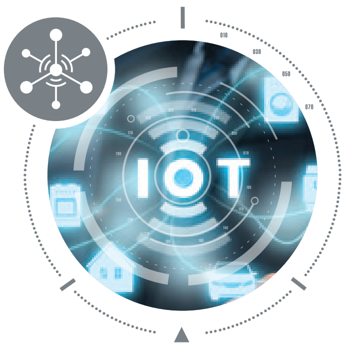
Jasco's offering enables seamless integration of communications technologies from multiple vendors. Collaboration tools include video into the traditional communications environment, enabling teams to communicate face-to-face without having to leave their offices. Our infrastructure is designed to provide a reliable quality voice service to connect customers to the rest of the world.

We monitor customers' voice networks and offer solutions that will provide cost-effective business continuity options. Instant messaging allows users to communicate quickly and effectively, while audio, video and web conferencing, with document and application sharing, further enhances collaboration and reduces travelling expenses and time.

CONTACT CENTRES/WORKFORCE OPTIMISATION

Jasco is a value-added reseller and systems integrator of world-class contact centres and communications tools and services. We manage and centralise our unique business solutions by making use of these products and services to improve customers' contact centre communications. We specialise in all aspects of contact centres, including scoping, design, supply, implementation and integration, project management, training and support and maintenance.

We manage and centralise our solutions and services to assist our customers' workforce with increased productivity and to ensure optimal performance in customers' enterprise contact centres and back offices. This can be done on site, hosted in a cloud or as a pure managed service.

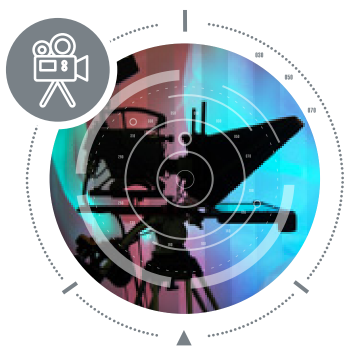


INTERNET OF THINGS

Jasco is a leading provider of integrated Internet of Things solutions for real-time asset monitoring and management services. These services are used for vehicle and personnel tracking, fleet management, computer-aided dispatching and mobile data services.

SMART BUILDINGS

Connectivity is the heart of a "smart building", which ensures access to the internet through specialist solutions. Jasco offers energy optimisation and management tools, energy continuity such as uninterrupted power supply and generators, renewable energy solutions, security solutions and fire detection and suppression. A "smart building" also includes our rooftop solutions, which includes marketing and management of the rooftop real estate, as well as lease administration. These offer landlords alternative revenue streams.



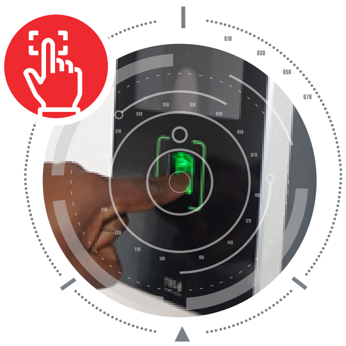
BROADCAST

This offering consists of the design, build, integration and maintenance of all aspects of technologies in the broadcast industry – from image capture through to transmission and storage. Jasco delivers complete video and audio solutions, from studio builds to mixing desks, cameras, tripods, tapes and post-editing archiving.

OUR OFFERING

continued

SECURITY & FIRE

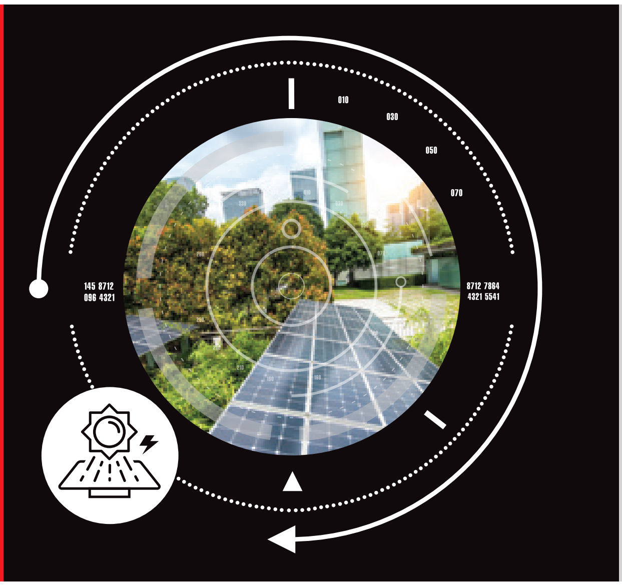


SECURITY

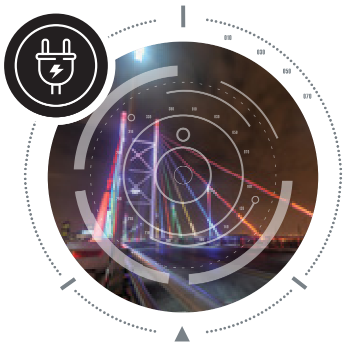
Jasco Security Solutions specialises in the design, installation and maintenance of smart security technology solutions. These include surveillance (CCTV), monitoring of physical security detection and biometric access control solutions. We deliver customised solutions to address the specific security and safety risks of our customer environments.

FIRE

Jasco Fire Solutions offers smart solutions for the detection and prevention of fire, including personal safety systems, fire detection, suppression and fire infrastructure. We deliver bespoke turnkey systems according to customer requirements, with a focus on specialised applications and risk environments. Our turnkey solutions are delivered by experienced teams. Employees and implementation processes are accredited by relevant authorities and certification agencies.



POWER & RENEWABLE ENERGY



POWER

Jasco offers full turnkey assurance and protection of power supply systems, including uninterrupted power supplies (UPS), generators, transformers, voltage regulators and lightning protection. These include remote monitoring solutions, which are tailored to the specific requirements of the customer. These offerings are supported by a skilled team of engineers and systems integrators.

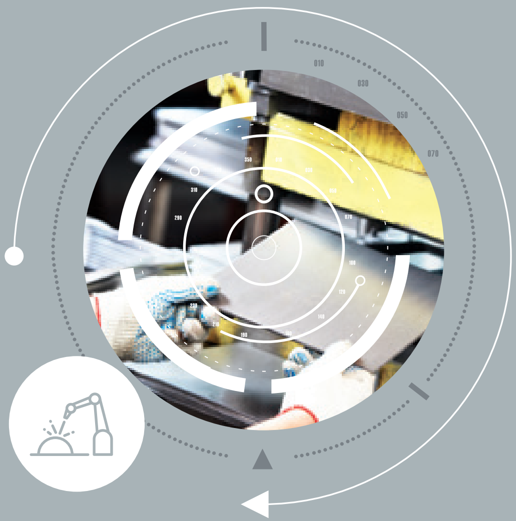
RENEWABLE ENERGY

Jasco delivers Photovoltaic (PV) solutions to the commercial sector, including rooftop and carport installation. We also offer a consulting energy optimisation service that includes the installation of Advanced Metering Infrastructure, which provides an accurate reading of consumption in real time, as well as audits to establish a baseline. Recommendations are provided to reduce energy consumption through a combination of technologies and solutions.

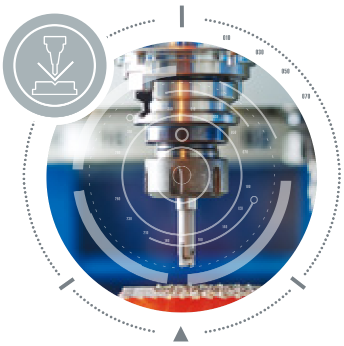
Our solar (PV) energy solutions assist organisations to combat global warming, reduce collective dependence on fossil fuels, and will allow them to enjoy carbon tax savings.

OUR OFFERING

continued

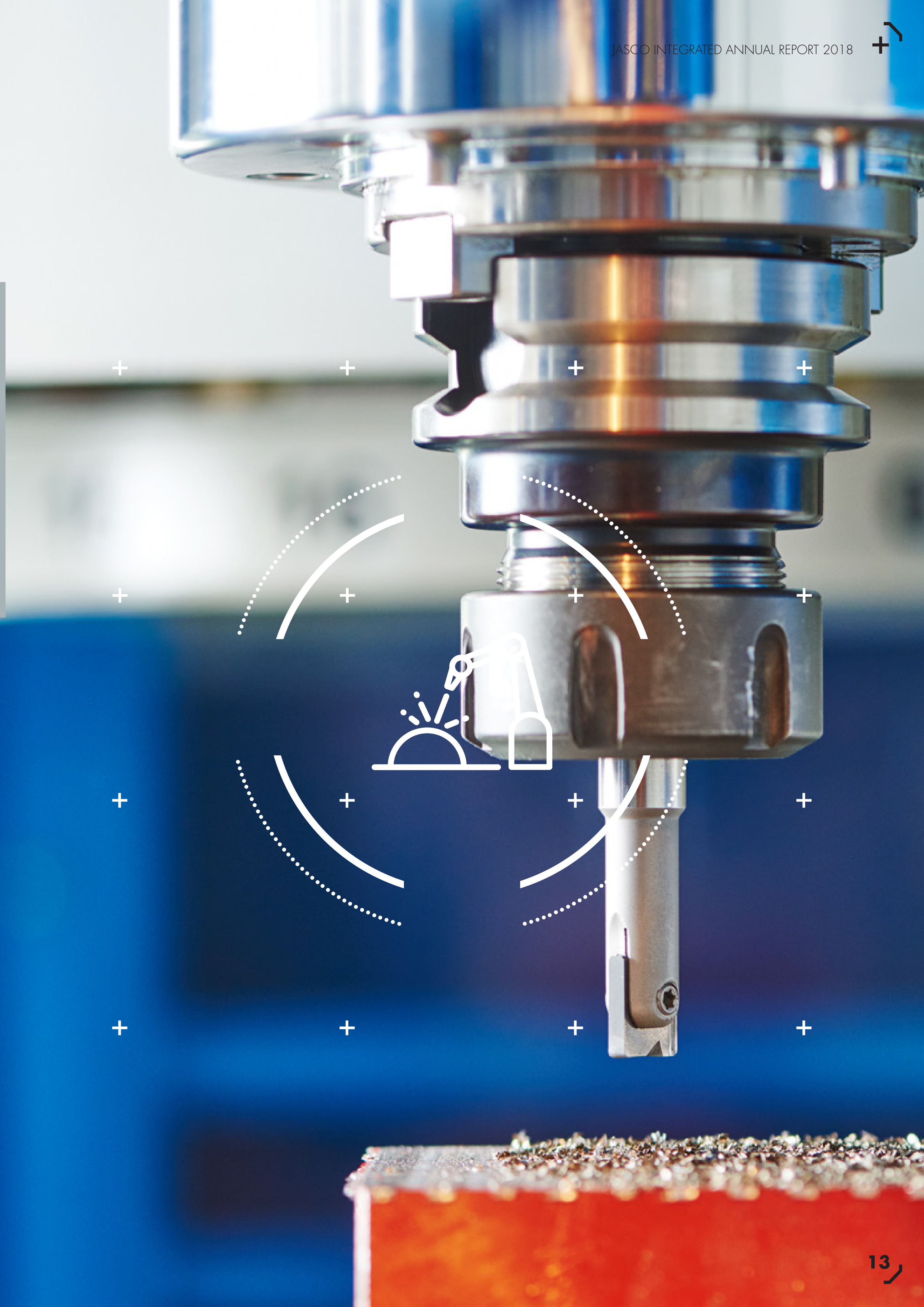


MANUFACTURING



ELECTRICAL MANUFACTURING

Jasco Electrical Manufactures offers a component manufacturing service on both a contract and an *ad hoc* basis, as well as product development services. Our factory is equipped to handle large volumes of plastic injection moulded and metal pressed manufacture of a variety of sizes of components. In addition, we have a range of in-house manufactured products, including electrical plugs, adaptors and extensions and salt water chlorinators.



WHO DRIVES OUR BUSINESS

OUR BOARD

Dr Anna T Mokgokong
(60)

BSc, MB ChB, DComm (hc)

Chairman (non-executive)

Dr Mokgokong is a co-founder and executive chairman of Community Investment Holdings (Pty) Ltd. She is a renowned business figure in South Africa and globally, with widespread experience in healthcare, academia and commerce. She is recognised as a senior director of companies on the Johannesburg Stock Exchange as she serves on five listed companies namely:

Afrocentric Investment Corporation, Rebosis Property Fund Limited, Shoprite Holdings Limited (as the first female director), Adcock Ingram Holdings Limited, and the Jasco board.

She also serves on numerous non-listed entities, including being the chairman of Seriti Coal, the second largest coal supplier to Eskom. She has received numerous local and international accolades as a community and business leader, including SA Businesswoman of the Year (1999) and one of the Leading Women Entrepreneurs of the World (1998). Most recently she received a Lifetime Achievement Award (2018) from Premier David Makhura at the Township Entrepreneurship Awards.

She has served in numerous councils of academic institutions and civil society commissions, such as The Independent Commission for Remuneration of Public Office Bearers, where she was appointed as deputy chairman by the former President Mr Thabo Mbeki (from 2004 to 2009). She was also a commissioner of the Interim National Defence Force Commission (SANDF) (from 2009 to 2013). She is a social activist and passionate about women's empowerment and transformation to bring about equality in the economy of South Africa.

She was recently appointed Honorary Consul General of Iceland in Pretoria (2017).

Joe Madungandaba
(60)

CPA(SA), MDP

Deputy chairman (non-executive)

Joe was appointed to the board of Jasco as a non-executive director in 2003. He became the non-executive deputy chairman in 2006. Joe is one of South Africa's leading black entrepreneurs who co-founded CIH, a large black-owned company, where the combined annual revenue of its investments exceeds R15 billion. He serves and has served on the boards and sub-committees of several companies. Joe also advised the South African Government Cabinet committee on RDP. He studied towards a BCom at the University of the North/Witwatersrand, obtained a Certificate in Taxation (cum laude) from Unisa, and completed the Management Development Programme at Cranfield. Joe is a past winner of the BMF/Pretoria News Manager of the Year Award. He gained extensive lecturing and consulting experience at Potchefstroom University's Business Advisory Bureau.

Mark Janse van Vuuren
(51)

MBA
CEO

Mark was appointed as CEO in July 2018. Prior to this, he was the chief operating officer (COO) from 2013 and managing director of Jasco ICT Solutions from 2011 and the divisional managing director of Telesciences from 2010 to 2011. Before joining Jasco, Mark was the managing director of Maringo Telecommunications, the COO of Nokia Siemens Networks SA and the managing director of Fixed Networks at Siemens Telecommunications. He has over 20 years' experience within the ICT sector, with expertise in management, strategy, sales, marketing, operations and financial management.

Warren Prinsloo
(46)

CA(SA)
CFO

Warren joined the board in 2006 as the CFO. He qualified as a Chartered Accountant in 1998. Before Jasco, he spent six years with the Massmart group in various senior financial management positions. He is a board member of several of Jasco's subsidiaries. Warren is a member of the Institute of Directors.

Pete da Silva
(58)

Director (non-executive)

Pete joined the Jasco board in 2009 as an independent non-executive director and then served as CEO from May 2011 until June 2018. Pete studied Light Current Engineering at the Germiston Technikon. His management development programme was completed through Siemens and Duke University. Pete currently holds various board positions in the fields of telecommunications, electrical engineering, property development and the logistics industry. Pete's previous positions include that of group CEO at Jasco, A1GP and Siemens Southern Africa. He was also a senior council member of the German chamber, a board member of the National Business Initiative (NBI), the Business Trust (BT) and Business Leadership South Africa (BLSA).

John Farrant
(78)

CA (SA)

Director (lead independent non-executive)

John was a partner of Ernst & Young from 1967 until his retirement at the end of 1997. He was appointed to the Jasco board in 1997 and served as chairman of the audit and risk committee and was the lead independent non-executive director. John is the chairman of a number of pension/provident and retirement annuity funds and a trustee of numerous family trusts. He is a director at Robson Savage (Pty) Limited, an actuarial science company. John retires at the following AGM.

Pumla Radebe
(62)

Director (independent non-executive)

Pumla joined the board on 1 January 2017 as an independent non-executive director, chairman of the social and ethics committee, and a member of the audit and risk committee. She is a Certified Chartered Director and a member of the Institute of Directors. She is a non-executive director on the board of the Institute of Directors and the chairman of CalgroM3 in the construction sector.

Thandeka Zondi
(36)

CA(SA)

Director (independent non-executive)

Thandeka joined the board on 1 January 2017 as an independent non-executive director of Jasco and a member of the audit and risk committee. She is also the CEO of MoneyWorks Financial Services, a lending platform focused on supply chain financing and equipment rental finance. She is an independent board member and chairperson of the administration and finance sub-committee of the Old Mutual Superfund Pension and Provident Funds, as well as the independent board member and member of the audit and risk committee of Old Mutual Insure. She serves on the audit and risk committee of the Gauteng Growth and Development Agency and its subsidiaries as an independent board member of the Gauteng Industrial Development Zone.

Shaheen Bawa
(59)

Director (independent non-executive)

Shaheen joined the board in 2014. He is the CEO of Eclipse Unlimited Holdings (Pty) Limited, which invests in the ICT, energy, gaming, property and distribution sectors. In addition to serving as an independent non-executive director on the Jasco board, Shaheen also serves, in an executive and non-executive capacity, on the boards of several unlisted companies.

Thapelo Petje
(55)

Executive director

Thapelo joined Jasco in 2011 and heads up business development of the group. His role focuses on strategic projects, innovation and new business development. He is involved in key sectors of the business that includes fixed and mobile telecommunications, transport (rail), power (energy) utilities and mining and the public sector, as well as exploring opportunities in SADC and East Africa. His expertise centres on strategy, organisational culture, change management, business development, procurement and supply chain management. Thapelo was appointed to the main board of directors in June 2017, and serves on the boards of several Jasco subsidiaries.

Samantha Samuels
(44)

Executive director

Samantha has consulted to Jasco since 2011 and formally joined the group in 2012. During this time she assisted in defining the group's marketing and communications strategies, as well as the brand consolidation of Jasco. She has more than 17 years of experience in marketing, events management, external and internal communications and socio-economic development. She has worked at the Department of Economic Affairs and Tourism, Vodacom Sport & Entertainment, Sail Sport & Entertainment, Vodacom group and 360x Holdings. After her five-year tenure in marketing and communications at Jasco, she took over the leadership of the supply chain management of the group. Samantha was appointed to the board of directors in June 2017, and serves on the boards of several Jasco subsidiaries.

WHO DRIVES OUR BUSINESS

continued

MANAGEMENT COMMITTEE

Mark
Janse van Vuuren
(51)

CEO

Refer to page 14 for his CV as he is also a board member.

Warren
Prinsloo (46)

CFO

Refer to page 14 for his CV as he is also a board member.

Thapelo
Petje (56)

Executive director:
Business development

Refer to page 15 for his CV as he is also a board member.

Samantha
Samuels (44)

Executive director:
Group shared services

Refer to page 15 for her CV as she is also a board member.

Simone
Scheepers-Tait (42)

Group executive:
Human resources

After qualifying in labour law, Simone started her career with Coetzee & Associates, a labour law firm specialising in labour and industrial relations. Simone joined Jasco in 2004 as human resources manager, gaining experience in the telecommunications, manufacturing and security sectors. In 2013, she was promoted to the position of group executive human resources. Simone has over 19 years' experience in the field of labour relations and human resources. She is a member of both SAPA and SARA.

Makwe Ngwato (43)

Group executive: Marketing and communications

Makwe joined Jasco in 2013 as group marketing manager. He was promoted to group executive of marketing and communications in 2016. Makwe has almost 20 years' experience in strategic marketing and corporate communications. He has worked for the Advtech group, Monash University, Tsogo Sun, Absa, Trinergy Brand connectors and the Vodacom Sponsorship Marketing.

Neo Modisakeng (30)

Group executive: Legal, risk and compliance

Neo joined Jasco in 2017. He is a qualified and admitted attorney of the High Court of South Africa. Before joining Jasco, he gained experience in mergers and acquisitions, as well as telecommunications, media, technology and intellectual property during his time at a major law firm. Neo recently became group executive of legal, risk and compliance at Jasco. His focus areas include legal advisory, risk and compliance and corporate governance.

Paul Richards (64)

Managing director: Webb Industries

Paul joined Jasco in 1990 at Webb Industries, where he filled a number of management positions. Paul was appointed as managing director of Webb Industries in 2005 and has over 35 years' experience in telecommunications, radio frequency and manufacturing, as well as in management and operations.

Paul Divall (49)

Managing director: ICT cluster

Paul joined Jasco in 2013 as head of the Jasco Intelligent Technologies business. He was appointed as managing director of the ICT cluster from 1 July 2018. Prior to joining Jasco, Paul held various management positions within Nokia Siemens Networks and Siemens Telecommunications. Paul has more than 20 years' experience within the telecommunications industry and expertise in management.

Cedric Boltman (51)

Managing director: Security & Fire

Cedric joined Jasco Enterprise in 2013 and was appointed to the Jasco Enterprise executive team in 2016. Prior to Jasco, Cedric was a business owner in the private sector for ten years. Cedric was promoted to managing director of Jasco Security & Fire in July 2018. Since joining in 2013, Cedric has gained valuable experience within the communications and telecommunications industries.

Craig Unsworth (48)

Managing Director: Electrical Manufactures

Craig joined Jasco Electrical Manufacturers in 2007 as a financial director. He was promoted to the position of managing director in 2015. Craig has held various financial positions at companies that include AVIVA, The American Bureau of Shipping and DIAGEO. He has more than 12 years' experience in the manufacturing industry. Craig is an Associate Member of the Institute of Chartered Secretaries and Administrators and holds a National Diploma in Management.

OUR OPERATING MODEL AND THE CAPITALS

INPUTS

WHAT WE USE AND WHAT WE RELY ON

Financial capital
We rely on the financial resources given to us by our shareholders, debt financiers and retained profits

Manufactured capital
We rely on our physical assets that enable us to carry out our operations in an efficient manner

Natural capital
Energy resources are critical to our operations, particularly in the energy and fleet we use to service our operations

Human capital
We rely on a high calibre of talent that is key to differentiating ourselves with customers

Social & relationship capital
We rely on the relationships we enjoy with our stakeholders and broader communities to create a reciprocal value-creation dynamic

Intellectual capital
We rely on our vast knowledge, experience and industry insight to continuously find ways to innovate and provide solutions to our customers

Leadership
Accountability
Performance
Passion
Agility
Learning
Innovation
Integrity

Our values are at the core of what we do. We actively align our capital allocation with what we believe in.

SECTORS WE OPERATE IN

INFORMATION & COMMUNICATION TECHNOLOGIES

SECURITY & FIRE

POWER & RENEWABLE ENERGY

MANUFACTURING

WHAT WE OFFER

- TELECOMMUNICATIONS
- FIBRE TO THE PREMISE AND OPEN ACCESS
- DATA CENTRES/ CLOUD SERVICES
- UNIFIED COMMUNICATIONS
- CONTACT CENTRES
- WORKFORCE OPTIMISATION
- SMART BUILDINGS
- IoT – ANALYTICS
- BROADCASTING

- SECURITY
- FIRE

- POWER
- RENEWABLE ENERGY

- PLASTIC
- METAL PRESSING AND TOOLING

VERTICAL MARKETS WE DELIVER VALUE TO

Telecommunications operators

Systems integrators

Media

Financial services

Logistics

Wholesalers and retailers

Health

Hospitality

Education

State-owned enterprises

Non-governmental organisations

Facility management

Property

Construction

OUR VALUE-BASED ACTIVITIES ENABLE US TO ACHIEVE OUR PURPOSE OF

BUILDING A SUSTAINABLE, PROFITABLE BUSINESS THROUGH:

Our people
being the soul of the organisation

Our customers
being our valuable advocates

Our organisation
being innovative in everything we do

VALUE CREATED

OUR OPERATING MODEL AND THE CAPITALS

FINANCIAL CAPITAL

Our financial resources consist of funding from investors and financiers. These are used to invest, develop and grow our business. Managing Jasco's financial capital receives stringent management attention.

To execute on our strategy, the group requires capital, both in the form of new equity and long-term debt.

Generating financial returns on a sustainable basis is one of our key strategic objectives.

INPUTS

- R1,15 billion in revenue
- R40,4 million in operating profit
- Cash generated from operations of R55,2 million
- Shareholders equity of R204,2 million
- Working capital funding term loan from Bank of China of R125,0 million
- Trade and other payables funding of R286,5 million
- Corporate bond of R45,4 million

MATERIAL ISSUES AND RISKS

- The publication of provisional results on 27 September 2018 and subsequent retraction thereof on 10 October 2018. The delayed publication of the audited results to 30 June 2018 on 5 November 2018.
- Revenue and operating profit growth in tough markets
- Costs, as several businesses were restructured
- Integration of new acquisitions
- Capital management
- Cash flow and working capital management
- Debt levels and the extension of the corporate bond
- New equity

ACTIVITIES

- Focused on revenue mix and cost reductions to improve operating profit
- Restructured a number of businesses to ensure more focus and lower costs
- Successfully kept net working capital days below our target of 35 days
- Negotiated the extension of the Bank of China working capital facility
- Focused on keeping gearing below the 50% level
- Extension of the due date of the corporate bond
- Considered a rights offer of R55 million to settle the corporate bond of R45 million
- Worked with the new auditors on the application of the IFRS

OUTPUTS AND OUTCOMES

- Revenue increased by 10%
- Operating profit increased by 938%
- Earnings loss per share reduced by 80%
- EBITDA increased by 51%
- Dividend paid to shareholders of R2,3 million for F2017
- Reflex Solutions' acquisition added to operating profit for the full year and RAMM Technologies' acquisition for four months
- Although we improved net working capital days from 29,3 days to 20,2 days, the working capital generation was down R23,0 million on higher revenue in the last quarter.
- The cash generated from operations of R55,2 million was steady compared to R55,4 million last year
- We extended the Bank of China working capital facility to February 2020
- Net foreign exchange losses were reduced by more than 50% to R4,0 million
- R21,9 million costs cut in Enterprise, Intelligent Technologies and Carrier Solutions
- Gearing increased to 56,5% due to the F2017 restatements which reduced shareholders' equity and the R20 million increase in the working capital facility
- Extended the corporate bond to January 2020
- Terminated the rights offer due to the low share price
- Finalised the June 2018 Annual Financial Statements with an unmodified audit opinion

CASE STUDY

Ensuring optimal banking facilities

We reviewed our short-term banking facilities (GSBF) of R120 million to evaluate whether the quantum of the facilities was adequate to meet Jasco's organic growth targets, whether the cost of the facilities was optimal and affordable, as well as the compliance and covenant requirements.

After careful consideration, the existing short-term facility was replaced with a revolving working capital facility (RWCF) of R150 million by the Bank of China on improved terms.

These include:

- Interest charged at three months JIBAR plus 3.3% per annum, compounded monthly in arrears and settled quarterly;
- Quarterly financial covenants include interest cover ratio >1.5 times and debt to equity ratio not to exceed 150%; and
- Monthly reporting of summary debtors age analysis and quarterly reporting of the group management accounts and detailed age analysis.

We believe this facility has met the funding demands of the group during the 2018 financial year and facilitated the delivery of a number of large projects across the businesses, particularly in the last quarter.

MANUFACTURED CAPITAL

Our manufactured capital mainly consists of the products manufactured by Electrical Manufacturers, the software code used in our datavoice recording solutions, the building rooftops we manage on behalf of our customers and our hi-sites.

INPUTS

- Factory
- Datavoice software development
- Building rooftops under our management
- Hi-sites

MATERIAL ISSUES AND RISKS

- Prices of raw materials are impacted by the Rand to Dollar currency fluctuations
- Inefficiencies in the cost of labour input costs due to our workforce being on the higher metals industry labour rates
- Poor health and safety practices in our manufacturing facility could lead to a loss of our ISO certification and therefore loss of customers
- Inefficiencies in our manufacturing operation will impact our profitability
- Lack of differentiation in the appliance white goods market leads to products being commoditised, impacting margins and profitability
- Our software code not being kept up to date with latest market developments, which will lead to the solution not being able to function according to specifications. This will result in a loss of market share
- Poor building rooftop management and administration will lead to low customer satisfaction levels and loss of business

ACTIVITIES

- Group hedging policies adhered to and supply contracts catered for the risk to be passed to the customer
- Conducting a feasibility study to restructure Electrical Manufactures into two areas, i.e. plastics and metal pressings
- Policies, processes and training were implemented to adhere to ISO 9001:2015 certification requirements
- Ongoing review of production process and automation techniques
- Business development and sales initiatives to diversify product offering and customer base
- Ongoing investment into development team and third-party affiliations
- Investment into back office automation processes and increase in the number of lease administrators

OUTPUTS AND OUTCOMES

- **Currency fluctuation risk was mitigated**
- **Completed feasibility study and restructure plan to be implemented during F2019**
- **Group achieved ISO 9001:2015 certification**
- **Spent R3 million on new robotics automation machinery**
- **Three new customers acquired and four new product lines introduced**
- **R10 million spent on our development team and R1 million spent on third-party affiliation fees**
- **Customer satisfaction score remained stable at 36 in the past year. Customer referrals have also resulted in 15 new customers. We now have 800 building rooftops under our management**

OUR OPERATING MODEL AND THE CAPITALS continued

NATURAL CAPITAL

Although the group is not a heavy user of natural capital, we do have a vehicle fleet to service our operations and a manufacturing facility that uses electricity for fueling its production lines.

INPUTS

- One factory
- Electricity spent of R8,4 million in F2018
- R3 million spent on a solar photovoltaic car park

MATERIAL ISSUES AND RISKS

- Poor environmental practices in our manufacturing facility will lead to a loss of our certification

ACTIVITIES

- Our manufacturing facility continues to focus on efficiency drives and electricity use
- At a group level, we invested in a solar photovoltaic car park two years ago

OUTPUTS AND OUTCOMES

- **Electricity savings of almost R250 000 or 213.3 MWh of energy in F2018**
- **The car park has reduced our carbon footprint by 50% or 444 tCO_2e per annum**

CASE STUDY

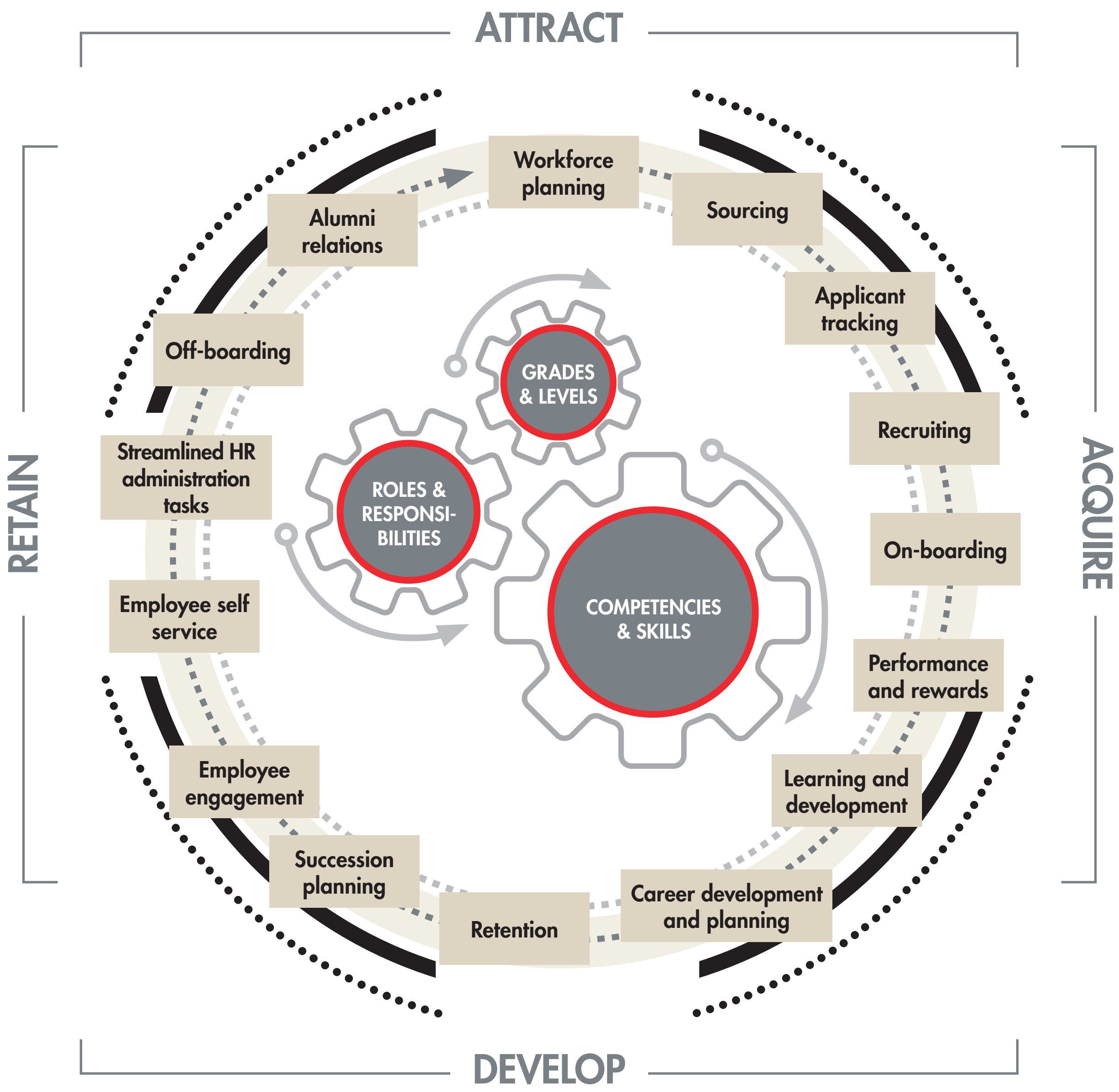
At a group level, we have reduced our energy footprint by investing in a solar Photovoltaic (PV) car park two years ago. This has reduced our carbon footprint by 50% or 444 tCO_2e per annum and has allowed us to showcase our renewable offerings to customers.

The PV installation continues to generate a capacity of 125 kiloWatt (kW), which has significantly reduced Jasco's dependency on the national grid. During the last two years, we generated annual savings equivalent to 1,7 million kilometers driven by an average passenger vehicle each year. This initiative continues to reduce our energy footprint and will continue to do so in future.

The Jasco solar PV carports generated 213,3 Megawatt hours (MWh) of renewable energy during the year and reduced maximum demand charges by 15%, amounting to annual savings of R0,3 million. Jasco's total energy consumption supplied from the municipal grid was reduced by 33% during 2017 to 2018 as a result of the investment in renewable energy infrastructure.

HUMAN CAPITAL

South Africa's technology sector continues to face a skills shortage in a number of areas. The calibre of our people remains a key differentiator in an increasingly competitive environment and we therefore strive to attract, acquire, develop and retain talent. We support our business model through our talent management framework:



OUR OPERATING MODEL AND THE CAPITALS continued

INPUTS

- 731 permanent employees within the group
- 71% black employees of total employees
- 37% female employees of total employees

MATERIAL ISSUES AND RISKS

- Emigration from South Africa has resulted in a lack of certain technical skills
- High cost of training spend, especially for broad-based black economic empowerment (B-BBEE) ratings, has become prohibitive for a company of Jasco's size
- Employee turnover is high due to restructuring and poor market conditions
- Training and development spend on our black and disabled employees through training programmes and interventions were limited due to affordability

ACTIVITIES

- R4,5 million spent on skills development, approximately R1,4 million of that on black employees and an additional R0,5 million on the training and development of unemployed disabled black youth
- Retention packages for highly-qualified, critical skills employees put in place
- Annual and/or qualified certification of technical employees to meet customer requirements
- Continued engagement with the Department of Trade and Industry around pressure on smaller companies in terms of spend requirements

OUTPUTS AND OUTCOMES

- **We met the sub-minimum requirement for skills development in our last B-BBEE ratings**
- **We will focus on training and development of our black and disabled employees for the next financial year based on affordability and skills training interventions**
- **Achieved ISO 9001:2015 certification this year**
- **Integration of 17 interns and/or learnerships through the group and within our businesses**

CASE STUDY

Although we faced some challenges pertaining to the sub-minimum cost of training within the ICT B-BBEE sector codes, we continuously strive to train and develop our employees. The key focus remained critical certification skills required for operational reasons. We have also identified key individuals in terms of leadership roles and have embarked on training through tertiary institutions and MBA enrolments during the year under review.

We embarked on an internship programme on a special project relating to a service offering at the SABC during the past year where 14 interns participated. Another three interns were offered internship programmes within Jasco. We employed 15 of the interns within the group.

SOCIAL & RELATIONSHIP CAPITAL

As education is fundamental to growing people in South Africa and to unlock economic growth, Jasco continues to invest in a number of educational institutions. During the financial year, Jasco contributed R357 099 to two schools. A total of R1,3 million was invested during the last three years for the development and support of our invested schools and their learners.

INPUTS

- R1,3 million invested over the last three years

MATERIAL ISSUES AND RISKS

- Lack of impact in our socio-economic development spend
- Loss of trust from our beneficiaries
- Inappropriate spend by our beneficiaries

ACTIVITIES

- We have service level agreements in place with our partner school and the leadership of the school reports regularly to Jasco's executive team. We also measure the impact and their spend regularly
- We encourage employee participation in our initiatives

OUTPUTS AND OUTCOMES

- **When we initially started our partnership with the Kaalfontein Primary School, the Grade R classroom had 76 learners in one classroom and one educator who taught in four vernaculars**
- **YEAR 1: Jasco built another grade R classroom, the school was allocated another teacher and both educators only covered two vernaculars each**
- **YEAR 2: Another classroom was built, another teacher was allocated and the learners were further spread across the three classrooms**
- **YEAR 3:**
  - **Four grade R classrooms**
  - **Four educators**
  - **Learners:**
    - **32 Sepedi learners**
    - **21 Zulu learners**
    - **23 Xhosa learners**
    - **14 jTsonga learners**

CASE STUDY

Kaalfontein Primary School is very close to Jasco's head office in Midrand and was established by community members in 2001. It was officially registered in 2003 with only 735 learners. The learners have grown considerably to 2 271 in 2017 with 58 educators.

The majority of the learners are from child-headed households or single and unemployed parents.

Jasco's investments have included building classrooms, installing security CCTV surveillance, installing Wi-Fi connectivity for the educators and learners, donating furniture, as well as developing a vegetable garden to supplement the school's feeding scheme.

The Gauteng Department of Education hosted the National Teaching and Service Excellence awards in February 2018, honouring the achievements and strides made within the education sector. This special occasion was hosted by the Gauteng MEC for Education, Mr Panyaza Lesufi. Jasco was awarded the second place in the Business and Social Partners category for its partnership with the school.

OUR OPERATING MODEL AND THE CAPITALS continued

INTELLECTUAL CAPITAL

Being able to innovate and provide real solutions to our customers that solve their problems drives improved customer loyalty. We continue to invest in developing our own solutions, such as low frequency antennas, real-time asset monitoring and management tracking solutions, and voice and screen recording. We also continue to work with our strategic international original equipment manufacturer (OEM) partners and combine our integration capabilities to deliver technology solutions that assist our customers to solve their business challenges.

INPUTS

- Our products and services
- Knowledge, experience and industry insight
- Value–adding partnerships

MATERIAL ISSUES & RISKS

- Not being seen by our customers as innovative, which will result in lost business and market share
- Not being able to differentiate our solutions, which will result in our products and services becoming commoditised. This will erode margins and profitability
- Losing market share due to lack of industry insight and market/customer knowledge
- Insufficient large OEM partnerships that limit our ability to offer world-class solutions

ACTIVITIES

- Acquisition of RAMM Technologies that provides us with access to the IoT market
- Introduction of our new Hosted Contact Centre and Cloud Unified Communication platforms
- As outlined in the case studies, we have provided innovative solutions that helped to solve our customers' challenges
- Ongoing strategic review and positioning of our portfolio in line with innovative international changes

OUTPUTS & OUTCOMES

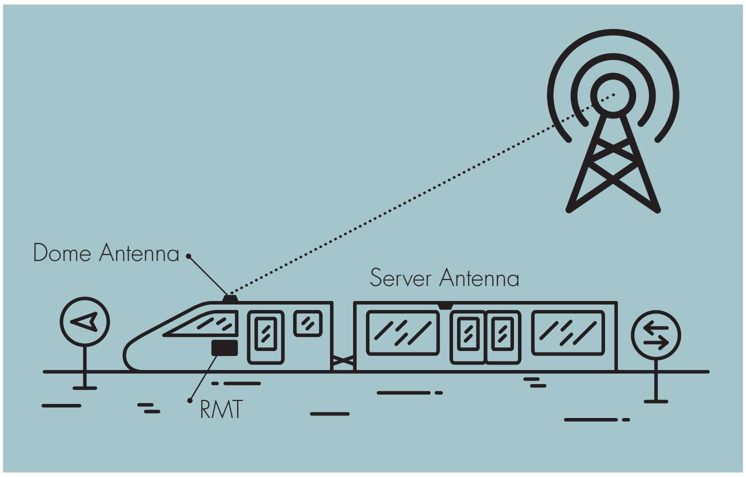
- **Group revenue grew by 10% year-on-year**
- **We had our first customer wins on our new hosted contact centre platform**
- **We had key strategic wins for our datavoice product in Oman**
- **Our customer satisfaction rating was maintained at 36**
- **We added four additional international OEMs to our portfolio**
- **We maintained premium partner certification status with all our international OEMs**
- **150 employees attended/hosted industry/technology events**

INTELLECTUAL CAPITAL

CASE STUDY

Webb Industries has developed a range of low-profile, multi-frequency rail antennas to be fitted to South African locomotives. The antennas' high-impact cover makes it ideal for harsh environments. Multiple antennas can be compacted into one housing on the locomotive and enable improved communication.

As a major multinational company is responsible for the supply of the railway equipment and technology transfer, we had to successfully pass international standard audits to qualify as an official supplier to the project.

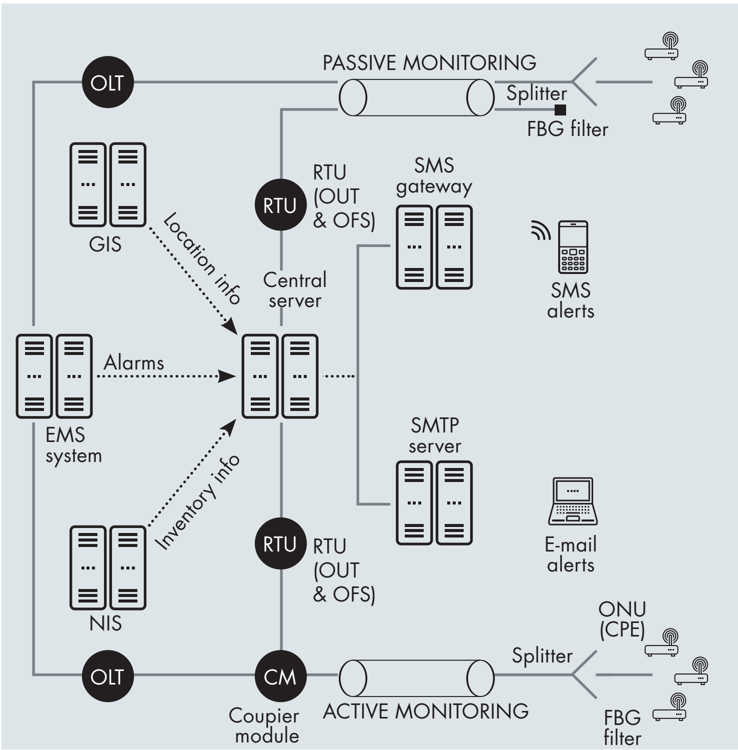


CASE STUDY

During the year, Jasco Carrier Solutions introduced an innovative fibre automatic line monitoring solution.

This measures the integrity of a fibre plant in real-time, allows operators to efficiently isolate faults and take immediate action. This increases uptime, cuts maintenance costs and effort, while enabling operators and service providers to minimise disruption and meet service level agreements. As fibre is increasingly rolled out to businesses and homes, traditional reactive network maintenance models are not proving effective, as there is not enough time or manpower to physically check on every network alert.

Our fibre network monitoring device requires no active, on-site equipment at the remote sites and will allow operators to deploy the fibre-monitoring product in even the most extreme environmental conditions. It requires no power and hardly any additional space. It can track across 160 kilometers of fibre.



OUR OPERATING MODEL AND THE CAPITALS continued

CASE STUDY

Jasco's Real-Time Asset Monitoring and Management (RAMM) Technologies business specialises in developing leading tracking technology. One of the largest cities in the country has implemented our technology to track their assets.

We now have over one million waste management wheely bins on our management platform. This allows the city to track the location of the wheely bin, measure productivity of the workforce and ensure the optimal number of lifts per week. This improves service delivery to the community, whilst at the same time minimising losses, reducing costs and providing revenue assurance for the city.

6 000 vehicles	**160** Refuse compactors	**5 000** portable radios	**1 million** RFID tags on wheelie bins	**200** SCADA sites

CASE STUDY

JASCO BROADCAST SOLUTIONS

Jasco Broadcast, in partnership with its international OEM, Leyard, provided a state-of-the-art small pixal pitch LED display solution to assist Supersport in overhauling its Studio 6 flagship production centre for the 2018 FIFA Soccer World Cup.

The studio became the largest studio at Supersport, with a custom-built LED screen which is seven meters long and four meters wide. This is now the largest of any sport studio in Africa and offers exceptional image quality. A 32 metre ticker tape screen was installed above the studio floor, displaying match information, fixtures, and other live information.

Supersport also overhauled the lighting and tracking systems of the studio to provide a better viewing and production experience. Tracking markers were placed on the roof of the studio for augmented reality production, and multiple cameras in the studio were upgraded to support this new augmented reality system. The displays, power, and lighting of the studio are all controlled within a control room, which houses the hardware required to provide power and video to the hundreds of displays within the studio.

HOW WE REMAIN RELEVANT

Against a fast-changing technology environment, our business context is changing at an increasing pace. Customer requirements are becoming more difficult to predict, with increased market uncertainty as our customers face disruptive new business models due to rapid technology advancements in areas such as Internet of Things (IoT), big data analytics, artificial intelligence (AI) and block chain.

How we respond to these challenges will determine our ability to remain relevant.

KEY TRENDS IN OUR MARKETS AND OUR ABILITY TO OFFER SOLUTIONS

1. Smart enterprises

The evolution of smart enterprises is a new market opportunity requiring innovative solutions across our entire portfolio.

Smart enterprises increase profitability and an improved return on investment for all stakeholders.

Jasco's underlying ICT, Security & Fire, Power and Renewables intelligent infrastructure are key elements for smart enterprises, buildings, precincts and cities. These offerings will allow us to play a key role in customers' requirements for strong technical and technology expertise and broader integration and strategic management capabilities.

What are smart enterprises?

Smart enterprises are businesses that are fully digitised.

The infrastructure that is deployed includes fire suppression systems, access control, closed circuit television surveillance, energy-efficient lighting, solar photovoltaic systems, back office unified communications and front office contact centres. These are all interconnected on one central network.

Large amounts of data are generated from these intelligent infrastructure points and are processed using analytic tools that provide real-time statistics. This results in a more efficient business, which reduces costs and increases productivity, as well as improved customer experience and service levels.

2. Open access networks

Smart enterprises are dependent on reliable high-speed fibre networks that run multiple services. The ideal solution is an open access network that separates the infrastructure (fibre cable) from the service (the data). This allows a single platform to be shared by multiple internet service providers, which provides greater benefits to the subscriber.

Benefits include:

- giving internet service providers easy access to the fibre network;
- reducing the cost of connectivity and services;
- increasing the reliability of connectivity and services; and
- providing subscribers with access to a greater variety of services.

Jasco's proven offering positions it well to partner with the fibre providers to supply and manage the infrastructure required to build and support the open access network.

As a management team we are conscious of having to be agile, ensure we are innovative and are differentiated. We have a clear strategy to become a partner of choice for our target customer base with the provision of smart infrastructure solutions due to our relevant portfolio, broad industry experience and our understanding of the operations and priorities of the different sectors and stakeholders.

3. Fifth-generation (5G) networks

As mobile data is crucial in driving economic growth in the developing world, the introduction of 5G networks in the next two to three years will bring significant innovation.

Benefits include:

- the ability to handle massive data speeds, which will provide a good alternative to fibre;
- consistent connection while travelling in a train or car;
- support of a large number of connected devices per mobile device; and
- the ability to partition it virtually to cater for various service types, depending on the specific service availability and latency requirements.

5G networks will not only host new kinds of service, but will require new infrastructure and network design to support them. Rolling out the new infrastructure will require building a radio access site network comprising multiple small cells and backhaul transmission links that meet the requirements for high bandwidth, low latency and high availability.

There is significant work to be done to ensure that South Africa's telecommunications players are ready for the challenges of 5G. New skills will be required, as well as edge and cloud computing, software defined networks, automation, artificial intelligence and network function virtualisation.

Jasco's infrastructure solutions, technical service skills and property technology management portfolio have positioned us well for this growth.

4. Internet of Things (IoT)

IoT refers to a system of web-enabled smart devices that use embedded processors, sensors and communications hardware to collect and send data over a network. The devices are able to operate independently from human intervention.

According to a Gartner report, by 2020 there will be more than 20 billion connected devices across all technologies. IoT technology will be used in 95% of electronics for new product designs.

IoT allows businesses to:

- monitor their overall business processes;
- improve their customer experience;
- save time and money;
- enhance employee productivity;
- integrate and adapt business models;
- improve business decisions; and
- generate more revenue.

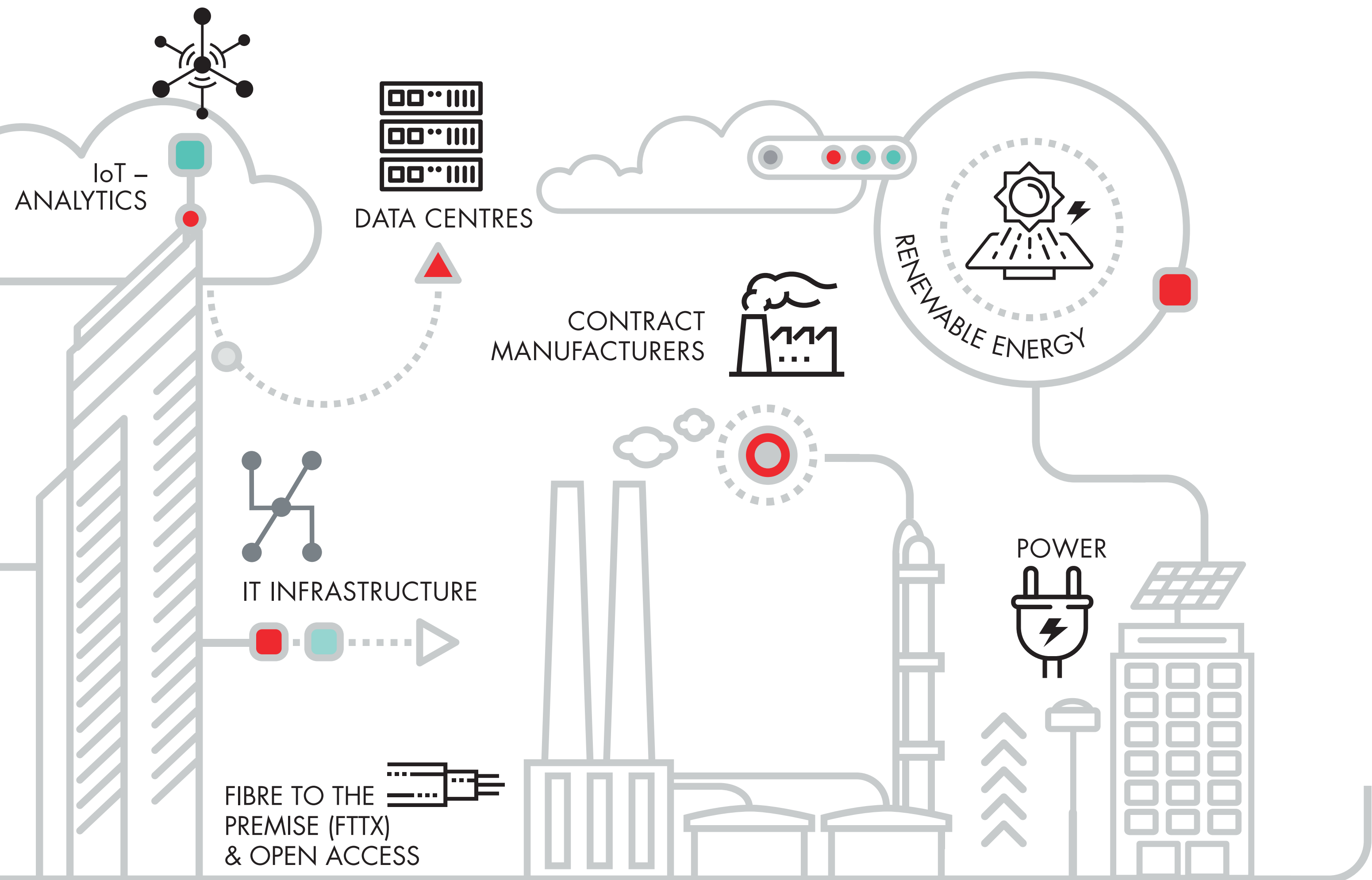
HOW WE REMAIN RELEVANT

continued

The business opportunities IoT creates for Jasco is unlimited. For example, our wheely bin asset tracking and management solution deployed for one of the biggest cities in South Africa has already proven its success. Other opportunities include IoT sensors and deployments, such as smart streetlights and smart meters, to alleviate traffic, conserve energy, monitor and address environmental concerns and improve sanitation.

As we have solid experience in the IoT space, we are well placed to tap into this substantial growth area.

Our offering and strategy are relevant across a wide range of business requirements.



YEAR UNDER REVIEW

HOW WE PERFORMED

ORDER ENTRY ▲ R1,2bn exceeded for the 1st time	REVENUE ▲ 10% R1,15 billion
EBITDA ▲ 51% R75,5 million	OPERATING PROFIT ▲938% R40,4 million
EARNINGS LOSS reduced by 80% R7,7 million	GEARING 56,5%

RESTATEMENT OF RESULTS

Jasco Electronics Holdings published its audited year-end results to 30 June 2018 on 5 November 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 outlined in the section “Adjustments giving rise to restatement of results” that follow.

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.

ADJUSTMENTS GIVING RISE TO RESTATEMENT OF RESULTS

As indicated above, 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 the 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
No impact	R28,3 million	No impact	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 group's statement 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 F2018, but included it in F2017) 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 2018. This goodwill should have also been 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.
Diluted earnings: 3,5 cents	-17,1 cents	3,9 cents	-3,3 cents	Basic earnings per share and diluted earnings per share both decreased by 7,2 cents per share for F2018.

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.

LETTER FROM THE CHAIRMAN

Jasco adheres to a number of policies and practices to manage its corporate governance, overall risk and compliance with various regulations, legislation and recommendations.

Dr Anna T Mokgokong
Chairman

The group is subject to various guidelines and requirements enacted by the JSE Limited (JSE) and other legislative requirements such as the Companies Act, No. 71 of 2008 (the Act).

Ultimately, the board is responsible for ensuring that the governance standards are met, with the support of senior management.

As outlined on page 36, the group had to retract its results released in September 2018 and apply for voluntary suspension. 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 the audited results, the company applied to the JSE for the lifting of the voluntary suspension of the shares.

KEY FOCUS AREAS

During the year, the board worked closely with management on a number of key focus areas.

These included:

Focus areas	Actions taken
1. Re-evaluating the group's strategy following the appointment of the new CEO, including the appropriateness of the group's clusters and business units.	The group was restructured.
2. Ensure value creation for all stakeholders and to meet and exceed its weighted average cost of capital and return on equity targets.	Planned budget with targets in terms of earnings/profitability and returns on equity in access of Jasco's weighted cost of capital.
3. Reassessing the group's geographic footprint and sector focus.	The geographic focus was narrowed to Southern and East Africa, with the Middle East region to become only project-based. The group has also refocused its business units into four key industry sectors, namely ICT, security & fire, power and renewables and manufacturing to improve our ability to ensure future growth.
4. Reassess the group's risk-bearing capacity, its risk appetite and key risk procedures against its stated strategy and current operational performance, as well as implementing a new risk register.	Following Jasco's restructure this year, a dedicated department with a sole focus on governance, risk and compliance oversight was created. This will ensure that Jasco has a holistic view of its risk and compliance exposure. Refer to page 80 for additional information on the management of risks. A new format risk and opportunity register was implemented. This encompasses a broader spectrum of risks and ensures that assessments are performed on a continual basis. This register is evaluated by the board at every meeting.
5. In the context of credibility issues in the auditing profession, the board engaged with the audit and risk committee to evaluate the group's external auditor.	As Jasco has had the same auditors for more than ten years, the board initiated an evaluation. After due consideration across various elements, it was decided to appoint a new auditing firm. PwC was appointed as Jasco's new auditors with effect from 16 April 2018. As outlined earlier, this new process was challenging, with a number of different interpretations from previous years resulting in the restatement of F2017 results. The board and management will carefully review the process to prevent a repeat and to make improvements in the process. As outlined on page 36, the group had to voluntarily suspend its share, retract its provisional results and issued restated results. This process took significant management and board time and had to be carefully managed to protect the group's reputation.

Focus areas	Actions taken
6. Creating a sustainable company is an imperative of the board. Accordingly, the board engaged with the social and ethics committee to develop a sustainability report during the next financial year.	The social and ethics committee, in conjunction with senior management, will ensure that the group increases the sustainability information reported on with the integrated annual report in the new financial year.
7. The remuneration committee continued to focus on ensuring the group offers market-related compensation and benefits.	Jasco's compensation and benefits, including short-term and long-term incentives, were reviewed during the year and found to be adequate.
8. As growth of the group remains important, the investment committee continued to evaluate opportunities.	RAMM Technologies was acquired during the year in line with the group's strategy of bolt-on, value-adding acquisitions.
9. Reassessing the independence of the board members in accordance with King IV and using non-Jasco affiliated advice, in conjunction with the group company secretary, to assess the independence of board members.	The board's composition meets King IV's requirements. Following the appointment of two additional independent non-executive directors with effect from 1 January 2017, the board further assessed the independence of its members. Following independent advice, it was concluded that Mr Shaheen Bawa should also be classified as independent in terms of King IV. This brings the independent component of the board to four independent non-executive members and three non-executive members. The board is currently in the process of appointing an additional independent non-executive director.

ADDRESSING CHALLENGING MARKET CONDITIONS

As mentioned in the message from the CEO, we continued to operate in challenging conditions.

Our new CEO Mark Janse van Vuuren has a clear strategy in place on how to improve our earnings, address underperforming businesses in the group, reduce costs and empower employees to be committed to Jasco's purpose.

The challenge of skills acquisition and retention remains a reality in South Africa. I am therefore pleased that the management and board will be implementing a dedicated three-year talent management framework and transformation strategy to address these challenges within Jasco. The group is working towards obtaining Employer of Choice certification during the next 18 months. The company values were launched during the year and the management team is committed to firmly embed and entrench these values into the organisation.

To lead by example, in line with our value of accountability, the previous CEO Pete da Silva, the new CEO Mark Janse van Vuuren and the CFO Warren Prinsloo elected to forego any new share scheme issues for the last two financial years. The intention is to wind down the Jasco Employee Share Incentive Trust. As a management team they believe that management's remuneration should be aligned with shareholder returns. They also decided to forfeit their annual salary increases for the F2017/2018 year. Salary increases for employees was also only 3.9% on average, which was lower than the general market.

For the seventh year, we again communicate the delivery against key performance areas (KPAs) of the board and management. The KPAs of the CFO and CEO are also directly linked to group performance and aspects such as improvements in the areas of transformation. Refer to pages 66 and 67 for their delivery against their KPAs. Our new CEO is also implementing amended KPAs in the coming year that align with a balanced scorecard framework to ensure that performance is driven and rewarded across four elements, namely that of People, Processes, Customers and Financials.

APPRECIATION

Thank you to our previous CEO, Pete da Silva, for his leadership during his tenure. He steered the group though very tough market conditions and implemented the changes required. The incoming CEO has brought new perspective and we are confident that he will grow on the foundation built by Pete.

Furthermore, I acknowledge the valuable contribution over 21 years by John Farrant, the lead independent non-executive director. His influence on Jasco has been profound, going back to the listing of the company on the JSE in 1987. I thank him for his wise counsel and calm demeanour over the years and wish him well during his retirement.

My appreciation goes out to my fellow board members for their input. We strengthened our board last year and it has been such a pleasure to have additional independent views around the table.

Thank you to our customers, suppliers and employees. Your support has allowed Jasco to deliver improved operating results in an extremely volatile market.

I look forward to continuing working with Jasco and its team in the coming year.

Dr Anna T Mokgokong
Chairman

9 November 2018

MATERIAL ISSUES

Our material issues have been identified as:

1. Improve earnings and shareholder value
2. Ensure a solid capital base
3. Manage risk and compliance and ensure continuous improvement
4. Optimise key growth areas
5. Diversification
6. Effective people engagement, development and retention
7. Transformation
8. Reflex dispute
9. Restatement of results

1. IMPROVE EARNINGS AND SHAREHOLDER VALUE

Jasco's share price is currently trading at a discount compared to the net asset value of the business. To address this and unlock value for our shareholders, improving earnings will be a key focus area going forward.

We aim to do this through:

Improving business unit operating profit

We are concentrating on business units that are not achieving the group's targeted operating profit ratios. Particular business units that are on our watch list due to disappointing performances are:

Power and Renewables

Revenue declined significantly, which had a major impact on operating profit. Restructuring has already taken place, which will result in a lower cost base.

A new commercial model of power purchase agreements that will result in orders and sales is being implemented in the renewables business. The sales team has also been strengthened to take advantage of opportunities in this industry sector.

Security & Fire

Management changes have already been implemented and the Security & Fire businesses were extracted from the Enterprise business unit to better service the market. Our interventions have led to a strong order pipeline, which should improve the performance in the coming year.

Datavoice

Revenue declined significantly, which had a major impact on operating profit. Focus on the sales pipeline has borne fruit, with a healthy order book going into the new financial year.

Electrical Manufacturers

Although group performance targets were met, there is extreme pressure on margins from the appliance white goods customer base. Refer to page 59 for more information.

The customer diversification programme remains in place to continue de-risking this business' reliance on the major appliance manufacturers.

Reducing costs

We continued our focus on reducing head office costs. Key areas being targeted are the reduction of executive management costs, audit fees and rental costs. These initiatives have already started and are expected to be completed by June 2019.

Jasco will also continue to focus on reducing debt and interest costs. Our internal target is maximum gearing of 50% and EBITDA interest cover of 5.0 times.

Looking forward, Jasco intends to further reduce debt levels and interest costs by continuing to pay down the corporate bond through excess cash generated from operations over the next 12 months.

Improving effective tax rate

The continued reduction of the non-deductible expenses has been a focus area. Continuing to settle the corporate bond and winding down the Jasco share incentive scheme will assist in normalising our effective tax rate close to 28%. The Jasco share incentive scheme was implemented in 1993 and will be wound down over the next few years.

2. ENSURE A SOLID CAPITAL BASE

Jasco ensures a solid capital base to fund growth. The group is currently reviewing its capital requirements to align to our strategy.

In the short term, focus has been placed on improving earnings organically and reducing debt.

Capital from an equity raise is currently not realistic due to the significant gap between Jasco's actual share price and the net asset value of the group.

Raising long-term debt in line with the group's self-imposed target gearing ratio of 50% will only be considered to fund organic growth.

3. RISK, COMPLIANCE AND CONTINUOUS IMPROVEMENT

Our risk register is monitored through a detailed process that involves rating the risk and categories, with equivalent estimated values. The mitigation process involves allocating responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the register is monitored by the board at every meeting.

Management implemented an opportunity register that will further assist with offsetting potential risks.

We achieved ISO 9001:2015 certification during August 2018. This confirms that Jasco has the appropriate processes and policies in place to ensure improved efficiency and productivity, which allows us to increase customer retention, improve customer acquisition and grow profit.

Continuous improvement is a group philosophy and a key enabler to deliver on our goal of building a sustainable and profitable business.

Our ISO 9001: 2015 certification is a key step in our improvement process.

Our top five group risks are:

RISKS	BUSINESS AFFECTED	MITIGATION
Further consolidation in the telecommunications industry in South Africa continues to have a negative impact on business volumes.	Carriers	• Develop a strategy to further reduce operating costs to align with volume reduction • Continue diversification into ancillary products in fibre to offset volume loss in active optical networking equipment
Loss of volumes from largest customer in our contract manufacturers business due to the customer's in-house moulding.	Electrical Manufacturers	• Continue with customer diversification strategy • Sign long-term supply contracts of key plastic injection products with our customers
ICT products are being commoditised and gross margins are under pressure in specific areas of the portfolio.	Enterprise	• Continue with diversification of product offering into hosted/cloud solutions • Introduce new analytics and workforce optimisation solutions
Ongoing poor performance in the Power business.	Intelligent Technologies	• Restructured and reduced headcount and costs • Combined with our Renewables business to unlock synergies
Reflex dispute.	Enterprise	• The group is in discussions with the minority shareholders and respective legal advisors with the objective of reaching an amicable resolution of the dispute

MATERIAL ISSUES continued

4. OPTIMISE KEY GROWTH AREAS

While the economy of South Africa still shows significant weakness and restricted growth, there are key segments within our industry that show good prospects for growth due to shifts in technology.

Refer to pages 30 and 31 for additional information.

5. DIVERSIFICATION

Over the last two years the group diversified into two new regions of East Africa and the Middle East to mitigate against the devaluation of the Rand and the lack of growth in South Africa.

However, this has been challenging and we have had to refocus this strategy.

Refer to page 46 for additional information.

6. EFFECTIVE PEOPLE ENGAGEMENT, DEVELOPMENT AND RETENTION

A key focus area is the development and retention of our people to ensure we employ the right people to deliver on our strategy.

Refer to page 45 for additional information.

7. TRANSFORMATION

Jasco views transformation as the evolution of our broad-based black economic empowerment positioning and business processes. We are continually reviewing and adapting our portfolio of solutions to remain relevant in key growth segments.

Refer to page 45 for additional information.

8. REFLEX DISPUTE

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 respect of Reflex Solutions.

9. RESTATEMENT OF RESULTS

The board of directors voluntarily suspended the share on 1 October 2018 following the release of the provisional results on 27 September 2018, wherein the word 'audited' was used erroneously. The new auditors raised a number of material issues in October 2018 on specific interpretations of IFRS which necessitated the restatement of the F2017 results.

Refer to pages 36 and 37 for additional information.

MESSAGE FROM THE CEO

Our purpose is to build a sustainable and profitable business, where our people are the soul of our organisation, our customers are our valuable advocates and we are innovative in everything we do.

Mark Janse van Vuuren

INTRODUCTION

Tough economic conditions continued to impact Jasco's performance during F2018. Even against this, we reduced our earnings loss and managed to deliver improved operating results.

Having to suspend Jasco's share was very disappointing for us as management and the board. As we started working with new external auditors this year, certain accounting changes were required, including applying a different IFRS standard in one particular case, which required restatements of the F2017 results. We regret any inconvenience caused to our stakeholders.

OUR STRATEGY

As the new CEO, I have reviewed our strategy and way of operating. I found it to be in-principle sound, although I believe some adjustments needed to be made.

The traditional approach of having a "one Jasco", with a unified vision, purpose and set of values remains relevant. Following a detailed review, the Jasco purpose statement was reworked to create a better sense of purpose for the organisation and our people.

Additionally, a common set of strategic goals underpinning our strategy was created. This enables us to give a clear direction to our employees on what is required to deliver on our strategy.

The three strategic goals underpinning our strategy are:

1. Improve earnings
2. Develop our people – achieve employer of choice certification
3. Accelerate transformation – a focus on broad-based black economic empowerment (B-BBEE), digitisation of our business and the evolution of our 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 strategic goals. This will be our key focus over the next 12 months.

At an operational level we have reviewed our structure and have re-organised the business units to be more sector focused. We have grouped our business units into four key areas to improve our customer service and benchmark ourselves correctly.

These four key areas are:

1. ICT
2. Security and fire
3. Power and renewables
4. Manufacturing

Jasco is shifting from a product development, distributor and reseller model towards a model of a systems integrator and service provider of choice.

Our strategic goals

1. Improve earnings

As outlined in our Material Issues, improving our earnings is a key focus area.

This will be done by improving profitability through a focus on business units that are not achieving group profitability targets. These business units are either being rightsized or targeted growth plans are being implemented. If these business units do not achieve the group's profitability targets in 12 months, they will either be closed or sold.

A cost reduction exercise has already been initiated to reduce head office costs. This is expected to be completed by June 2019. We are specifically targeting the reduction of interest and executive management costs, as well as property rental expenses.

A reduction in the group's effective tax rate is already under way, and was mainly achieved following the restructure of East Africa and following the reduction of the non-deductible expenses. Settling the corporate bond, as well as winding down the Jasco share incentive scheme, will assist in normalising our effective tax rate during F2019.

2. Develop our people

As mentioned on page 24, 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. We are currently reviewing our long-term incentive scheme in an attempt to retain key employees and those in scarce skills positions.

The group continued to invest in the training of its technical resources and placed particular emphasis on black employees.

More focus was placed on a new round of mentorship programmes for key employees. This will commence early in the new financial year.

We recognise transformation in South Africa as a competitive advantage. With the implementation of our talent management framework, we will concentrate on our skills development programme, as well as fast-tracking black employees to reflect the national demographics of the country.

Jasco invested R4,5 million on external skills development programmes during the year under review. 355 employees, representing 49% of employees, received training, of which 52% were black employees.

We again offered 17 internships through our Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA and MERSETA).

Having an engaged and skilled workforce that is passionate and committed to our organisation has become a key differentiator in the sectors where we compete.

To address this, we have developed and are currently implementing a talent management framework that places our people at the centre of our organisation.

This will be rolled out over two years. We are currently benchmarking ourselves against the top "employer of choice" programme to ensure that we attract, acquire, develop and retain our people to unlock this key differentiator.

3. Transformation

Jasco has identified three aspects of transformation that have to be addressed to achieve our transformation objectives.

B-BBEE

As a majority black-owned business, Jasco fully embraces the transformation imperative and supports the positive business opportunities a truly inclusive economy can bring.

However, at present, the required levels of skills development spend is significant and prohibitive for a small company like Jasco. 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 rather than only at group level to improve our ratings.

Digitise our business

We are improving productivity across all areas of the business. Digitisation of our back office support functions has become an imperative to assist customer-facing business units to improve customer value.

We are therefore implementing a unified technology platform that addresses processes and systems for both enterprise resource planning (ERP) and customer relationship management (CRM). This will allow a single view of our customers and will improve visibility and productivity within all areas of the business. The total cost of these programmes is R10,9 million and will be finalised by 2020.

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 our industry that show good prospects for growth due to shifts in technology. Jasco is well positioned to take advantage of key growth segments.

Refer to page 30 for additional information.

MESSAGE FROM THE CEO
continued

Delivery on last year's focus areas

As committed in our integrated annual report last year, we focused on five key areas this year.

Return to acceptable and sustainable profitability levels in the Enterprise business	The business unit delivered good revenue growth of 28% to R401,7 million and returned to profitability with a 2.8% operating margin. Reflex Solutions achieved a strong performance, with disappointing results by Datavoice and the Security & Fire businesses. Management changes have been implemented within Datavoice. The Security & Fire businesses were extracted from the Enterprise business unit to provide specific focus and improved service to the market going forward.
Maintain financial gearing at less than 50%	The gearing increased from 43.4% to 56.5% due to the R20 million draw down of the Bank of China working capital facility in F2018. We are addressing the debt position.
Further geographic expansion	This focus area was challenging and management was not able to execute this due to: • uncertainty in the political environment and lack of business confidence in Kenya; and • the Middle East region becoming increasingly competitive and heavily over-traded. Both these regions are equity-accounted. In the short term, management decided to review its approach in the rest of Africa by only focusing on East Africa and evaluating the introduction of a new local shareholder. These actions will ensure that our growth plans are more easily achieved. Jasco will operate on a project basis in the Middle East. We will also limit our cost contribution.
Evaluate acquisitions and investigate the ongoing exit of non-core manufacturing	The group acquired 51% of RAMM Technologies on 1 March 2018. This business contributed four months to earnings in line with expectations. This acquisition enabled us to enter the exciting and rapidly growing market segment of the Internet of Things. This further enhances our portfolio and strategically aligns with our smart solutions offering. The investigation into exiting the non-core Electrical Manufacturers business was completed. The team concluded that this business requires additional customer diversification to reduce the reliance on major appliance manufacturers and improve margins before any further consideration will be given to a possible disposal.
Continue the transformation of Jasco	Jasco's B-BBEE rating slipped from a level 3 to level 4 this year under the new, more stringent ICT sector codes. Even with our significant improvement in ownership of 57% black ownership and 37% black women ownership, it is increasingly becoming difficult to maintain or improve B-BBEE levels. As outlined on page 24, one of the key challenges is the significant requirement for skills development spend. As Jasco is a smaller company with pressure on earnings, it places severe stress on affordability. Jasco is currently investigating participation in the "YES" programme which seems to be more affordable.

Refer to the operational reviews for more information on our operational performance.

Looking forward

The economic outlook for F2019 remains challenging.

As the new CEO, I am very clear on what we need to deliver. We need to focus on the basics of improving our earnings, addressing under-performing businesses and reducing costs before we can grow.

To ensure we remain competitive in South Africa, we need to focus on attracting the best talent in an environment where skills loss to other countries are real. Further, we need to ensure we continue with our transformation journey in the context of requirements in South Africa.

My team and I will remain focused on driving the culture change in the organisation through our values campaign to lead to a diverse and fully engaged workforce.

We will fast-track the investment in our people to create a sense of caring and belonging and to apply passion and commitment to all areas of our business. We will continue to expand our smart solutions offerings to remain relevant.

Most importantly, we will listen to our customers to ensure we understand and help them overcome their business challenges.

With this in mind, against our three very clear goals in the short term, it is now all about execution.

Appreciation

As I was appointed CEO with effect from 1 July 2018, I wish to especially thank our former CEO Pete da Silva for guiding the Jasco group over the last seven years through some of its most difficult times. Pete and I have worked together for many years and he has been a great mentor to me. I will continue to count on his support as a non-executive director.

I would also like to thank the board for their input during the year since I joined the board and supporting me in my new role from July.

To the management team, thank you for your dedication and support in driving our strategy and the implementation of the daily operations of the business during the year. A special word of thanks to the CFO, Warren Prinsloo, who worked tirelessly with our new auditors to address the restatement of the prior financial year on different interpretations in the application of IFRS.

To each and every one of our employees, thank you for your commitment and hard work. We cannot successfully achieve our goals without you. I am proud to be part of such an awesome team.

Finally, I look forward to the challenge of implementing the next phase of our strategy with the team. I know together we are going to achieve great things!

Mark Janse van Vuuren
CEO

9 November 2018

MESSAGE FROM THE CFO

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 in the rate of exchange on the back of emerging market weakness. These factors presented significant challenges to the group.

Warren Prinsloo

The main achievements and disappointments were:

Achievements:

- 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:

- 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 and 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 within 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

STATEMENT OF COMPREHENSIVE INCOME

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:

• Carriers	10% decrease to R348,7 million (F2017: R385,9 million)
• Enterprise	28% increase to R401,7 million (Restated F2017: R314,8 million)
• Intelligent Technologies	27% increase to R206,8 million (Restated F2017: R163,1 million)
• Electrical Manufacturers	7% increase to R203,5 million (F2017: R190,8 million)

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 operating profit 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 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) – cents					
3,6	-17,3	-20,9	**3,9**	**-3,3**	**-7,2**
Headline earnings per share (HEPS) – cents					
2,5	-4,8	-7,3	**2,7**	**-1,5**	**-4,2**

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).

MESSAGE FROM THE CFO

continued

Goodwill increased from the restated R68,0 million in F2017 to R86,7 million in F2018, mainly due to the acquisition of RAMM Technologies. The goodwill of R4,5 million arising on 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 short-term borrowings. 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 Reflex's audited June 2018 annual financial statements. 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 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.

KEY INTERNAL INITIATIVES

Reducing debt levels and the interest burden

The priority remains reducing the corporate bond obligation over the next financial year from the cash generation we expect going forward due to higher profitability levels from the business units.

The board has reviewed the target gearing ratios and maintained the maximum level of long-term debt target at 50% of equity. When we include the Bank of China term loan and the cash on hand in the calculation of debt to equity, we arrive at a ratio of 56.5% which is above the maximum threshold. We are addressing this.

Improving profitability of Enterprise business

Post the financial year end, the Security business was separated from the Communications business and will be merged with the Fire Solutions business, with a focus on further cost reductions.

Working capital management

Management will maintain the focus on working capital with inventory levels being a priority.

New acquisitions

The integration of RAMM Technologies into the group will be a priority in the new financial year. The financial control environment, systems and processes will receive particular focus from the Financial Director of Intelligent Technologies.

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 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 Reflex dispute, see below.

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.

MARKET OUTLOOK AND 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.

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

GOING CONCERN

After making the requisite enquiries I have no reason to believe that Jasco Electronics Holdings Limited and the group will not be a going concern in the year ahead. Based on this, I am of the opinion that the going concern assumption is appropriate for the Jasco group of companies.

APPRECIATION

My sincere thanks to my colleagues and the board for their continued support. A special note of thanks to Pete da Silva for all that I was able to learn under his leadership during his tenure as the previous CEO. Thank you to my finance team for the long hours required to address the restatement of prior year results and the work required with the new auditors.

Warren Prinsloo CA(SA)
CFO

9 November 2018

OPERATIONAL REVIEWS

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

CARRIERS (30% OF GROUP REVENUE)

Year under review

Revenue declined by 10% to R348,7 million from R385,8 million due to lower orders. As anticipated, Carriers experienced a continued shift in customer capital expenditure 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 our services business.

As we 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% (2017: 13.2%). Carriers remains Jasco's largest profit contributor.

Diversification in the Carriers Solutions business unit to provide service capability to the top four telecommunication original equipment manufacturers has progressed well and increased to 40% of this business' annual revenue.

To address the growing trend of customers spending less on traditional areas of Jasco's product supply in favour of newer-technology products, Jasco continued to diversify its passive ancillary products into growth areas such as fibre to the home and business (FTTX) and 5G in both Carrier Solutions and Webb Industries.

This expanded product and services portfolio will allow Jasco to access growth areas where large telecommunication and Tier-2 operator customers are currently spending and planning to spend in the future.

Outlook

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

To counter this, Carriers will focus on selling its niche products to Tier-2 operators in South Africa and East Africa. We will also continue implementing our diversification strategy of providing service capability to the top four telecommunications OEMs.

Jasco now has a significant passive ancillary product portfolio which positions it well for the growing 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.

Carriers will also remain focused on cost containment to protect operating profit.

Due to the 12 month contribution from Reflex Solutions and the start of the benefits of our corrective actions in Enterprise over the last two years, operating profit turned around from a loss of R5,2 million to a profit of R11,2 million.

Whilst the operating margin percentage is still not achieving the group's profit target levels, it was pleasing that an operating margin of 3.7% was achieved compared to an operating loss of 1.7% last year.

OPERATIONAL REVIEWS continued

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.

ENTERPRISE – 34% OF GROUP REVENUE

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 contribution from our IT services business, 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.

Year under review

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.

During the year, overhead expenses declined by 3%. 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.

Due to the 12-month contribution from Reflex Solutions and the start of the benefits of our corrective actions in Enterprise over the last two years, operating profit turned around from a loss of R5,2 million to a profit of R11,2 million. 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.

The good performance in once-off projects in the fibre to the home (FTTH) market in Reflex Solutions was offset by a reduction in new orders in Enterprise, especially in Security, Fire and Datavoice and slower expansion in East Africa following political instability and uncertainty, especially in Kenya where we have a representative office. 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 our performance.

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

Outlook

South African conditions are expected to remain challenging, which will delay customer spend. We also face a shortage of qualified, experienced and skilled technical resources, which affects service delivery.

To address this, Jasco has implemented additional marketing initiatives to address new market segments. It has packaged specialist integration solutions, which will allow more attractive price points to the market and will continue to improve cross-business sales. The investment in the development of skills, with a particular focus on graduate and learner programmes to ensure a pipeline of new skills, continues.

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 & Fire will drive an improved performance, and will also improve cross-selling across the joint customer base.

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

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

INTELLIGENT TECHNOLOGIES (18% OF GROUP REVENUE)

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. Revenue was restated in F2017 due to the exclusion of finance income from R165,3 million to R163,1 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. This has increased the long-term revenue base.

Outlook

Although the growth in international entertainment providers over the internet has increased competition, the local broadcast market remains relatively strong. Jasco's partnerships with global technology providers have positioned it well to offer end-to-end broadcast solutions. There are also several opportunities for consolidation in the broadcast market.

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 corporates and government rely on reliable power supplies, the group's solar PV energy solutions are well placed. This has already led to the restructure of the Power business and incorporating it into our Renewable business to unlock additional cost savings and management synergies across these two areas.

The combined Power and Renewable business will be managed proactively to return it to growth and profitability.

The team is confident that it will continue to grow the number of properties under Jasco's management, including the range of solutions offered in the Property Technology Management (PTM) business. 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.

PTM 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.

OPERATIONAL REVIEWS continued

We are confident that we will continue to grow the number of properties under Jasco's management, including the range of solutions offered in the Property Technology Management business.

We have recently signed a number of professional service agreements with landlords with significant property portfolios, as well as reviewed alternative business models to leverage the portfolio. We now have more than 800 buildings under our management in South Africa.

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.

ELECTRICAL MANUFACTURERS (18% OF GROUP REVENUE)

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 our major appliance customers, specifically from the refrigeration plants.

For the first time in the business' history, we exceeded the R200 million revenue level.

While business volumes increased, gross margins continued to come under pressure from our largest customer in the appliance white goods market. Our more profitable product lines in the wiring harness space were 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 on average 6% for the year.

All these factors resulted in maintaining 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 to further diversify 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 the business to leverage our well-established infrastructure.

The team is evaluating further diversification into other markets, such as the motor accessory industry and plastic fibre ducting sectors.

In the coming year, further efficiency improvements in 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.

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

GROUP SCORECARDS

FIVE-YEAR FINANCIAL REVIEW

	Note	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Comprehensive income						
Revenue		1 147 083	1 036 509	1 070 033	1 117 431	1 035 382
Operating profit/(loss)		40 393	3 892	41 677	(72 456)	17 594
Net interest paid		(20 166)	(11 534)	(15 200)	(16 046)	(14 544)
Share of (loss)/income from joint venture/associate		(4 091)	(1 823)	–	(689)	110
Profit/(loss) before taxation		16 136	(9 465)	26 477	(89 191)	3 160
Taxation		(12 754)	(25 976)	(10 534)	6 343	3 480
Profit/(loss) for the year		3 382	(35 441)	15 943	(82 848)	6 640
Profit/(loss) for the year attributable to ordinary shareholders		(7 665)	(39 248)	14 178	(83 272)	5 416
Headline earnings adjustments		4 246	4 246	(47)	88 409	(4 444)
Headline earnings for the year		(3 419)	(35 002)	14 131	5 137	972
Ratios and statistics						
Financial position						
Equity attributable to the parent		177 382	184 580	224 749	207 768	286 472
Total equity		204 219	201 630	231 849	213 103	287 582
Total assets		726 048	684 860	632 660	749 423	746 141
Shares in issue (000)		229 319	229 319	229 319	229 319	218 399
Treasury shares (000)		250	2 407	4 704	5 129	5 129
Weighted average number of shares in issue (000)	1	229 069	226 912	224 616	215 155	172 832
Net asset value per share (cents)		77,4	81,3	100,1	92,7	134,3
Net tangible asset value per share (cents)		10,0	31,7	60,6	57,0	82,2
Liquidity						
Debt:equity (%)	2	56,5	43,4	53,7	73,3	61,5
Interest cover (times)	3	2,0	2,6	2,7	1,0	0,9
Cash generated from/(utilised in) operations		55 168	55 394	79 355	16 621	25 463
Profitability						
EBITDA (R000)	4	75 525	49 970	57 024	37 994	34 768
Return on equity (%)	5	(4,3)	(21,3)	6,3	(40,1)	1,9
Return on assets managed (ROAM) (%)	6	(1,1)	(5,7)	2,2	(11,0)	0,9
Earnings/(loss) per share (cents)		(3,3)	(17,3)	6,3	(38,7)	3,1
Diluted earnings/(loss) per share (cents)		(3,3)	(17,1)	6,3	(38,7)	3,1
Headline earnings per share (cents)		(1,5)	(4,8)	6,3	2,4	0,6
Diluted headline earnings per share (cents)		(1,5)	(4,7)	6,3	2,4	0,6
Human resources						
Number of employees		855	777	764	812	946
Turnover per employee		1 441	1 539	1 499	1 300	1 171
Total assets per employee		849	881	828	929	789

1 *Weighted average number of shares in issue – the weighted average number of shares in issue during each financial year, net of treasury shares arising from the consolidation of the Jasco Employee Share Incentive Trust and the Spescom Limited Share Trust.*

2 *Debt:equity (%) – interest-bearing debt, net of cash and cash equivalents, expressed as a percentage of total equity.*

3 *Interest cover (times) – operating profit, net of headline earnings adjustments, before interest divided by net interest paid.*

4 *EBITDA – earnings before interest, tax, depreciation, amortisation, profit on disposals and impairment or fair value adjustment of investments.*

5 *Return on equity (%) – earnings attributable to equity holders of the parent as a percentage of closing equity attributable to equity holders of the parent.*

6 *Return on assets managed (ROAM) (%) – profit for the year divided by the total assets at the end of the financial year.*

GROUP SCORECARDS continued

GROUP PERFORMANCE AGAINST KEY PERFORMANCE AREAS

The group has strict measures in place to monitor its progress against financial and non-financial measures. The next few pages outline these measures and how we performed against them.

Key financial ratios*

	2018	% change	2017	Comment
Debt:equity (%)	**56,5**	+30	43,4	Increased following the R20 million draw down of the Bank of China working capital facility.
Interest cover (times)	**2,0**	-24	2,6	Declined due to the higher interest charge.
EBITDA interest cover (times)	**3,7**	-23	4,9	Declined due to the higher interest charge.
Return on equity (ROE) (%)	**(4,3)**	180	(21,3)	Small increase due to improved operating profit performance and lower tax charge.
Return on assets managed (ROAM) (%)	**(1,1)**	181	(5,7)	Flat on prior year on increase in assets managed.
Headline earnings per share (HEPS) (cents)	**(1,5)**	+69	(4,8)	Loss decreased due to contributions of new acquisitions.
Net asset value per share (cents)	**77,4**	-5	81,3	Decreased due to lower retained profits.
Tangible net asset value per share (cents)	**10,0**	-68	31,7	Decreased due to lower retained profits.

** Refer to Annual Financial Statements for additional information.*

Key non-financial ratios

	2018	2017	Comment
B-BBEE rating scores (Points)			
Ownership	**24,5**	19,8	The group is 57% black-owned, with black women accounting for 37% of the ownership at the last rating. The Modified Flow Through Principle is not applied
Management control	**12,3**	6,8	An improvement required at senior and middle management levels. A significant improvement at board level was achieved.
Skills development	**10,3**	8,0	R1,4 million was spent on black employees and an additional R0,5 million was spent on the training and development of disabled black youth.
Enterprise supplier development and preferential procurement	**45,0**	33,9	The group remains focused on increasing its preferential procurement spend on exempted micro enterprises, qualifying small enterprises, >51% black owned and >30% black female owned companies. Specific focus is placed on designated groups. New enterprise development initiatives were launched for small technical installation companies that are 100% black-owned, with 51% black female ownership.
Socio-economic development	**12,0**	12,0	Our focus remains on the education sector by using our technology solutions to improve the learning experience and increase learner pass rates within primary schools.
Total score	104,2	80,5	

** Level 4 Contributor (New ICT sector codes).*
***Note:** Next B-BBEE verification will be in November 2018.*

Key non-financial ratios (continued)

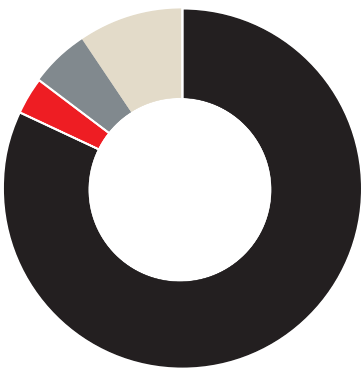
	2018	% change	2017	Comment
Human resources				
Number of employees – temporary and permanent	855	+10	777	Headcount increased in our manufacturing environment, as well as in business units with project-specific work where fixed-term contracts and/or consulting agreements were entered into.
Number of employees – permanent	731	+8	680	The permanent headcount increased due to the acquisition of Reflex Solutions and RAMM Technologies.
New appointments	249	+200	83	Includes both permanent and temporary employees. Most appointments in 2018 were due to acquisitions.
Resignations, retrenchments, contract endings	218	+19	183	Includes both permanent and temporary employees, with the increase in 2018 due to retrenchments in 2017 which lowered the base.
Employee turnover (%)	27	–	27	As the turnover percentage remains high, we are focusing on our employee culture, and being certified to become an employer of choice.
Number of minor injuries on duty	3	-82	17	We experienced a significant decrease in minor injuries on duty. There were no major incidents.
Revenue per total number of employees (R'000)	1 422	-8	1 539	This declined in spite of the revenue increase, due to the increase in employees following the acquisition of RAMM Technologies.
Operating profit per total number of employees (R'000)	50,1	+766	5,8	Increase in operational profit due to acquisitions made.
Total assets per employee (R'000)	849	-4	881	Total assets increased due to acquisitions made, with a related increase in the number of employees.
Number of employees trained	355	+50	237	Including Reflex Solutions and RAMM Technologies, as well as increased focus on training and development.
Percentage of permanent employees trained (%)	49	+39	35	The main focus during 2018 was on training and development of key and critical functions.
Total training spend (R'million)	4,5	+89	2,4	In line with an increased focus on training, the spend on training increased, which includes Reflex Solutions and RAMM Technologies.
Training spend per trained employee (Rand)	12 721	+26	10 094	Increase in training spend per employee due to an increase in spend and a focus on training and development.

GROUP SCORECARDS continued

VALUE ADDED STATEMENT

	2018 R'000	%	2017 R'000	%
Revenue	1 147 083		1 036 509	
Net cost of products and services	(765 036)		(708 894)	
Value added	382 047		327 615	
Other non-trading income/(expense)	(10 837)		(30 204)	
Net profit/(loss) on disposal of plant and equipment	65		(79)	
Profit on disposals of subsidiary	206		–	
Impairment of goodwill/loans	(7 017)		(28 302)	
Equity accounted (loss)	(4 091)		(1 823)	
Total wealth created	371 210		297 411	
Distributed as follows:				
To employees				
Salaries, wages and benefits	304 022	81,9	277 644	93,4
To government				
Taxation	12 754	3,4	25 976	8,7
To providers of capital	20 166	5,4	11 534	3,9
Interest on borrowings	20 166	5,4	11 534	3,9
Retained in the group	34 268	9,2	(17 743)	-6,0
Depreciation of plant and equipment	16 548	4,5	12 960	4,4
Amortisation of intangibles	14 338	3,9	4 738	1,6
Retained profit	3 382	0,9	(35 441)	(11,9)
Total wealth distribution	371 210	100,0	297 411	100,0

F2018 Wealth distribution (%)



- To employees **81,9**
- To government **3,4**
- To providers of capital **5,4**
- Retained in the group **9,2**

F2017 Wealth distribution (%)

- To employees **93,4**
- To government **8,7**
- To providers of capital **3,9**
- Retained in the group **6,0**

TEAM MEASURES

Outside of financial and non-financial measures, we track the performance of our board and management teams in line with key performance areas.

THE BOARD

Group strategy	The board evaluated the group's strategy following the appointment of the new CEO, including the appropriateness of the group's clusters and business units.
Shareholders	The financial performance of Jasco is consistently scrutinised to ensure value creation for all stakeholders and to meet and exceed its weighted average cost of capital and return on equity targets.
Group risk	The group's risk was reassessed against its risk-bearing capacity, its risk appetite and key risk procedures against its stated strategy and current operational performance. The board ensured the maintenance of a new format risk register which encompasses a fuller spectrum of group risk, and monitors that risk assessment is performed on a continual basis, with the risks and opportunities registers evaluated by the board at every meeting.
Board independence	The board reassessed the independence of the board members in accordance with King IV through using non-Jasco affiliated advice, in conjunction with the group company secretary.
B-BBEE	The board ensured that the B-BBEE rating in terms of the ICT sector codes was conducted with a number of objectives: • Achievement of a level 4 rating for the group – achieved • Improving black female participation – achieved by adding two non-executive directors in 2017 • Improve black female ownership component to 10% of measured shareholding – achieved at 37% • Increase the training spend (skills development) – achieved • Improve employment equity – significant improvement required at middle and senior management levels – still in progress • Enterprise and supplier development – increase in targets for spend from qualifying small enterprises, exempted micro enterprises, 51% black-owned and 30% black female-owned entities

GROUP SCORECARDS continued

Chief executive officer (CEO) – Pete Da Silva

(CEO until 30 June 2018)

Pete has multiple years of experience in engineering and telecommunications. He was on the Jasco board since 2008 and became the CEO in 2011. Refer to page 14 for his CV.

Key performance area	Performance
Leadership	The board reviews the performance of the CEO each year. This was completed and it was found that the CEO displayed strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, Pete did not receive any performance-based short-term incentive. Pete also elected to forfeit his annual increase in January 2018 and his share allocations in F2017 and F2018.
B-BBEE	The group achieved a level 4 B-BBEE contributor status in F2018, down by one level from F2017 due to the stringent new ICT Codes.
Safety, health, environment and quality (SHEQ)	No fatalities or major injuries were reported. A comprehensive SHEQ audit was conducted to ensure compliance to all health and safety requirements.
Client focus	Jasco's latest Net Promoter Score (NPS) remained 36 compared to the international average of 29.
Capacity building	Training increased from 35% to 49% of employees due to a focus on training and development of key resources.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
Group strategic development	The group strategy continued to be rolled out. One acquisition was concluded in the year – RAMM Technologies.

Chief operating officer (COO) – Mark Janse van Vuuren

(CEO from 1 July 2018)

Mark was the chief operating officer of the group until the end of June 2018 when he became the new CEO. Refer to page 14 for his CV.

Key performance area	Performance
Leadership	The board reviews the performance of the CEO each year. This was completed and it was found that the CEO displayed strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, Mark did not receive any performance-based short-term incentive. Mark also elected to forfeit his annual increase in January 2018 and his share allocations in F2017 and F2018.
B-BBEE	The group achieved a level 4 B-BBEE contributor status in F2018, down by one level from F2017 due to the stringent new ICT Codes.
Safety, health, environment and quality (SHEQ)	No fatalities or major injuries were reported. A comprehensive SHEQ audit was conducted to ensure compliance to all health and safety requirements.
Client focus	Jasco's latest Net Promoter Score (NPS) remained 36 compared to the international average of 29.
Capacity building	Training increased from 35% to 49% of employees due to a focus on training and development on key resources.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
Group strategic development	The group strategy continued to be rolled out. One acquisition was concluded in the year – RAMM Technologies.

TEAM MEASURES (continued)

Chief financial officer (CFO) – Warren Prinsloo

The CFO is a qualified chartered accountant with experience in finance, management, governance and strategy. Please refer to page 14 for his CV.

Key performance area	Performance
Leadership	The annual assessment of the CFO was conducted. This confirmed that he displayed strong leadership qualities during the year.
Group financial performance	The targeted EPS was not achieved. Accordingly, the CFO did not receive any performance-based short-term incentive. The CFO also elected to forfeit his annual increase in January 2018 and his share allocations in F2017 and F2018.
B-BBEE	The group achieved a level 4 B-BBEE contributor status in F2018, down by one level from F2017 due to the stringent new ICT Codes.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
External and internal compliance management	There were no adverse internal or external audit findings.
Unqualified annual financial statements (AFS)	Unqualified AFS for the June 2018 financial year were delivered on 5 November 2018.
Stakeholder communication and development	Regular communication with all key stakeholders continued in F2018. Positive informal feedback was received from shareholders, customers and suppliers.

GROUP SCORECARDS continued

Executive committee (exco)

The exco members are individuals who have a combination of experience and skills in management, strategy, human resources, governance, finance, SHEQ, marketing and information technology. Refer to pages 16 and 17 for the CV of each member.

Key performance area	Performance
Leadership	Positive leadership skills were displayed in the year under review.
Group financial performance	The targeted EPS was not achieved. Accordingly, no performance-based short-term incentives were paid.
B-BBEE	The group achieved a level 4 B-BBEE contributor status in F2018, down by one level from F2017 due to the stringent ICT Codes.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
Technology, skills acquisition and development	The chief operating officer ensured a focus on technology advancements through the innovation forum and the group information technology strategy.
SHEQ	A comprehensive SHEQ audit was conducted to ensure compliance with all health and safety requirements.
Compliance and legislation	Internal, external and International Organisation for Standardisation (ISO) audits were successfully conducted. We achieved ISO 9001:2015 certification.
Socio-economic development (SED)	An SED plan was implemented, with a particular focus on education. The group exceeds the requirement of spending 1% of net profit after tax on SED initiatives.
Stakeholder relationships	Jasco's latest Net Promoter Score (NPS) remained 36 compared to the international average of 29.
Teamwork	The exco team focused on executing the group's strategic and operational plans.

REMUNERATION REVIEW

This remuneration review is structured around three sections.

1 Background statement	2 Remuneration policies and principles for shareholders' vote at the AGM in December 2018	3 Application of the remuneration policy

1 BACKGROUND STATEMENT

THIS REMUNERATION REVIEW IS BASED ON THE PRINCIPLES, GUIDANCE AND REQUIREMENTS OF THE KING CODE OF GOVERNANCE PRINCIPLES (KING IV), THE COMPANIES ACT AND THE JSE LISTINGS REQUIREMENTS

The remuneration committee consists of three members:

Shaheen Bawa, Chairman
John Farrant, Member
Joe Madungandaba, Member

The remuneration committee assists the board in setting the remuneration policies for the group, as well as the remuneration of senior employees, executive committee members and prescribed officers.

The committee issues the mandate for the annual guaranteed remuneration (cost to company) review. The committee also advises the main board of directors and makes recommendations to shareholders on fees for non-executive directors.

The committee meets at least twice a year and whenever required to make recommendations relating to the remuneration of executive committee members and non-executive directors.

The committee acts in line with board-approved terms of reference to assist in:

- setting and oversight of the remuneration policy of the group;
- the annual review and approval of executive director remuneration packages, as well as the determination and approval of annual bonuses, performance-based incentives and share incentive schemes;
- reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes;
- approving management's recommendations for the average annual increase of employees; and
- making recommendations to the board on the remuneration of non-executive directors

KEY FOCUS AREAS IN F2018

1. **Short- and long-term incentives**

   The remuneration committee reviewed the most appropriate incentives, with a specific evaluation concluded of the Jasco Employee Share Incentive Trust scheme. As outlined on pages 73 and 74, as this has not met the expectations, it was decided to terminate this scheme. In addition, the Jasco short-term incentives were reviewed and new key performance areas set for the group CEO and CFO for F2019.

2. **Review of benefits**

   The committee also reviewed the group's funeral policy and increased the benefit for employees significantly on a cost to the employer basis. This will result in Jasco paying for funeral cover for all permanent employees and their immediate family members.

3. **Group CEO, CFO and COO notice periods**

   The committee reviewed and extended the notice periods of the group CEO, group CFO and group COO from three to six months for each individual. This was as a result of succession planning of the three key individuals within the Jasco group and ensuring that key strategic objectives are met.

REMUNERATION REVIEW

continued

ADVICE SOUGHT

During the year, the remuneration committee consulted the following firms for advice:

- PE Corporate Survey and PwC REM:
  - Benchmarking tools
- Webber Wentzel:
  - Review and recommendations in terms of the Jasco Employee Share Incentive Trust scheme

The committee considered this advice in approving the group's total salary increase recommendation and incentive payments. There were no specific awards for the senior management team in the last two years.

KEY FOCUS AREAS FOR F2019

Focus areas will include reviews of:

1. The remuneration and reward strategy and policy to benchmark against best practice in line with our focus on becoming an employer of choice.
2. The job grading model to review best in practice within the market and to have clearly-defined job grades across all employment levels, especially management layers.
3. The long-term incentive programme and benchmarking these against best practice within similar industries and size of organisations within South Africa.
4. The winding down of the Jasco Employee Share Incentive Trust.
5. Group benefit schemes and structures to benchmark ourselves against best practice in our goal to become an employer of choice.

2 SECTION 2 – REMUNERATION POLICIES AND PRINCIPLES FOR SHAREHOLDERS' VOTE AT THE AGM IN DECEMBER 2018

Jasco's remuneration policy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy.

REMUNERATION COMMITTEE

The remuneration committee is appointed by the board of directors. The role of the committee is to provide guidance and support to the board in fulfilling its responsibilities to shareholders, employees and other stakeholders by appropriately and equitably compensating employees and management for their services to the company, as well as motivating them to perform to the best of their abilities in the interest of stakeholders.

The committee must demonstrate objectivity in determining remuneration in the interest of shareholders and to ensure the strategic and financial health of the group.

The remuneration committee's responsibilities are to:

- determine, agree and review the remuneration policy and framework of the group with the board;
- determine and agree the total remuneration package of the chief executive officer and chief financial officer and any other executive directors;
- review the ongoing appropriateness and relevance of the remuneration policy in terms of its ability to attract and retain scarce and critical employees. This includes the review of company benefit structures, such as retirement and healthcare plans;
- make recommendations to the board and shareholders on the remuneration of non-executive directors;
- make recommendations regarding performance measures for executive directors;
- review the design of all share incentive plans for approval by the board and shareholders and determine whether awards will be made. If awards are made, the committee must determine the overall amount of these awards, the individual awards to executive directors and other senior executives, as well as the performance targets to be used;
- set guidelines for the annual increase in income of all employees; and
- ensure compliance with applicable laws, codes and JSE Listings Requirements.

REMUNERATION AND REWARD POLICY

Jasco's remuneration policy aims to attract talent and critical skills in a very competitive skills market. The group aims to retain quality employees who improve business performance and output, as well as service delivery to our customers. The remuneration policy and strategy are designed to motivate individual and team performance, as we support a fair and competitive reward strategy to ensure being an employer of choice.

Jasco believes that the remuneration and reward of our employees are both human resources and business matters, as they affect our ability to attract and retain high-calibre employees. It also impacts our operational efficiency, company culture, employee behaviour and ultimately the profitability and sustainability of the business.

Jasco therefore aligns the objectives of incentives with the organisation's performance-driven culture, business targets and strategic objectives.

Remuneration as a management process is fully integrated with other human resources processes, including performance and talent management.

Our philosophy is to structure remuneration to result in a fair and equitable level of remuneration for all employees. Through the various components of remuneration, high levels of team and individual performance that are aligned with our strategic direction and specific values are encouraged.

We aim to position guaranteed remuneration at the median of the market, with superior performance at stretch levels, enabling management, including executives, to achieve remuneration levels in excess of median levels, where truly deserved.

Key principles underpinning our remuneration policy and processes:

1. A critical success factor for us is our ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Remuneration policies are aligned with the agreed business strategy and are reviewed regularly to ensure continued alignment.
2. Our remuneration policies are transparent and understandable, both for stakeholders and for internal use and application.
3. Remuneration policies are equitable and balance internal equity (all employees being fairly rewarded for their roles) and external equity (all employees being fairly rewarded in terms of the market).
4. Remuneration policies promote risk management and adequately balance risk and reward.
5. Remuneration takes our financial performance into account.

ELEMENTS OF REMUNERATION AND REWARD

Employees' compensation is structured to encourage good performance, sound behaviour and risk management that is aligned with the group's intentions. Compensation is based on experience and performance, and promotes long-term commitment to creating and sustaining value.

The group's remuneration packages are split into guaranteed and non-guaranteed pay. Guaranteed remuneration is based on cost-to-company remuneration packages. Non-guaranteed remuneration is defined as short-term and long-term incentives, as well as retention scheme payments.

ADVISORY VOTE ON REMUNERATION POLICY

The board will table the remuneration policy for a non-binding advisory vote by shareholders at the AGM on an annual basis.

In the event that the remuneration policy is voted against by 25% or more of the votes exercised, Jasco in its voting results announcement following the AGM, will invite dissenting shareholders to engage with the board.

REMUNERATION REVIEW
continued

Elements of remuneration

The table below describes the key elements of the remuneration packages paid to all employees, including executive directors and prescribed officers.

Reward elements	Instruments	Objectives	Characteristics	Participants
Guaranteed pay – including benefits	Cost-to-company remuneration Retirement fund Healthcare Risk benefits, including group life, income protection and funeral cover Leave benefits Employee assistance programme	Attraction and retention Reward individual performance Drive long-term strategic objectives and targets Competitiveness/market-related benchmarks	Fixed Benchmarked to the median of the industry and market	All permanent salaried employees
Short-term incentives	Annual incentives	Attraction and retention Reward individual and group performance Drive short-term objectives and targets	Non-guaranteed Variable 8% to 40% of cost-to-company	All permanent salaried employees
Long-term incentives	Share/option schemes Phantom share schemes (two- to four-year vesting periods)	Drive long-term strategic objectives and targets Retention of key and critical employees Reward individual and group performance	Variable 20% to 30% of cost-to-company	Key executives
Retention scheme payments	Annual incentive during any period	Retention of key and critical employees	Based on a value determined by guaranteed remuneration as a ratio for the payment of the retention value	High-performing employees who fulfil key and critical roles and performing employees in scarce skills roles

1. Guaranteed remuneration, including benefits

Guaranteed remuneration is managed on a cost-to-company basis, with flexibility in the selection of benefits within the scope and rules of our retirement fund, such as risk benefits.

We offer comprehensive benefits to all permanent employees in entities in which Jasco holds 100% equity. These benefits include retirement funds, life cover, severe illness benefit cover, disability cover, trauma cover, child education protection cover and funeral cover. Participation in the group's retirement fund, life, disability and funeral cover are compulsory for all permanent salaried employees who fall outside the jurisdiction of bargaining councils.

Although there is some flexibility when deciding on a healthcare provider, the group does have a healthcare provider of choice. Membership of a medical aid is compulsory either as a dependent or main member of the preferred provider.

Our guaranteed remuneration is competitive relative to the market. We benchmark against the market median, with remuneration levels reviewed at least once a year.

The group ensures that its remuneration practices and policies are compliant with all legislation. We review our policies and practices on an annual basis to only allow justifiable differences and to remove any newly-identified inappropriate differences.

Internal parity is promoted and remuneration differentiation between employees is based on criteria that are fair and objective.

The group's job evaluation system allows for differentiation in scope, areas of responsibility and fields of expertise. Increases in guaranteed pay for employees are based on a review of market data, consideration of the individual performance and potential, as well as the business priorities of the group.

Increases for salaried employees are during January of each year. Increases for waged-based employees are in accordance with the sectoral determinations, as set by the Department of Labour, or the regulations of the Metal and Engineering Industries Bargaining Council. Increases for waged-based employees are in July of each year.

2. Short-term incentives

Short-term incentives depend on the company's performance. It is generally paid on an annual basis and is based on the achievement of key performance areas (KPAs). KPAs are set annually and are designed to drive both financial and non-financial strategic targets and objectives. The KPAs of executives and prescribed officers include financial indicators such as revenue, profit before interest and tax, earnings per share and return on assets managed, as well as strategic indicators such as the roll-out and implementation of company strategy and objectives.

Executive performance measures for short-term incentives	
Financial measures	
Revenue	All executives
Profit before interest and tax	All executives
Earnings per share	All group executives
Return on assets managed	Financial executives
Strategic measures	
Delivery on company strategy	KPAs set individually for each executive

Refer to pages 66 and 67 for the performance of our executives against KPAs.

KPAs are cascaded down from senior levels into the organisation to ensure strategic alignment.

Short-term incentives are in place for all permanent salaried employees and are based on the achievement of KPAs, with targets which are measured on an annual basis. These include financial indicators, as well as job-specific KPAs, such as leadership, customer satisfaction, learning and development, technical competency and timeous delivery on objectives.

3. Long-term incentives

Jasco has a long-term share incentive (LTI) scheme in place, which awards shares or options to six participants through the Jasco Employee Share Incentive Trust. The participants are members of management with accountability for profit generation in the group.

REMUNERATION REVIEW
continued

This Trust was designed to provide participants with long-term incentives and to drive long-term strategic growth. Each participant receives an allocation of shares or options and is rewarded for the growth in the value of the shares. Vesting periods are two to four years and options lapse after five years. The Jasco Employee Share Incentive Trust is currently being wound down.

In addition to the current long-term share scheme, as the business units in our different verticals are diversified, the group has a cash-settled phantom share scheme. The phantom share scheme rewards participants for the growth in the value of the business units in which they operate over a two- to four-year period. There is only one participant.

Retention scheme payments

A number of retention scheme payments was considered and offered to key employees during the year. These included high-performing employees who fulfil key and critical roles and performing employees in scarce skills roles.

Employees are offered a retention value equivalent to approximately one month's remuneration for retention of one year, two months for two years or three months for three years. This payment is made in advance and the employee signs a retention agreement for a 12-month, 24-month or 36-month period. Should the employee leave the group prior to the retention period, the full value of the retention value becomes due and payable to the company. This may include interest.

Non-executive directors

Non-executive directors are paid a fixed fee, which is determined by the extent of their participation in sub-committees. The fees payable to non-executive directors are reviewed by the remuneration committee and approved by shareholders at the annual general meeting (AGM) each year.

EMPLOYEE AND EXCO CONTRACTS OF EMPLOYMENT

Permanent employees have employment contracts that comply with the labour law requirements of the country of employment. The CEO, CFO, group executive committee members, cluster, segment and corporate senior management of the organisation have a retirement age of 65 which we believe is reflective of working conditions and market benchmarking at senior and executive levels. All other employees are also required to retire at the age of 65.

Notice period of employees	
EMPLOYEES	1 to 2 months
BUSINESS UNIT MANAGEMENT	3 months
EXECUTIVE MANAGEMENT	3 months
CEO and CFO	6 months

3 SECTION 3 – APPLICATION OF THE REMUNERATION POLICY

REMUNERATION FOR THE YEAR

Guaranteed remuneration, including benefits

Against challenging market and economic conditions in South Africa, increases were lower than in previous years.

The average increase for permanent employees was below 4%, which was less than the 6% budgeted and lower than the industry average.

The group CEO, CFO and COO elected to forfeit their annual salary increases for the increase cycle from January to June 2018.

For our workers governed by the Metal and Engineering Industries Bargaining Council, an average increase of 6.75% was awarded in line with the council agreement. This was also lower than the average of 9% to 10% under the previous agreement.

Short-term incentives

During the year, the group's earnings and profitability did not meet the expected levels. Accordingly, no short-term performance-based incentives were paid to group executives. This is the third year executives have not been paid performance-based short-term incentives.

The rest of our employees received bonuses in line with our short-term incentive scheme and policy, which is reviewed on an annual basis. Based on the evaluation, minimum criteria were set. This is based on affordability.

To qualify, each individual business unit must meet certain minimum financial performance criteria to be considered for an incentive payment at the end of the financial year. Due to the current economic and market conditions, only two business units met the minimum criteria and qualified for incentives.

Long-term incentives

The table below outlines the shares and options issued to executive directors and prescribed officers in the prior year:

Participant	Nature	Issue date	Lapse date	Number of shares/ options issued	Number of shares/ options outstanding	Exercise price
AMF da Silva	Shares	13 June 2016	N/A	1 328 818	1 148 818	81 cents
	Shares	2 June 2015	N/A	5 892 288	5 892 288	55 cents
	Shares	5 February 2014	N/A	720 000	–	72 cents
WA Prinsloo	Shares	13 June 2016	N/A	834 881	834 881	81 cents
	Shares	2 June 2015	N/A	3 253 830	1 626 915	55 cents
	Shares	5 February 2014	N/A	750 000	187 500	72 cents
M Janse van Vuuren	Options	28 June 2016	28 June 2021	735 546	735 546	81 cents
	Options	2 June 2015	2 June 2020	1 021 642	1 021 642	55 cents
	Options	5 February 2014	5 February 2019	637 000	637 000	72 cents
TS Petje	Options	3 October 2016	3 October 2021	465 702	465 702	93 cents

The CEO, CFO and COO elected to forego their allocations for the last two years due to the financial performance of the group not meeting targets.

The share-based incentive scheme was reviewed and the board determined that the cost to the company far outweighed the benefits to the participants on an after-tax basis. Accordingly, there will not be any future allocations made going forward and the existing scheme will be wound down.

AMF de Silva forfeited 720 000 shares at 72 cents per share and 180 000 shares at 81 cents per share on 13 June 2018, thereby increasing the number of shares held by the Jasco Employee Share Incentive Trust at 30 June 2018 to 250 338 shares.

REMUNERATION REVIEW
continued

Non-executive directors

The following table depicts the remuneration of the non-executive directors for the current year, as well as the proposed fees for the 2019 calendar year. The proposed increases for 2019 are in line with inflation.

	F2018 Directors fees	2018 calendar	2019 proposed
Dr ATM Mokgokong	461 587	475 031	503 533
MJ Madungandaba	448 168	461 223	488 896
JC Farrant*	354 428	364 749	–
MS Bawa	347 843	357 977	379 456
P Radebe	347 843	357 977	379 456
T Zondi	269 252	277 097	379 456
AMF da Silva (from 1 July 2018)	–	138 549	293 723
	2 229 120	**2 432 603**	**2 424 520**

* *Retires at the Annual General Meeting in December 2018.*

Executive directors and prescribed officers

The table below outlines the remuneration earned by the executive directors and prescribed officers during F2018:

	Basic salary	Expense allowance	Other benefits	Provident fund	Share-based payment	Total
Executive directors (paid by Jasco Trading)						
AMF da Silva	3 938 676	12 600	296 090	128 763	837 081	5 213 210
W Prinsloo	2 308 289	12 600	367 299	76 471	527 774	3 292 433
T Petje	1 548 487	12 600	163 052	246 645	86 506	2 057 290
S Samuels	1 311 600	12 600	83 072	127 047	–	1 534 319
Executive directors	9 107 052	50 400	909 513	578 926	1 451 361	12 097 252
Prescribed officer (paid by Jasco Trading)						
	2 190 507	12 600	361 750	309 314	219 916	3 094 087
M Janse van Vuuren*	2 190 507	12 600	361 750	309 314	219 916	3 094 087

**Became the new CEO on 1 July 2018.*

HOW WE COMPLY

COMPANY SECRETARY INTRODUCTION

In line with the Companies Act and the JSE Listings Requirements, the board selects and appoints the group company secretary. With effect from 1 August 2017, the company appointed N Modisakeng as the group company secretary. Please refer to page 17 for his full CV.

All directors have access to the professional advice and services of the group company secretary, which in turn assists the board to monitor that the company adheres to appropriate governance standards.

The group company secretary is also responsible for alerting the directors to any relevant changes to the Companies Act, the Financial Markets Act, the JSE Listings Requirements, all governance reports, as well as any other statutory regulations or laws affecting them in their capacity as directors. The group company secretary also monitors the directors' dealings in securities and ensures adherence to prohibited periods for share trading.

Ethical leadership and good corporate governance are a priority for Jasco and the group company secretary is responsible for assisting the board to lead ethically and effectively and assessing the board's integrity, competence, accountability, fairness and level of transparency with its stakeholders. Similarly, the chairman and the CEO conduct a detailed assessment to satisfy the board of the competence, qualifications and experience of the group company secretary in accordance with section 3.84(h) of the JSE Listings Requirements. This is usually performed through:

- a review of qualifications and experience;
- an assessment (detailing all the legislative and King IV requirements) by the chairman. This assessment specifically includes questions on how effectively the role as gatekeeper of good governance in the company is performed, the effectiveness of the arm's length relationship and how the role and duties as group company secretary is performed; and
- a performance review by the CEO against measured targets from a daily administrative and strategic key performance indicator perspective.

HOW WE COMPLY continued

CORPORATE GOVERNANCE AND REGULATORY SUMMARY

KING IV

As a listed company, Jasco operates in a regulated environment, which requires us to adhere to the principles the King Code. The board has applied the main principles of King IV, together with the Companies Act, during the year under review.

We outline our adherence to King IV on our website www.jasco.co.za. We confirm that we have complied with the JSE Listings Requirements.

ETHICS

Jasco is committed to achieving the highest standards of ethical behaviour. We have various mechanisms in place to prevent and discourage unethical and fraudulent behaviour in the group. We expect our employees and Jasco-related stakeholders to conduct themselves with the highest level of honesty and integrity.

The group has an ethics hotline which is independently run by Deloitte Tip-Offs Anonymous. This hotline can be used by all employees, contractors, suppliers or other associates to report any suspected unethical behaviour.

The numbers to call are:	0800 747 748 (South Africa)
Email:	jasco@tip-offs.com

Calls are investigated by the social and ethics committee and internal audit function, with the company secretary being the first line of reporting and the ethics officer of Jasco.

No fraudulent activity was reported or proven to be committed during the reporting year.

INTERNAL CONTROL

Organisational policies, procedures, structures and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Both operational and executive management closely monitor the controls and actions taken to correct weaknesses, as and when they are identified. Each business unit has its own finance department headed by a finance executive with appropriate skill and experience. The business unit finance executives report to the group CFO, who is responsible for the overall financial control and reporting.

Jasco uses an independent auditing firm, Bezuidenhout and Kie, to perform the internal audit function. Representatives of the firm report directly to the audit and risk committee.

INSIDER TRADING

Employees of Jasco (and associates) may not deal, directly or indirectly, in Jasco's ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no director or officer may trade in shares of the company during a closed period, as determined by the board in accordance with JSE Listings Requirements. The group's closed periods are between the last day of the reporting period and the publication of the results, as well as during those periods when the group is under a cautionary trading update. The company secretary communicates these closed periods to the directors and employees of the company in advance.

DELEGATION OF AUTHORITY

The group has adopted and complies with a detailed delegation of authority framework and policy, which stipulates the governance framework. Most policies are group-wide policies, applicable to all subsidiaries.

THE BOARD AND DIRECTORS

The board operates in accordance with a detailed charter, which defines the board's mission, roles, duties and responsibilities. The board adheres to its fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to directors.

Declarations of interest are confirmed at each board and committee meeting and are recorded in the minutes.

Jasco has a unitary board structure comprising:

- four independent non-executive directors (including one lead independent non-executive director);
- three non-executive directors; and
- four executive directors.

Directors are entitled to seek independent professional advice concerning the affairs of the group, at the group's expense, should they believe this to be in the best interest of the group. A detailed annual plan ensures that the board executes its responsibilities and complies with its charter.

The policy dealing with the division of responsibilities between the chairman and CEO helps to ensure a balance of power and authority to guarantee that no director has unregulated powers. The board charter and memorandum of incorporation further ensure that appropriate voting principles and processes are employed to enable a balance of power. All directors independently apply their minds to matters under discussion.

Board evaluation

Jasco undertakes an annual board evaluation. This includes an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director to review their ability to add value.

In addition, the remuneration committee facilitates the evaluation of executive management.

The performance review conducted post year-end indicated that the board is providing sound corporate governance and is working well with executive management. The board is well informed and attentive to key issues. The board continues to focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future needs of the business and the ever-changing environment in which it operates.

Appointments to the board

The appointment of new directors is approved by the board as a whole on recommendation by the nominations committee. Directors are appointed through a formal and transparent process, which includes the identification of suitable members and performance and background checks prior to nomination. Director appointments are formalised through an agreed contract of service between the company and the director.

The company's board-approved gender and race policy is applied by the nominations committee when providing recommendations on the composition of the board and any new appointments.

Mr AMF da Silva, the company's previous CEO, resigned as an executive director and was replaced by Mr M Janse van Vuuren as the CEO of the group and executive director effective 1 July 2018. Mr AMF da Silva was appointed as a non-executive director effective 1 July 2018.

Independence of directors

The board applies the principles contained in King IV and the Companies Act guidelines to assess the independence of directors.

During the period, the nominations committee reviewed the independence of Mr S Bawa as a non-executive director. The company secretary, with the assistance of an independent third party law firm specialising in corporate governance, was appointed to review the independence of Mr Bawa. He was found to be an independent non-executive director, which resulted in the board now consisting of four independent non-executive directors. The board is currently in the process of appointing another independent non-executive director to further strengthen the audit and risk committee.

Retirement and re-election of directors

All directors are appointed in accordance with Jasco's memorandum of incorporation and are subject to retirement by rotation and re-election by shareholders at least once every three years. Consequently, Mr MJ Madungandaba and Mr S Bawa will retire by rotation. Being eligible for re-election, they offer themselves for re-election to the board.

Directors' remuneration

Non-executive directors receive a fee for their contribution to the board and the sub-committees on which they serve. Fees are determined by the remuneration committee and approved by the shareholders at the annual general meeting. The remuneration of executive directors is determined by the remuneration committee in accordance with the company's memorandum of incorporation, and approved by the board.

Information on directors' remuneration appears on page 76.

Risk management

The board appreciates the importance of risk management and has adopted a new format risk and opportunity register that outlines a detailed mitigation process. Management is accountable for the design, implementation and monitoring of the risk management plan.

The risk and opportunity register is monitored through a detailed process that involves rating the risk and categories with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis.

HOW WE COMPLY continued

The board has ultimate responsibility for establishing a framework for internal control. Jasco's controls focus on the critical risk areas identified by operational management and confirmed by the executive management. Controls are designed to provide reasonable assurance of the integrity and reliability of the annual financial statements to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, whilst complying with applicable laws and regulations. An enterprise risk management framework and policy continues to receive management attention, with identified shortcomings to be addressed in the new financial year.

The board is assisted in its responsibility by the audit and risk committee. Its objective is to monitor and consider the risk management processes. The group's annual internal audit plan is designed to incorporate the outcomes of the risk management process. Internal audit is based on a risk-based audit approach.

Board meetings

The board meets quarterly and on an *ad hoc* basis, as and when it is deemed necessary. In fulfilling their duties to both Jasco and its stakeholders, the directors aim to act impartially and independently when considering matters of strategy, performance, allocation of resources and ensuring the highest levels of conduct. Non-executive directors play a major role in the board sub-committees, which operate within the adopted terms of reference for each sub-committee.

An agenda and supporting papers are distributed to all directors prior to each board meeting to allow members sufficient time to prepare for the meeting. Appropriate explanations and motivations are provided for items requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of the directors. In terms of good governance, the directors may conduct unrestricted inspections of all the group's property, information and records.

Board committees

The board committees assist the board in executing its duties and authority. The board delegates the required authority to each committee to enable them to fulfil their respective functions through formal board-approved terms of reference. These are reviewed annually. Each committee has a detailed annual workplan to ensure full oversight of all matters within their delegated mandate.

Delegating authority to board committees or management does not mitigate or discharge the board and its directors of their duties and responsibilities.

The board has five committees through which it operates:

- Audit and risk committee;
- Social and ethics committee;
- Remuneration committee;
- Nominations committee; and
- Investment committee.

Each committee chairman reports formally to the board after each meeting on all matters within its duties and responsibilities, including recommendations on envisaged actions.

Audit and risk committee

The committee consists of three independent non-executive directors. The chairman of the board is not the chairman of the audit and risk committee. The external auditors, internal auditors, the group CEO and the group CFO attend these meetings by invitation. The internal and external auditors have unrestricted access to the chairman of the audit and risk committee. The full report from the audit and risk committee is outlined in the consolidated financial statements. These can be found at www.jasco.co.za.

Meetings are held quarterly. Five meetings were held in the year under review, including a special meeting for the appointment of external auditors.

Apart from the statutory duties of the audit committee, as set out in the Companies Act and the provisions of the JSE Listings Requirements and King IV principles, the purpose of the committee is to:

- examine and review the group's financial statements and report on interim and final results, the accompanying messages to stakeholders and any other announcements on the company's results or other financial information to be made public;
- oversee co-operation between internal and external auditors, and serve as a link between the board and these functions;
- oversee the external audit function;
- approve the internal audit plan, fees and qualifications of the internal auditors;
- evaluate the qualifications and independence of the external auditor;
- approve external audit fees;

- ensure effective internal financial controls are in place;
- review the integrity of financial risk control systems and policies;
- evaluate the scope and effectiveness of the internal audit function;
- evaluate the competency level of the CFO and finance function; and
- comply with legal and regulatory requirements.

During the year under review, the committee satisfied itself that the CFO, Mr WA Prinsloo, possesses the appropriate level of expertise and experience to fulfil his responsibilities as group CFO to the board and the company.

Social and ethics committee

The social and ethics committee is constituted as a statutory committee for purposes contained in section 72 of the Companies Act.

The committee comprises one independent non-executive director and two executive directors. The group's CEO, group human resources executive, marketing and communications executive and the company secretary attend these meetings as invitees. The chairman of the committee provides a report to the board on its initiatives and mandate.

The committee is governed by a charter and monitors group performance in terms of defined social and ethics performance indicators that have been formulated with reference to Regulation 43(5) of the Companies Act. This is further supported by a workplan which guides the committee on its mandate and responsibilities.

The committee met three times during the year. In response to the requirements of the Companies Act, the performance in the following areas was reviewed:

- Group policies (ethics, whistle-blowing, anti-corruption and procurement);
- Broad-based black economic empowerment and employment equity;
- Socio-economic development; and
- Environmental impact.

Whistle-blowing is supported by a procedural framework within Jasco and communicated to all Jasco employees. There were no whistle-blowing incidents reported during the review period.

The committee approved a comprehensive socio-economic development responsibility plan, which includes relevant training, learnerships and bursaries. The committee also reviews the head office energy consumption and carbon footprint contributions at Jasco. There were no significant health and safety issues to report for the year under review.

Remuneration committee

The committee ensures that remuneration policies support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives, while complying with regulatory and governance principles.

The remuneration committee comprises two independent non-executive directors and one non-executive director. It is chaired by an independent non-executive director. Meetings are attended by the group CEO, CFO and the group executive: human resources, by invitation when required.

The remuneration committee ensures that remuneration practices focus executives on achieving long-term business objectives and growth in shareholder wealth. In satisfying this requirement, the committee reviews incentive arrangements, including key performance areas and performance hurdles. The chairman of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the remuneration committee are tabled to the board for noting.

Nominations committee

The nominations committee is responsible for ensuring that the procedures for appointments to the board are formal and transparent.

The committee consists of two non-executive directors as members and is chaired by the chairman of the board. The committee met once during the year under review.

The purpose of this committee is to:

- provide recommendations on the composition of the board and board committees and ensure that the board comprises individuals equipped to fulfil their role as directors of the company;
- provide comments and suggestions on committee structures of the board, committee operations, member qualifications and member appointment; and
- review and recommend its annual training programme to the board.

HOW WE COMPLY continued

Investment committee

The investment committee is constituted as an informal sub-committee to assist the board with the investment process of the group.

The committee oversees approval processes for investments. These are designed to ensure they are aligned to the group's agreed strategies and values. Risks are identified and evaluated, investments are fully optimised to produce the maximum shareholder value within an acceptable risk framework and appropriate risk management strategies are pursued.

The main purpose of the committee is to review investments in a structured, formal and transparent manner to ensure:

- each project meets the strategic, technical and investment requirements of the company, which includes identifying and managing all project-related risks;
- critical decisions, project parameters, safety, health and environmental impacts and governance processes are followed and addressed prior to committing funds; and
- each project enhances the portfolio value of the company.

The committee also approves smaller projects within its mandate. The committee meets only when required. The investment committee met once during the year under review to discuss the acquisition of RAMM Technologies.

F2018 meeting attendance

The table below reflects attendance at board and sub-committee meetings for the year.

	Board (including budget)	Audit and risk committee	Social and ethics committee	Remuneration committee	Nominations committee	Investment committee
Number of meetings held	4	5	3	2	1	1
Chairman						
ATM Mokgokong	4	N/A	N/A	N/A	1	N/A
Deputy chairman						
MJ Madungandaba	4	N/A	N/A	0	N/A	1
Independent non-executive directors						
JC Farrant	4	5	N/A	2	1	1
T Zondi	4	5	N/A	N/A	N/A	N/A
P Radebe	4	5	3	N/A	N/A	N/A
S Bawa	4	N/A	N/A	2	N/A	1
Executive directors						
AMF da Silva (until 30 June 2018)	4	by invite	by invite	by invite	by invite	1
WA Prinsloo	4	by invite	N/A	by invite	by invite	1
TS Petje	4	N/A	3	N/A	N/A	N/A
SM Samuels	4	N/A	3	N/A	N/A	N/A

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Group	
	2018 R'000	Restated 2017 R'000
Revenue	1 147 083	1 036 509
Cost of sales	(786 607)	(724 064)
Gross profit	360 476	312 445
Other income	27 437	24 490
Selling and distribution costs	(1 814)	(3 145)
Administrative expenses	(246 584)	(209 337)
Other expenses	(99 122)	(120 561)
Operating profit/(loss)	40 393	3 892
Finance income	4 285	6 986
Finance costs	(24 451)	(18 521)
Equity accounted share of loss from joint venture/associate	(4 091)	(1 823)
Profit/(loss) before taxation	16 136	(9 465)
Taxation	(12 754)	(25 976)
Profit/(loss) for the year	3 382	(35 441)
Other comprehensive income/(loss) (this may subsequently be reclassified to profit or loss)	(351)	319
Foreign currency translation reserve arising during the year*	(351)	319
Total comprehensive income/(loss) for the year	3 031	(35 122)
Profit/(loss) for the year attributable to:		
– non-controlling interests	11 047	3 807
– ordinary shareholders of the parent	(7 665)	(39 248)
	3 382	(35 441)
Total comprehensive income/(loss) attributable to:		
– non-controlling interests	11 047	3 807
– ordinary shareholders of the parent	(8 016)	(38 929)
	3 031	(35 122)
Earnings per ordinary share (cents) – basic	(3,3)	(17,3)
– diluted	(3,3)	(17,1)

* *Foreign currency translation reserves do not attract any income tax.*

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	Group 2018 R'000	Group Restated 2017 R'000
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 of the parent	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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Group	
	2018 R'000	Restated 2017 R'000
Cash flows from operating activities	16 618	25 239
Cash generated from/(utilised in) operations	55 168	55 394
Interest received	4 194	6 986
Interest paid	(18 119)	(15 720)
Taxation paid	(18 718)	(16 943)
Dividend paid	(2 232)	(4 478)
Dividend paid to non-controlling shareholder	(3 675)	–
Cash flows from investing activities	(43 971)	21 373
Acquisition/Disposal of subsidiary, net of cash acquired	(27 217)	5 616
Additions to intangibles	(13 296)	(15 097)
Investment/loans in associate/joint venture	(4 725)	(2 186)
Receipt of deferred proceeds (M-Tec)	–	40 734
Receipts from finance lease asset	12 675	9 411
Purchase of plant and equipment	(12 348)	(17 722)
Replacement of plant and equipment	(1 008)	(2 818)
Additions to plant and equipment	(11 340)	(14 904)
Proceeds on disposal of plant and equipment	940	617
Cash flows from financing activities	(932)	41 878
Cash flows from treasury shares	(414)	(249)
Non-current loans raised	20 000	105 000
Non-current loans repaid	(17 361)	(62 876)
Transactions with non-controlling shareholders	(3 157)	3
Net increase/(decrease) in cash and cash equivalents	(28 285)	88 490
Cash and cash equivalents at beginning of year	95 551	7 256
Revaluation of foreign cash balances	623	(195)
Net cash and cash equivalents at end of year	67 889	95 551
Cash and cash equivalents	67 889	95 551
Net cash and cash equivalents at end of year	67 889	95 551

ORDINARY SHARE PERFORMANCE AND SHAREHOLDING

STATISTICAL HIGHLIGHTS FOR THE SIX YEARS ENDED 30 JUNE

	2018	2017	2016	2015	2014	2013
Jasco share price						
Lowest share price (cents)	**40**	70	38	47	58	85
Highest share price (cents)	**90**	120	87	125	114	175
Closing share price (cents)	**65**	82	84	56	90	99
Analysis of Jasco share transactions						
Total number of transactions recorded on JSE	**1 311**	1 472	1 241	1 717	1 684	3 151
Total number of shares traded ('000)	**9 842**	16 935	23 220	15 696	20 246	24 594
Total number of shares traded as a percentage of weighted average issued shares (%)	**4,3**	7,5	10,8	5,5	11,6	16,8
Total value of shares traded (R'000)	**5 929**	16 152	14 018	12 035	16 564	35 213

ANALYSIS OF JASCO SHAREHOLDING AT 30 JUNE 2018

	Number of share-holders	Percentage of total	Number of shares	Percentage of total
Size of shareholding				
1 – 1 000	1 502	52,59	473 603	0,21
1 001 – 5 000	601	21,04	1 606 019	0,70
5 001 – 10 000	227	7,95	1 821 953	0,79
10 001 – 100 000	420	14,71	14 761 199	6,44
100 001 and over	106	3,71	210 656 417	91,86
	2 856	100,00	229 319 191	100,00
Analysis of shareholders				
Class				
– individuals	2 593	90,79	48 185 573	21,01
– financial institutions and corporate bodies	263	9,21	181 133 618	78,99
	2 856	100,00	229 319 191	100,00
Major shareholders (5% or more of shares in issue)				
– Community Investment Holdings (Pty) Limited (CIH)*			72 654 780	31,68
– Goldsol II (Pty) Limited			50 000 000	21,80
– TMM Holdings (Pty) Limited			24 513 956	10,69
Analysis of Jasco shareholder's spread at 30 June 2018				
Non-public				
– BEE partners	6	0,21	130 482 620	56,90
– Jasco directors†	4	0,14	746 009	0,33
– Associates of Jasco directors	1	0,04	5 500	0,00
– Jasco Employee Share Incentive Trust	1	0,04	6 501 194	2,83
	12	0,43	137 735 323	60,06
Public	2 844	99,57	91 583 868	39,94
	2 856	100,00	229 319 191	100,00

† *Refer to the directors' report on page 14 of the Annual Financial Statements for detailed information of the directors' interest in share capital.*

* *CIH's shares are held by Malesela Holdings No 1 (Pty) Limited, the Inkonkoni Trust, CIH Projects No 8 (Pty) Ltd, Parmtro Investments No 76 (Pty) Ltd and Golden Pond Trading 175 (Pty) Ltd.*

NOTICE OF THE AGM

Jasco Electronics Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number: 1987/003293/06
JSE share code: JSC
ISIN: ZAE000003794
("Jasco" or "the company" or "the group")

Notice is hereby given that the 30th annual general meeting of shareholders for the year ended 30 June 2018 will be held in the company's auditorium, Jasco Office Park, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand on Thursday, 20 December 2018 at 11:00 to consider, and if deemed fit, to pass with or without modification, the following resolutions as set out in this notice.

The board of directors of the company has determined, in accordance with section 62(3)(a), read with section 59(1)(a) and (b) of the Companies Act, No 71 of 2008, as amended (Companies Act), that the record dates for the purposes of determining which shareholders are entitled to:

- receive notice of the annual general meeting (the posting record date) is Friday, 9 November 2018; and
- attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 7 December 2018.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group, including the reports of the directors, group audit and risk committee and the independent auditors, for the year ended 30 June 2018, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act (abbreviated versions have been included in the Integrated Annual Report, with the full annual statements available on our website).

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

A report of the members of the group social and ethics committee for the year ended 30 June 2018, as included in the Integrated Annual Report, will be presented to shareholders as required in terms of Regulation 43 of the Companies Regulations, 2011.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. To re-elect Mr MJ Madungandaba and Mr S Bawa. Brief resumes for these directors appear on pages 14 and 15 of this report.

In accordance with the provisions of clause 28.8 of the company's memorandum of incorporation (MoI) and the Companies Act, which provide that at each general meeting of the company, one third of the directors shall retire from office, but such directors may offer themselves for re-election. The board of directors has assessed the performance of the directors standing for election and re-election, as the case may be and has found them suitable for appointment and reappointment.

1.1 Ordinary resolution number 1: Re-election of Mr MJ Madungandaba as a director

"RESOLVED that Mr MJ Madungandaba, who retires by rotation in terms of the MoI of the company and is eligible and available for re-election as a director of the company be and is hereby re-elected as a director of the company with effect from 1 November 2018."

1.2 Ordinary resolution number 2: Re-election of Mr S Bawa as a director

"RESOLVED that Mr S Bawa, who retires by rotation in terms of the MoI of the company and is eligible and available for re-election as a director of the company be and is hereby re-elected as a director of the company with effect from 1 November 2018."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

2. Ordinary resolution number 3: The appointment of Mr D du Plessis as a director of the company

"RESOLVED that Mr D du Plessis, who is eligible and available for election as a director of the company be and is hereby elected as a director of the company with effect from 1 January 2019"

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting

NOTICE OF THE AGM continued

3. **Ordinary resolution number 4: Election of group audit and risk committee members**

   "RESOLVED that an audit and risk committee comprising independent non-executive directors, as provided in section 94(4) of the Act, set out be and is hereby appointed in terms of section 94(2) of the Act to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and King IV Report on Governance for South Africa and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

   The board of directors has assessed the performance of the group audit and risk committee members standing for election and has found them suitable for appointment.

   Brief CVs for Ms T Zondi and Mrs P Radebe appear on page 15 of this report.

   Mr Danie du Plessis (60) CA(SA)
   Danie is a highly experienced business development professional, specialising in accountancy and financial consultancy services. He has a solid grounding in finance and assurance-related practice after many years in high-level roles and served as partner at PwC until his retirement in 2014. He now serves on a number of boards and audit committees, including an unlisted public company, where he serves as chairman of the Audit Committee.

   Mr D du Plessis (Chairman);

   Ms T Zondi (member); and

   Mrs P Radebe (member).

   For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

4. **Ordinary resolution number 5: Election of group social and ethics committee members**

   "RESOLVED that a social and ethics committee, as provided in section 72(4) of the Act, and Regulation 43 of the Companies Regulations, 2011, set out below be and is hereby appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in Regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

   The board of directors has assessed the performance of the group social and ethics committee members standing for re-election and has found them suitable for reappointment. Brief CVs for these members appear on pages 14 and 15 of this report.

   Mrs P Radebe (chairman);

   Ms S Samuels (member); and

   Mr TS Petje (member)."

   For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

5. **Ordinary resolution number 6: Reappointment of independent external auditors**

   The group audit and risk committee has assessed PwC's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

   "RESOLVED that PwC Inc., with the designated audit partner being Mr B Humphreys, be and is hereby reappointed as independent external auditors of the group for the ensuing year."

   For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

6. **Ordinary resolution number 7: Approval of the remuneration policy**

   "RESOLVED that through a non-binding advisory vote that the company's remuneration policy and its implementation, as set out in the remuneration report contained on page 71 of this report, be and is hereby approved.

   This ordinary resolution is of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in this report. However the board commits to engage with dissenting shareholders if the votes against is 25% or more of the total votes."

For this resolution to be passed, votes in favour must represent at least 50%+1 of all votes cast and/or exercised at the meeting.

7. Ordinary resolution number 8: General authority to place the authorised but unissued shares under the directors' control

It would be of advantage to grant the directors the necessary authority to enable the company to take expeditiously advantage of business opportunities (in the form of rights offers, acquisition issues and/or acquisitions of any shares in any group company owned by any minorities (as set out in paragraph (b) of the resolution)). In order to be in a position to do so, the company is required, in terms of clause [9.4] of its MoI, to have shareholder approval to issue shares in such circumstances.

The company understands that this authority cannot be open-ended, and has therefore proposed that it be granted, subject to:

- the restrictions set out below, particularly that the number of shares it is authorised to issue be limited to 29,95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of this notice of AGM, excluding treasury shares; and
- the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 68 681 098 ordinary shares (which represents 29,95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to this ordinary resolution 8 or pursuant to ordinary resolution 9.

"RESOLVED to place the undermentioned ordinary shares in the authorised but unissued share capital of the company at the disposal and under the control of the directors, until the next AGM of the company, who are hereby authorised and empowered, subject to the provisions of the Act and the JSE Listings Requirements, to allot, issue and otherwise dispose of such shares to such person/s on such terms and conditions and at such time/s as the directors may from time to time in their discretion deem fit, subject to:

(a) a maximum amount of 68 681 098 ordinary shares, which represents 29,95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, being placed at the disposal and under the control of the directors;

(b) the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 68 681 098 ordinary shares, which represents 29,95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to this ordinary resolution 7 or pursuant to ordinary resolution 8;

(c) this resolution shall not authorise the directors to effect an issue of shares for cash as contemplated in the JSE Listings Requirements; and

(d) such authority shall be utilised to effect or implement relevant corporate action, including but not limited to, rights offers, acquisition issues and/or acquisitions of any shares in any group company owned by any minorities.

For this resolution to be passed, votes in favour must represent at least 50%+1 of all votes cast and/or exercised at the meeting.

8. Ordinary resolution number 9: General authority to issue shares, and to sell treasury shares for cash

"Resolved, as an Ordinary Resolution, that the directors of the company and/or any of its subsidiaries, be and are hereby authorised, from time to time, by way of a general authority, to:

- allot and issue 11 465 960 shares or options (which number represents up to 5% of the company's equity shares at the date of this notice) in respect of all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the capital of the company purchased by subsidiaries of the company; and
- issue shares for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the following limitations:
  - The securities which are the subject of the issue for cash must be of a class already in issue, or

NOTICE OF THE AGM continued

where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.

- Any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties.
- The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 5% (five percent) of the number of issued ordinary shares.
- This general authority is valid until the earlier of the company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given.
- An announcement giving full details will be released when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue.
- In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares.
- Whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

At present, the directors have no specific intention to use this authority and the authority will thus only be used if circumstances are appropriate.

The reason for proposing ordinary resolution number 8 is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the company (excluding shares issued pursuant to the company's share incentive scheme), up to 5% (11 465 960 shares) of the number of ordinary shares of the company in issue at the date of passing of this resolution, in order to enable the company to take advantage of business opportunities which might arise in the future.

For this resolution to be passed, votes in favour must represent at least 75% +1 of all votes cast and/or exercised at the meeting.

9. Ordinary resolution number 10: Authorise directors and/or company secretary

"RESOLVED that any one director and/or group company secretary of the company or equivalent be and are hereby authorised to do all such things and to sign all such documents that are deemed necessary to implement the resolutions set out in the notice convening the annual general meeting at which these resolutions will be considered."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

10. Special resolution number 1: Non-executive directors' fees

To approve the remuneration of non-executive directors for the period 1 January 2019 until 31 December 2019.

Approval in terms of section 66 of the Companies Act is required to authorise the company to remunerate for their services as directors. Furthermore, in terms of King IV and as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

"RESOLVED as a special resolution in terms of the Companies Act, No 71 of 2008, as amended, that the remuneration of non-executive directors for the period 1 January 2019 until 31 December 2019 be and is hereby on the basis are set out as follows:

	Current Rand	Proposed Rand
Chairman of the board	475 031	503 533
Deputy chairman of the board	461 223	488 896
Audit and risk committee chairman	364 747	386 634
Social and ethics committee chairman	357 977	379 456
Remuneration committee chairman	357 977	379 456
Member of a sub-committee	277 097	293 723
Member of the board	194 745	206 430

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

11. Special resolution number 2: Financial assistance to a related or inter-related company or companies

"RESOLVED as a special resolution in terms of the Companies Act, No 71 of 2008, as amended, that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or interrelated companies of the company, be and is hereby approved, provided that:

1. (i) the specific recipient(s) of such financial assistance;

   (ii) the form, nature and extent of such financial assistance;

   (iii) the terms and conditions under which such financial assistance is provided,

are determined by the board of directors of the company from time to time;

2. the board has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance;
3. such financial assistance to a recipient is in the opinion of the board of directors of the company, required for a purpose which, in the opinion of the board of directors of the company, is directly or indirectly in the interest of the company; and
4. the authority granted in terms of this special resolution will remain valid for 2 (two) years or until the next annual general meeting."

   For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

12. Special resolution number 3: General authority to acquire ("repurchase") shares

"RESOLVED THAT, the company and any subsidiary of the company be and are hereby authorised in terms of section 48 of the Companies Act, 71 of 2008, and subject to the provisions of the Companies Act, 71 of 2008, as amended, the JSE Listings Requirements and the Memorandum of Incorporation, to acquire, as a general repurchase, up to 20% (twenty percent) (or 10% (ten percent) where the repurchase is effected by a subsidiary) of the ordinary shares issued by the company; provided that:

(i) any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;

(ii) authorisation thereto being given by the company's or any subsidiary's Memorandum of Incorporation;

(iii) the approval shall be valid only until the next AGM or for 15 months from the date of this resolution, whichever period is shorter;

(iv) repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;

(v) at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;

(vi) a resolution is passed by the board of the company authorising the repurchase and confirming that the company has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;

(vii) an announcement will be published as soon as the company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;

(viii) acquisitions of shares in aggregate in any one financial year may not exceed 20% of the company's ordinary issued share capital (or 10% where the repurchase is effected by a subsidiary), as the case may be, as at the date of passing of this special resolution;

NOTICE OF THE AGM continued

(ix) the company and/or its subsidiaries may not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where the dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period.

Explanatory Note:

Special resolution number 3 is proposed to authorise the acquisition by the company, and any subsidiary of the company, of the ordinary shares issued by the company.

The board's intention is for the shareholders to pass a special resolution granting the company and its subsidiaries a general authority to acquire ordinary shares issued by the company to enable the company and its subsidiaries, subject to the requirements of the Companies Act, the JSE Listings Requirements and the company's or its subsidiary's Memorandum of Incorporation, to acquire ordinary shares issued by the company, should the board consider that it would be in the interest of the company and/or its subsidiaries to acquire ordinary shares issued by the company while the general authority exists. The directors have no specific intention, at present, for the company or any of its subsidiaries to acquire any of the company's shares, but are of the opinion that it is in the best interest of the company and its shareholders to have such a general authority in place to enable the company or any of its subsidiaries to acquire shares issued by the company should the market conditions, tax dispensation and price justify such an action.

In the event that shareholders grant the requested authority to repurchase shares, any decision by the directors to authorise the company or any of its subsidiaries to use the general authority to acquire shares of the company will be taken with regard to the prevailing market conditions and other factors and will be subject to the proviso that, after such acquisition, the directors are of the opinion that:

- the company and the group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of notice issued in respect of the AGM;
- the assets of the company and the group would be in excess of the liabilities of the company and the group.

For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

13. To transact such other business as may be transacted at an annual general meeting

Litigation statement

Other than disclosed or accounted for in the annual financial statements, the directors of the company, whose names appear on pages 14 and 15 of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 12 months preceding the date of this notice of annual general meeting.

Material changes

Other than the facts and developments reported in the Annual Financial Statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of the Integrated Annual Report and the posting date.

Further disclosure required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in the Annual Financial Statements of which this notice forms part:

- directors and management – refer to pages 14 to 17 of the Integrated Annual Report;
- major shareholders of the company – refer to page 86 of the Integrated Annual Report;
- directors' interest in the company's shares – refer to the Annual Financial Statements
- share capital of the company – refer to the Annual Financial Statements.

Identification, voting and proxies

In terms of section 63(1) of the Act, any person attending or participating in the annual general meeting must present reasonable satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, drivers' licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in terms of the JSE Listings Requirements will not be taken into account at the annual general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised Jasco shareholders with own-name registrations who cannot attend the annual general meeting, but who wish to be represented thereat. To be valid, completed forms of proxy must be received by the transfer secretaries of the company, Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg, by no later than 14:00, Friday 14 December 2018.

All beneficial owners of Jasco shares who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their CSDP, broker or nominee to issue them

NOTICE OF THE AGM continued

with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration and who are entitled to attend and vote at the annual general meeting do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the annual general meeting be entitled to lodge the form of proxy in respect of the annual general meeting, in accordance with the instructions therein with the chairman of the annual general meeting.

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of Jasco) to attend, speak and vote in his/her stead. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

Jasco does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Jasco shareholder of the annual general meeting.

By order of the board

N Modisakeng
Group company secretary
Midrand

9 November 2018

FORM OF PROXY

Jasco Electronics Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1987/003293/06)
Share code: JSC ISIN: ZAE000003794
("Jasco")

For use ONLY by certificated shareholders and own-name dematerialised shareholders at the annual general meeting of Jasco shareholders to be held in the company's boardroom, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand, at 11:00 on 20 December 2018 or such later time that may be applicable ("the annual general meeting" or "AGM").

Dematerialised shareholders, other than with own-name registration, must NOT complete this form of proxy and must provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We (______________________________ Please print name in full)

of ______________________________ (address)

being the registered holder/s of ______________ ordinary shares in Jasco, hereby appoint (refer note 1):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the annual general meeting,as my/our proxy to attend, speak and vote on my/our behalf at the 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 any adjournment thereof and to vote for or against the resolutions or to abstain from voting in respect of the shares in the issued capital of Jasco registered in my/our name/s, in accordance with the following instruction (refer to note 2):

	In favour	Against	Own discretion	Abstain
As ordinary resolutions				
1. To elect or re-elect directors 1.1 To elect Mr JM Madungandaba who retires by rotation and is eligible and available for re-election				
1.2 To elect Mr S Bawa who retires by rotation and is eligible and available for re-election				
2. To elect Mr D du Plessis, who is eligible and available for election, as a director				
3. To approve group audit and risk committee members				
4. To approve group social and ethics committee members				
5. To reappoint PwC Inc. as independent auditors of the company and the group and to note Mr B Humpherys as the designated audit partner until the next annual general meeting				
6. To endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the remuneration report contained in the integrated annual report				
7. To place the authorised but unissued shares under the directors' control				
8. General authority to issue shares, and to sell treasury shares for cash				
9. To authorise directors and/or company secretary to implement the resolutions set out in the notice convening the annual general meeting				
As special resolutions:				
1. To approve the remuneration to be paid to the non-executive directors for the period 1 January 2019 until 31 December 2019				
2. To authorise financial assistance to related and inter-related companies				
3. To provide general authority to acquire ("repurchase") shares.				

** Insert an "X" in the appropriate spaces above according to how you wish your votes to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit. If you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of shares held in respect of which you desire to vote (refer to note 2).*

Signed at ______________________ on ______________________ 2018

Signature ______________________________

Any Jasco shareholder entitled to attend and vote at the annual general meeting and at any adjournment thereafter may appoint one or more proxies to attend, speak and to vote in place of such Jasco shareholder. A proxy so appointed need not be a Jasco shareholder.

Please read the notes overleaf.

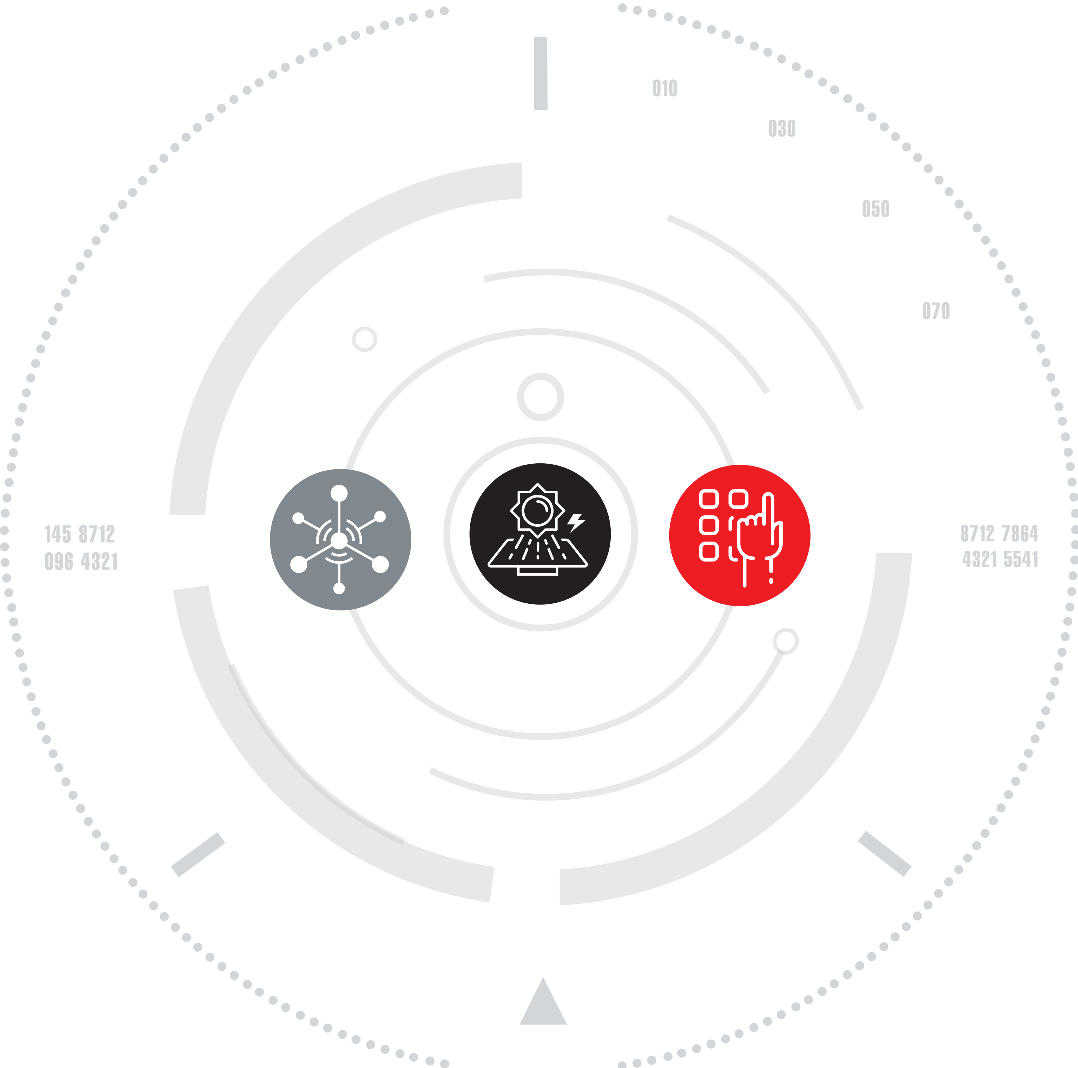
FORM OF PROXY continued

NOTES TO THE FORM OF PROXY

In accordance with section 58 of the Companies Act, 71 of 2008

1. A Jasco shareholder may insert the name of a proxy or the names of two alternative proxies of the Jasco shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the Jasco shareholder concerned. 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.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Jasco shareholder or his/her proxy is not obliged to use all the votes exercisable by the Jasco shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. The date must be filled in on this form of proxy when it is signed.
4. The completion and lodging of this form of proxy will not preclude the relevant Jasco shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. 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 transfer secretaries of Jasco or waived by the chairman of the annual general meeting of Jasco shareholders.
6. Any alterations or corrections made to this form of proxy must be initialed by the signatory/(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Jasco.
8. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to and received by the transfer secretaries, Link Market Services South Africa (Pty) Limited, at 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001 or the company secretary at Corner of Alexandra Avenue and 2nd Street, Halfway House, Midrand, 1632 (PO Box 860, Wendywood, 2144), by no later than 14:00 on Friday, 14 December 2018, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 11:00 on Thursday 20 December 2018, provided that should the transfer secretaries or the company secretary receive a Jasco shareholder's form of proxy less than 48 (forty-eight) hours before the annual general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the AGM before the appointed proxy exercises any of such Jasco shareholder's rights at the AGM (or any adjournment of the general meeting).
9. Documentary evidence of all meeting participants, including proxies, must be attached to this proxy, unless previously recorded by the company secretary. CSDPs or brokers registered, voting on behalf or at the instruction of the form beneficial owners of shares registered, are requested that they identify the beneficial owners in the register on whose behalf they are voting and return a copy of the instruction of such owner to the company secretary or to the Transfer Secretaries, Link Market Services.
10. The chairman of the annual general meeting may accept or reject any form of proxy, in her/his absolute discretion, if it is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the transfer secretaries of Jasco.
12. Dematerialised shareholders, other than with own-name registration, must NOT complete this form of proxy and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders.
13. The directors have not made any provision of the electronic participation at the AGM.

INSPIRE.INNOVATE.



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