





# CONTENTS

Directors' responsibility for financial reporting	1
Independent auditor's report	2 – 6
Company secretary's certification	7
Audit and risk committee report	8 – 9
Report of the directors	10 – 12
Statements of comprehensive income	13
Statements of financial position	14
Statements of changes in equity	15
Statements of cash flows	16
Notes to the financial statements	17 – 86
Ordinary share performance and shareholding	87
Corporate information	88

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# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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## TO THE SHAREHOLDERS OF JASCO ELECTRONICS HOLDINGS LIMITED

The directors are required in terms of the Companies Act, 2008 as amended, of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, No. 71 of 2008, as amended and the Listings Requirements of the JSE Limited. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year apart from the change in accounting policies regarding the adoption of IFRS 9 and 15. The directors take full responsibility for the preparation of the consolidated and separate annual financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise this risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations given by management, the directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the ensuing 12 months from the approval of these annual financial statements and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to the financial records and related data, including minutes of meetings of the shareholders and board of directors. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors are responsible for auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 2 to 6 in the annual financial statements, which are available on the website [www.jasco.co.za](http://www.jasco.co.za).

The consolidated and separate annual financial statements set out on pages 13 to 86, which have been prepared under the supervision of WA Prinsloo CA(SA), on the going-concern basis, were approved by the Board and were signed on its behalf by:



**Dr ATM Mokgokong**  
*Non-executive chairman*



**M Janse van Vuuren**  
*Chief executive officer*



**WA Prinsloo**  
*Chief financial officer*

Midrand  
11 October 2019

# INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Jasco Electronics Holdings Limited

Report on the audit of the consolidated and separate financial statements

## Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Jasco Electronics Holdings Limited (the company) and its subsidiaries (together the group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

Jasco Electronics Holdings Limited's consolidated and separate financial statements set out on pages 13 to 86 comprise:

- the consolidated and separate statements of financial position as at 30 June 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

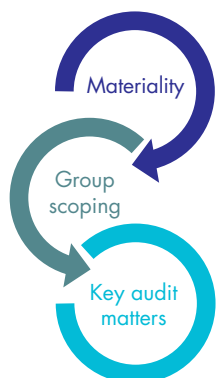
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

## Our audit approach

### Overview



### Overall group materiality

R11.4 million, which represents 1% of group revenue.

### Group audit scope

The group consists of a consolidation of twenty-three components. We identified twelve components, which in our view, required a full scope audit due to their financial significance. We performed review procedures or specified audit procedures for the remaining components.

### Key audit matters

- Impairment assessment of goodwill
- Recoverability of deferred income tax assets on assessed losses.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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<b>Overall group materiality</b>	R11.4 million
<b>How we determined it</b>	1% of group revenue
<b>Rationale for the materiality benchmark applied</b>	We chose total revenue as the benchmark because, in our view, this is the most stable benchmark, as profit before tax relative to group revenues suggests that the results are near breakeven. Revenue is considered more representative of the business operations. We chose 1% which is consistent with quantitative materiality thresholds used for profit-oriented companies using revenue as a benchmark.

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## How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Our scoping assessment included consideration of significant components as well as taking into consideration the sufficiency of work performed over material line items in the financial statements.

The group consists of a consolidation of twenty-three components located in South Africa. Twelve financially significant components were identified based on their contribution to group revenues and group profit before tax. Full scope audits were performed on these components. We performed review procedures or specified audit procedures over the remaining insignificant components.

In establishing the overall audit approach to the group audit, we determined the type of work that needed to be performed by ourselves, as the group engagement team, and component auditors from other PwC network firms under our instruction.

Detailed group audit instructions were communicated to all significant components, and comprehensive audit approach and planning meetings were held with all component teams before commencing their respective audits.

Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the group financial statements as a whole.

## Key audit matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Impairment assessment of goodwill</b>	
<p>Due to the business combinations that the group has entered into, the group's net assets include goodwill of R82.1 million. Goodwill is tested annually for impairment or when management identifies any indication of impairment at the cash-generating unit ("CGU") level. (Refer to note 10 to the financial statements).</p> <p>In determining if goodwill is impaired, management calculated the recoverable amount of each CGU to which goodwill relates. The recoverable amount of each CGU is determined based on the value-in-use methodology which makes use of discounted cash flow models.</p> <p>An impairment of R4.6 million was recognised in the current financial year relating to goodwill. (Refer to note 10 to the financial statements).</p> <p>The impairment assessment of goodwill was a matter of most significance to our audit due to the significant judgement involved regarding the future results of the relevant businesses, the discount rates applied to future cash flow forecasts and the growth rates utilised by management to perform the impairment assessment.</p> <p><i>This key audit matter relates to the consolidated financial statements.</i></p>	<p>We tested the mathematical accuracy of the valuation models, assessed the allocation of assets and liabilities to the relevant CGUs, and evaluated the appropriateness of the approach adopted by management. We found this to be in line with the requirements of IAS 36 <i>Impairment of Assets</i>.</p> <p>We agreed management's five year forecast of the future results to the approved budgets of the relevant CGUs, and held discussions with management on the reasonability of these forecasts. We compared the actual results of the CGU's against the prior years' cash flow forecasts, to assess the reliability of management's forecasts. We found management's cash flow forecasts to be reasonable.</p> <p>By utilising our valuation expertise, we assessed the key inputs in the calculations by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• Compared the terminal growth rates to long-term growth rates most reflective of the underlying CGU's operations, obtained from independent external sources; and</li> <li>• Independently recalculated the discount rate for the group, taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt:equity ratios, as well as the beta of comparable companies.</li> </ul> <p>The terminal growth rates and discount rates of management were considered to be within an acceptable range of our independent calculations.</p> <p>As part of our sensitivity procedures, we flexed the discount rate, the annual growth rates, the terminal growth rates and the forecast cash flows for the relevant CGUs and found that, for all the relevant CGUs, there was still sufficient headroom between the carrying amount and the recalculated recoverable amount.</p>

Key audit matter	How our audit addressed the key audit matter
<b>Recoverability of deferred income tax assets on assessed losses</b>	
<p>Due to significant tax losses in prior years the group has recognised a deferred income tax asset of R22.1 million at 30 June 2019, of which R17.1 million relates to taxation losses (Refer to note 7 to the financial statements).</p> <p>Management has performed an assessment to determine the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised.</p> <p>In assessing the future taxable income, management has made estimates based on assumptions in relation to the future taxable income of the entity, thereby concluding on the recoverability of these deferred tax assets.</p> <p>These judgements and assumptions include the forecasted future taxable income of the entities which have tax losses.</p> <p>Due to the significant estimation uncertainty related to the future taxable income, the assessments of the recoverability of deferred tax assets are considered to be a matter of most significance to the current year audit.</p> <p><i>This key audit matter relates to the consolidated financial statements.</i></p>	<p>We obtained management's assessment of the recoverability of the deferred tax asset balances at 30 June 2019 and performed, among other, the following procedures:</p> <ul style="list-style-type: none"> <li>• We tested the mathematical accuracy of the assessment by assessing that the correct tax rate has been used and that the calculations are performed correctly. We found no material differences whilst performing this procedure;</li> <li>• We evaluated the reasonableness of the cash flow assessments performed by management with regard to future taxable income and found these to be reasonable;</li> <li>• We analysed the tax positions and evaluated the assumptions applied and the methodologies used to determine whether the group will be profitable in the future;</li> <li>• In addition, we also focused on the adequacy of the group's disclosures on deferred tax assets and uncertain tax positions and assumptions used; and</li> <li>• We evaluated management's taxation planning strategies to assess the utilisation of assessed losses on which deferred tax assets have been recognised.</li> </ul>

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## Separate financial statements

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We have determined that there are no key audit matters in respect of the separate financial statements.

## Other information

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The directors are responsible for the other information. The other information comprises the information included in the document titled "Jasco Annual Financial Statements 2019", which includes the report of the directors, the Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa, and the document titled "Jasco Integrated Annual Report 2019". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

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The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

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Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

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In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Jasco Electronics Holdings Limited for two years.

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

**Director: BS Humphreys**

*Registered Auditor*

Johannesburg

11 October 2019



# COMPANY SECRETARY'S CERTIFICATION

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I, the group company secretary as at 30 June 2019, certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.

A handwritten signature in black ink, appearing to read 'M Ndema', with a long horizontal stroke extending to the right.

**M Ndema**

*Group company secretary at 30 June 2019*

Midrand

11 October 2019

# AUDIT AND RISK COMMITTEE REPORT

for the year ended 30 June 2019

Jasco's independent audit and risk committee ("the committee") is pleased to submit its report to the shareholders for the financial year ended 30 June 2019 in accordance with section 94(7)(f) of the South African Companies Act of 2008.

## Introduction

The committee's duties and objectives are governed by a formal charter which is in line with the Companies Act and King IV requirements. This independent statutory committee is appointed by Jasco's board of directors, which has delegated duties and responsibilities to the committee.

## Composition and meeting

The committee consists of three independent non-executive directors who usually meet at least four times per year as per the committee's mandate and charter. Biographical details of the committee members are provided in the Integrated Annual Report and the fees paid to the committee members are outlined in note 27.

The group's chief executive officer, chief financial officer, outsourced internal auditors and independent external auditors attend meetings by invitation.

During the year under review, nine meetings were held.

2018	10 September 2018	25 October 2018	29 October 2018	5 November 2018	20 November 2018
Name of member					
Mr JC Farrant*	Present	Present	Present	Present	Present
Ms T Zondi	Present	Present	Present	Present	Present
Ms PF Radebe	Present	Present	Present	Present	Present

2019	18 March 2019	4 April 2019	17 April 2019	3 June 2019
Name of member				
Mr DH du Plessis^	Present	Present	Present	Present
Ms T Zondi	Present	Present	Present	Present
Ms PF Radebe	Present	Present	Present	Present

\*Retired December 2018.

^Appointed January 2019.

## Audit and risk committee mandate

The committee is governed by a formal charter adopted and approved by the board, which is reviewed annually. The board supports and endorses the committee, which operates independently of management and is free of any organisational influence. The provisions of the Companies Act together with the King IV requirements and best practice are incorporated in the charter. The charter guides the committee in terms of its role, responsibilities and duties.

The committee has conducted its work in terms of its charter as per the corporate governance report, and has ensured that the respective roles and functions of external audit and internal audit are sufficiently clarified.

The committee is satisfied that it has fulfilled all its statutory duties and duties assigned to it by the board during the financial year under review, as further detailed below.

The committee performed the following activities:

- Received and reviewed reports from the external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of the external auditors detailing their findings arising out of their audit and requested appropriate responses from management;

- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Reviewed the risk and opportunities register and categorised the level of each risk, probability and the monetary value and made appropriate recommendations to the board regarding the corrective actions needed;
- Nominated for appointment PricewaterhouseCoopers Inc. as audit firm and Mr Brett Humphreys as designated individual auditor of the company and the group for the current financial year and for the next financial year;
- The committee considered the proposed external audit fees and approved the group audit fees in consultation with group management. The committee is responsible for determining the nature and extent of any non-audit services that the external auditors may provide to the group and pre-approve any proposed contract with the external auditors for the provision of non-audit services to the group;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence;
- The committee is satisfied that the external auditors are independent of the group and are thereby able to conduct their audit functions without any influence from the group;
- The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. Refer to subsequent events in the Report of the Directors on page 10;
- The committee has satisfied itself that the group chief financial officer, Mr WA Prinsloo, has the appropriate expertise and experience to act in his capacity; and
- The committee is responsible for considering and making recommendations to the board relating to the group's Integrated Annual Report, the financial statements and any other reports (with reference to the financial affairs of the group) for external distribution or publication, including those required by any regulatory or statutory authority. The Integrated Annual Report of the company for the year under review will be approved by the board upon the recommendation of the committee.

The outsourced internal auditors resigned in November 2018 following a decision to discontinue their internal audit services. The committee reassessed the internal audit function during the year and determined that the function would continue to be outsourced to an independent audit firm. Accordingly the process of appointing new internal auditors is underway and will be concluded shortly.

Consequently the Committee did not place reliance on internal audit during the 2019 financial year.



**DH du Plessis**

*Audit and risk committee chairman*

Midrand

11 October 2019

# REPORT OF THE DIRECTORS

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for the year ended 30 June 2019

The directors have pleasure in submitting their report on the activities of the group and the company for the year ended 30 June 2019.

## Nature of the business

The trading activities of the group companies are divided into five main business units, namely ICT-Carrier, ICT-Enterprise, Security & Fire, Power & Renewables and Electrical Manufacturers. Refer to the Integrated Annual Report for more information on what the nature of each business unit is.

## Financial results

The results of the operations for the year are set out in the consolidated and separate annual financial statements.

## Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The board has considered all operational and financial related activity and forecasts for the ensuing 12 months from the approval of these annual financial statements.

## Plant and equipment

There were no material changes in the nature of the plant and equipment of the group or in the policy regarding their use.

## Corporate actions

With effect from 1 January 2019, the group acquired 49% of the shares in MV Fire Proprietary Limited (Jasco Fire) for a maximum undiscounted purchase consideration of R3 431 924 to increase its ownership to 100%. Jasco Fire provides fire detection and suppression systems and solutions.

With effect from 1 January 2019, the group acquired 33% of the shares in NewTelco SA Proprietary Limited (NewTelco) for a maximum undiscounted purchase consideration of R200 000 to increase its ownership to 100%. NewTelco provides co-location solutions to regional telecommunications operators.

## Share capital

The authorised share capital is 750 000 000 ordinary shares and 29 884 633 redeemable preference shares. For information on the Jasco ordinary shareholders' spread, refer to page 87.

## Share incentive scheme

The Jasco Employee Share Incentive Trust was formed in 1993 to enable executives of the group to acquire shares in Jasco to provide them with incentives to advance the group's interests. The maximum number of shares and/or options that may be issued may not exceed 32 759 885 shares, being 15% of the issued share capital at the inception of the Trust including all subsequent capitalisation issues. The maximum number allowed for any one person is 8 735 969 of the issued share capital of the company.

In terms of the scheme rules, 50% of shares issued and options granted may be exercised after two years, 75% after three years and 100% after four years. Further details relating to the Jasco Employee Share Incentive Trust are set out in note 19 to the financial statements.

## Directors

Details of the present directorate of the company are set out in the Integrated Annual Report. In terms of the Memorandum of Incorporation of the company, Ms P Radebe and Ms T Zondi retire at the forthcoming annual general meeting (AGM) and are eligible for re-election.

## Subsidiary companies

Details are given on page 33.

## Borrowings

In terms of the Memorandum of Incorporation, the directors of the company are permitted to borrow or raise such funds as they deem necessary for the operation of the group. At the close of business on 30 June 2019, the total borrowings less cash resources was R143 649 000 (2018: R114 693 000). At 30 June 2019, the group had approved general banking facilities of R150 000 000 (2018: R150 000 000) of which R4.3 million was undrawn. The working capital loan and the corporate bond are classified as current liabilities at 30 June 2019 – refer to note 20 on page 60.

## Subsequent events

The directors are aware of the following material changes of circumstances or fact that occurred between the accounting date and the date of this report:

- The interest cover loan covenant for the six-month period ended 30 June 2019 was breached and was condoned by the corporate bondholder on 30 August 2019. As the breach occurred at 30 June 2019, the loan was classified to current liabilities in the group statement of financial position at 30 June 2019.
- The debtors cover loan covenant for the 12-month period ended 30 June 2019 was breached and was condoned by the Bank of China. As the breach occurred at 30 June 2019, the loan was classified to current liabilities in the group statement of financial position at 30 June 2019.
- Both the corporate bond and the Bank of China working capital loans were extended subsequent to year-end to 31 January 2021 and 27 February 2021 respectively. A notarial general covering bond in the amount of R100 million over the movable assets will be provided as additional security to the Bank of China Limited.
- The minority shareholders in Reflex Solutions raised a legal dispute with Jasco regarding the majority ownership by Jasco of Reflex Solutions in October 2018. The ensuing arbitration process found, on 17 July 2019, that the attempted cancellation was invalid and unlawful and that Jasco's ownership and control remained in full force and effect.
- A binding offer was received for the Electrical Manufacturers business in Jasco Trading (Pty) Ltd. The necessary approval process is not concluded at the date of this report and will require shareholder approval at a general meeting still to be scheduled.

## Special resolutions

The following special resolutions were passed at the previous annual general meeting:

- Non-executive directors' remuneration.
- Financial assistance to a related or inter-related company or companies.

## Dividend

Due to the loss position no dividend is declared.

## Directors' interests in share capital

At the close of business on 30 June 2019, the interests of the directors in the issued share capital of the company amounted to:

	2019	2018
<b>DIRECT BENEFICIAL</b>		
MSC Bawa	50 509	50 509
AMF da Silva	1 070 500	520 500
WA Prinsloo	25 000	25 000
<b>INDIRECT – BENEFICIAL</b>		
MJ Madungandaba	41 896 865	41 896 865
ATM Mokgokong	30 757 914	30 757 914
MSC Bawa	3 781 887	3 781 887
<b>INDIRECT – NON-BENEFICIAL</b>		
Not applicable		
<b>Total</b>	<b>77 582 675</b>	<b>77 032 675</b>

During the financial year the Jasco Employee Share Incentive Trust ("the Trust") purchased a total of 949 997 Jasco shares in the open market for a total amount of R523 861.45 (2018: 678 983 shares R414 497.03). Refer to note 18 on page 57.

The company has not been informed of any material changes in these holdings up to the date of this report.

### Prescribed officers' interest in share capital

Options	2019	2018
Direct – beneficial		
M Janse van Vuuren	2 394 488	2 394 488
TS Petje	465 702	465 702

There were no share options issued during the year.

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Note	Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
Revenue	4	1 137 355	1 147 083	23 133	20 906
Cost of sales	5	(746 540)	(786 607)	–	–
<b>Gross profit</b>		<b>390 815</b>	<b>360 476</b>	<b>23 133</b>	<b>20 906</b>
Other income	6	20 603	27 437	721	1 092
Selling and distribution costs		(2 186)	(1 814)	–	–
Administrative expenses		(286 214)	(246 584)	(7 729)	(8 271)
Other expenses		(111 669)	(99 122)	(10 359)	(7 041)
<b>Operating profit</b>		<b>11 349</b>	<b>40 393</b>	<b>5 766</b>	<b>6 686</b>
Finance income	6	4 559	4 285	1 198	1 455
Finance costs	6	(25 754)	(24 451)	(23 682)	(21 668)
Equity accounted share of loss from joint ventures/associates	12	(1 623)	(4 091)	–	–
<b>(Loss)/profit before taxation</b>	6	<b>(11 469)</b>	<b>16 136</b>	<b>(16 718)</b>	<b>(13 527)</b>
Taxation	7	(7 906)	(12 754)	422	(418)
<b>(Loss)/profit for the year</b>		<b>(19 375)</b>	<b>3 382</b>	<b>(16 296)</b>	<b>(13 945)</b>
<b>Other comprehensive loss</b>		<b>–</b>	<b>(351)</b>	<b>–</b>	<b>–</b>
Foreign currency translation reserve arising during the year*		–	(351)	–	–
<b>Total comprehensive (loss)/income for the year</b>		<b>(19 375)</b>	<b>3 031</b>	<b>(16 296)</b>	<b>(13 945)</b>
Profit/(loss) for the year attributable to:					
– non-controlling interests		9 762	11 047	–	–
– ordinary shareholders of the parent		(29 137)	(7 665)	(16 296)	(13 945)
		(19 375)	3 382	(16 296)	(13 945)
<b>Total comprehensive (loss)/income attributable to:</b>					
– non-controlling interests		9 762	11 047	–	–
– ordinary shareholders of the parent		(29 137)	(8 016)	(16 296)	(13 945)
		(19 375)	3 031	(16 296)	(13 945)
Earnings loss per ordinary share (cents)					
– basic	8	(12,9)	(3,3)	(7,2)	(6,1)
– diluted	8.1	(12,9)	(3,3)	(7,2)	(6,1)

\* Foreign currency translation reserves do not attract any tax, this may subsequently be reclassified to profit or loss.

# STATEMENTS OF FINANCIAL POSITION

at 30 June 2019

	Note	Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		258 203	258 819	127 236	133 462
Plant and equipment	9	83 393	79 596	–	–
Intangible assets	10	144 233	154 509	–	–
Investment in subsidiaries	11	–	–	125 350	121 718
Investment in joint venture/associate	12	–	4 412	–	6 166
Deferred tax asset	7	22 093	19 725	–	–
Other non-current assets	13	8 484	577	1 886	5 578
<b>Current assets</b>		399 823	467 229	80 085	98 811
Inventories	14	108 484	102 642	–	–
Contract assets <sup>#</sup>	4	6 685	–	–	–
Trade and other receivables	15	205 136	286 197	10 212	174
Amounts owing by group companies	11	–	–	69 392	98 295
Taxation refundable		11 308	9 506	300	–
Short-term portion of other non-current assets	13	2 723	995	–	–
Cash and cash equivalents	16	65 487	67 889	181	342
<b>Total assets</b>		658 026	726 048	207 321	232 273
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>		176 535	204 219	58	16 354
Share capital	17.2	281 283	281 283	281 283	281 283
Treasury shares	18	(3 203)	(450)	–	–
Non-distributable reserves	19	7 109	6 941	14	14
Retained loss		(139 174)	(110 392)	(281 239)	(264 943)
<i>Equity attributable to equity holders of the parent</i>		146 015	177 382	58	16 354
Non-controlling interests		30 520	26 837	–	–
<b>Non-current liabilities</b>		17 721	139 440	16	122 730
Interest-bearing liabilities	20	7 083	128 549	–	122 710
Contract liabilities <sup>*</sup>	4	3 877	518	–	–
Deferred tax liability	7	6 761	10 373	16	20
<b>Current liabilities</b>		463 769	382 389	207 247	93 189
Trade and other payables	21	195 448	268 432	14 196	44 286
Provisions	22	19 355	18 027	1 070	950
Amounts owing to group companies	11	–	–	548	–
Taxation		5 239	2 992	–	418
Contract liabilities <sup>*</sup>	4	41 674	38 237	–	–
Short-term borrowings	23	202 053	54 701	191 433	47 535
<b>Total equity and liabilities</b>		658 026	726 048	207 321	232 273

\* Contract liabilities was previously disclosed as Deferred maintenance revenue.

# Contract assets was previously included as part of prepayments and revenue accruals within trade and other receivables.



# STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Note	Share Capital R'000	Treasury shares R'000	Non-distributable reserves R'000	Retained loss R'000	Total parent share holders' equity R'000	Non-controlling interest R'000	Total equity R'000
<b>Group</b>								
<b>Balance as at 30 June 2017</b>		281 283	(2 635)	6 427	(100 495)	184 580	17 050	201 630
Treasury shares – Share Incentive Trust	18	–	2 185	–	–	2 185	–	2 185
Equity settled share-based payment	19.1	–	–	1 820	–	1 820	–	1 820
Acquisition of companies	3	–	–	–	–	–	8 496	8 496
Dividend paid		–	–	–	(2 232)	(2 232)	–	(2 232)
Dividend paid to non-controlling shareholder		–	–	–	–	–	(8 998)	(8 998)
Transactions with non-controlling shareholders		–	–	–	–	–	(758)	(758)
Utilisation of equity settled share-based payment reserve	19	–	–	(955)	–	(955)	–	(955)
Total comprehensive income		–	–	(351)	(7 665)	(8 016)	11 047	3 031
(Loss)/profit for the year		–	–	–	(7 665)	(7 665)	11 047	3 382
Other comprehensive loss		–	–	(351)	–	(351)	–	(351)
<b>Balance as at 30 June 2018</b>		<b>281 283</b>	<b>(450)</b>	<b>6 941</b>	<b>(110 392)</b>	<b>177 382</b>	<b>26 837</b>	<b>204 219</b>
Treasury shares – Share Incentive Trust	18	–	(2 753)	–	–	(2 753)	–	(2 753)
Equity settled share-based payment	19	–	–	517	–	517	–	517
Transfer of equity settled share-based payment reserve	19	–	–	(355)	355	–	–	–
Transactions with non-controlling shareholders	3	–	–	2 448	–	2 448	(6 079)	(3 631)
Utilisation of equity settled share-based payment reserve	19	–	–	(2 442)	–	(2 442)	–	(2 442)
Total comprehensive (loss)/income		–	–	–	(29 137)	(29 137)	9 762	(19 375)
(Loss)/profit for the year		–	–	–	(29 137)	(29 137)	9 762	(19 375)
Other comprehensive income		–	–	–	–	–	–	–
<b>Balance as at 30 June 2019</b>		<b>281 283</b>	<b>(3 203)</b>	<b>7 109</b>	<b>(139 174)</b>	<b>146 015</b>	<b>30 520</b>	<b>176 535</b>
<b>Company</b>								
<b>Balance as at 30 June 2017</b>		281 283	–	14	(248 707)	32 590	–	32 590
Dividend paid		–	–	–	(2 291)	(2 291)	–	(2 291)
Total comprehensive loss		–	–	–	(13 945)	(13 945)	–	(13 945)
Loss for the year		–	–	–	(13 945)	(13 945)	–	(13 945)
Other comprehensive income		–	–	–	–	–	–	–
<b>Balance as at 30 June 2018</b>		<b>281 283</b>	<b>–</b>	<b>14</b>	<b>(264 943)</b>	<b>16 354</b>	<b>–</b>	<b>16 354</b>
Dividend paid		–	–	–	–	–	–	–
Total comprehensive loss		–	–	–	(16 296)	(16 296)	–	(16 296)
Loss for the year		–	–	–	(16 296)	(16 296)	–	(16 296)
Other comprehensive income		–	–	–	–	–	–	–
<b>Balance as at 30 June 2019</b>		<b>281 283</b>	<b>–</b>	<b>14</b>	<b>(281 239)</b>	<b>58</b>	<b>–</b>	<b>58</b>

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2019

	Note	Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>Cash flows from operating activities</b>		<b>42 435</b>	16 618	<b>3 832</b>	3 707
Cash receipts from customers		1 227 169	1 165 526	6 103	4 927
Cash paid to suppliers and employees		(1 147 689)	(1 110 358)	(627)	(2 468)
Cash generated from operations	24.1	79 480	55 168	5 476	2 459
Interest received		4 310	4 194	1 136	1 364
Interest paid		(23 915)	(18 119)	(2 780)	(1 183)
Taxation paid	24.2	(13 440)	(18 718)	–	(467)
Dividend received		–	–	–	3 825
Dividend paid		–	(2 232)	–	(2 291)
Dividend paid to non-controlling shareholder		(4 000)	(3 675)	–	–
<b>Cash flows from investing activities</b>		<b>(55 915)</b>	(43 971)	<b>(23 993)</b>	(34 648)
Acquisition/Disposal of subsidiary, net of cash acquired	24.3	(30 828)	(27 217)	–	(2 362)
Additions to intangibles		(12 795)	(13 296)	–	–
Investment/loans in associate/joint venture	24.4	(1 018)	(4 725)	–	(1 317)
Increase in group company loan accounts		–	–	(23 993)	(30 916)
Receipts from finance lease asset		1 001	12 675	–	–
Increase in the loan to the Jasco Employee Share Incentive Trust		–	–	–	(53)
Purchase of plant and equipment	24.5/6	(12 986)	(12 348)	–	–
Proceeds on disposal of plant and equipment		711	940	–	–
<b>Cash flows from financing activities</b>		<b>10 335</b>	(932)	<b>20 000</b>	19 825
Cash flows from treasury shares		(524)	(414)	–	–
Non-current loans raised	20	20 000	20 000	20 000	20 000
Non-current loans repaid	20	(7 641)	(17 361)	–	–
Transactions with non-controlling shareholders	24.3	(1 500)	(3 157)	–	–
Decrease in loan amounts owing to group companies		–	–	–	(175)
<b>Net decrease in cash and cash equivalents</b>		<b>(3 145)</b>	(28 285)	<b>(161)</b>	(11 116)
Cash and cash equivalents at beginning of year		67 889	95 551	342	11 458
Revaluation of foreign cash balances		25	623	–	–
<b>Net cash and cash equivalents at end of year</b>		<b>64 769</b>	67 889	<b>181</b>	342
Cash and cash equivalents	16	65 487	67 889	181	342
Bank overdrafts	23	(718)	–	–	–
<b>Net cash and cash equivalents at end of year</b>		<b>64 769</b>	67 889	<b>181</b>	342

# NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 30 June 2019

## 1. Corporate information

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors. Jasco Electronics Holdings Limited is a company incorporated in the Republic of South Africa. The company's shares are publicly traded.

## 2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below:

### 2.1 Basis of preparation

The consolidated and separate annual financial statements set out on pages 13 to 86 have been prepared on a historical cost basis, unless otherwise stated. The consolidated and separate annual financial statements are presented in Rand, which is also the group's functional currency, and are rounded to the nearest thousand, except where otherwise indicated.

### 2.2 Statement of compliance

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act of 2008.

### 2.3 New and amendments standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers

The group had to change its accounting policies as a result of adopting IFRS 9 and IFRS 15. The group elected to adopt the new rules retrospectively without restating comparative information.

### 2.4 Basis of consolidation

The consolidated annual financial statements include those of the company and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances and transactions, including income, expenses and dividends, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the group loses control over a subsidiary, it derecognises the assets, including goodwill, and liabilities of the subsidiary and the carrying amount of any non-controlling interest while recognising the fair value of the consideration received and the fair value of any investment retained. Any surplus or deficit is recognised in profit and loss and the holding company's share of components previously recognised in other comprehensive income is reclassified to profit or loss.

The group treats transactions with non-controlling interests that do not result in a loss of control as transaction with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a non-distributable reserve.

for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.4 Basis of consolidation (continued)

#### 2.4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed.

If a business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 2.4.2 Investments in subsidiaries, joint ventures and associates in the separate annual financial statements

Investments in subsidiaries are recognised from the date of acquisition, being the date on which the company obtains control, and continue to be recognised until the date that such control ceases.

Investments in subsidiaries, joint ventures and associates are carried at cost, being the consideration transferred, less any impairment in value. Acquisition costs are expensed.

Any contingent consideration to be transferred will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

#### 2.4.3 Investment in joint venture

The group's investment in a joint venture is accounted for under the equity method of accounting. This is an entity in which the group has joint control. The investment is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the joint venture, less any impairment in value.

The statement of comprehensive income reflects the group's share of the results of operations of the joint venture. This is the profit attributable to the group and therefore is profit after tax. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture.

Upon loss of joint control, and provided the former joint venture does not become a subsidiary, the group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint venture or associate and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

#### 2.4.4 Treasury shares

Shares in Jasco Electronics Holdings Limited held by the Jasco Employee Share Incentive Trust that are not allocated to employees, are classified in shareholders' funds as treasury shares. These shares are treated as a deduction from the issued and weighted number of shares and the cost price of the shares is deducted from the shareholders' equity in the statement of financial position.

Dividends received on treasury shares are eliminated on consolidation.

#### 2.4.5 Business combination under common control

A business combination under common control is a transaction in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction.

A business combination under common control falls outside of the scope of IFRS 3 Business Combinations.

## 2. Accounting policies (continued)

### 2.5 Segmental information

For management purposes, the group is organised into business units based on their products and services and has five reportable operating segments. The group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured on an aggregate basis and reconciled back to the profit or loss in the consolidated statement of comprehensive income.

Segmental revenue includes sales to third parties, as well as arm's-length inter-segmental revenue recorded at fair value.

Segmental operating profits exclude interest paid or received, except for interest income on finance lease receivables, and are stated before inter-segmental charges for interest and administration services between group companies.

### 2.6 Revenue recognition – group

From 1 July 2018, the group has adopted IFRS 15, which introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

#### Revenue from contracts with customers

It is the group's policy to recognise revenue from a contract with customers when:

- it has been approved by both parties, rights have been clearly identified i.e. the customer has legal title to goods or service and the Group has right to payment;
- payment terms have been defined;
- the contract has commercial substance; and
- collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made, if any.

Contracts are assessed individually to determine whether the products and services are distinct, i.e. the product or service is separately identifiable from the other items in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the stand-alone selling prices of the goods and services.

When a contract results in payment received from customers in advance of fulfilling the performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

The group recognises an asset in relation to costs incurred in fulfilment of service level agreements. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

Revenue is recognised at the amount of the transaction price that is allocated to that performance obligation excluding amounts collected on behalf of third parties. Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset or service refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

#### Operating lease income

Rental income is derived from operating leases and is recognised on a straight-line basis over the period of each lease.

### 2.7 Disaggregation of revenue from contracts with customers

The group's activities mainly comprise the sale of goods and related services, maintenance and support services, connectivity, cloud and hosting services as well as project related services. Further details regarding the disaggregation of revenue from contracts with customers are provided below.

#### Sales of goods and related services

- Sales of IT goods and related services

The Group sells a range of goods to its customers and recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time as the sale and delivery are seen as one performance obligation. General payment terms are 30 to 90 days from invoice date.

for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.7 Disaggregation of revenue from contracts with customers (continued)

In addition, the group sells goods to customers with related services included. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two separate performance obligations.

Where the group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation. However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as two separate performance obligations. The transaction price is then split based on stand-alone selling price.

The related services sold, when considered to be distinct, are recognised over time based on the input, i.e. cost incurred as a percentage of the total costs, method as the services are rendered to the customer, excluding specific services below.

The group provides software asset management services to its customers which include provision of software licences, in-house hosting and managed services in the form of insight reports. Such services are provided to the customers as a bundle, where the group operates as a principal responsible for delivery of such services with revenue recognised based on the satisfaction of performance obligations, which occurs when control of goods or service transfers to a customer over the term of the contract with the customer on a straight-line basis per performance obligation as is seen as a stand ready obligation. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two separate performance obligations. The transaction price is then split based on stand alone selling price. Sale of component goods revenue.

#### Sale of component goods revenue

The group sells a range of plastic component products to its customers, the group acts as a principal in these contracts. The group recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time as the sale and delivery are seen as one performance obligation. General payment terms are 30 to 90 days from invoice date.

#### Agency revenue

The group also acts as a middle-man between a landlord and a tenant and provides services to improve revenue income for the landlords by performing efficiency assessment activities on behalf of the landlords. The group recognises such thirdparty professional services on an agent basis over time when the services are rendered and the general payment terms are 30 to 90 days from invoice date using output method.

#### Software related licences revenue

The group sells a range of software licences to its customers, the group acts as a principal in these contracts. The group recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time as the sale and installation are seen as one performance obligation. General payment terms are 30 to 90 days from invoice date.

The group also provides a range of software services to its customers which provide customers with right of access to software per service level agreements (SLAs) that enhances office productivity, provides security or assists in collaboration. The group generally recognises revenue relating to right of access sales over time as per service level agreements (SLAs).

Where the group sells software licences with the right to updates and such updates are not considered critical to the functionality of the software, the group considers that such licences include two performance obligations:

- A licence to the current version of the software product, which is recognised on a principal basis at a point in time; and
- an entitlement for future updates, which is recognised on a principal basis over time on a straight-line basis as, this is seen as a stand ready obligation and this is the group's best estimate as to how these revenues are earned.

#### Project-related revenue

The group delivers various projects to its customers, including designs, builds and installations of various customer-driven solutions.

The group provides a service of integrating goods or services into a bundle of goods or services that represent the combined output for which a customer has contracted, where the goods or services modify or are modified by other goods or services or are considered to be highly interdependent or interrelated. In these contracts the goods and services are therefore not separately identifiable and not seen as separate performance obligations.

The group recognises revenue over time based on the input method, i.e. costs incurred as a percentage of total estimated costs. The payment terms are based on the underlying contract with the customer, however, they are usually within 30 to 90 days from invoice date. The group recognises contract assets and contract liabilities on these contracts depending on the billing milestones identified in these contracts.

## 2. Accounting policies (continued)

### 2.7 Disaggregation of revenue from contracts with customers (continued)

Revenue from providing other project related services on an *ad hoc* basis is recognised in the accounting period in which the services are rendered at the point in time. The standard payment terms are usually within 30 to 90 days from invoice date.

#### Maintenance and support services

The group provides a range of maintenance, support and outsource services to customers. The group recognises revenue on these contracts based on the satisfaction of performance obligations over the period of the contract on a straight-line basis as it is seen as a stand ready obligation, which occurs when services are rendered to a customer. Where the customer receives and consumes the benefits provided by the group as the group provides the services over time as the service is rendered, the output method is used to measure progression. The general payment terms are 30 to 90 days from invoice date. Contract assets are recognised when the services are rendered to the customers and the invoice is not yet issued. Contract liabilities are recognised when the customer pays is invoiced for the services upfront over the period of the contract.

Revenue from providing other maintenance and support services on an *ad hoc* basis is recognised in the accounting period in which the services are rendered at the point in time. The standard payment terms are usually within 30 to 90 days from invoice date, i.e. costs incurred as a percentage of total estimated costs.

#### Connectivity and hosting services

The group provides a range of connectivity and hosting services to its customers. The group recognises revenue over time as per the contract with customer.

Revenue recognised over time is based on the contracts with customers that cover a specific period over which these services need to be rendered. The revenue recognised over time is measured in accordance with the duration of the contract based on the satisfaction of performance obligations, which occurs when services are rendered to a customer. This is based on input basis.

Revenue from providing other connectivity and hosting services on an *ad hoc* basis is recognised in the accounting period in which the services are rendered at the point in time. The standard payment terms are usually within 30 to 90 days from invoice date, i.e. costs incurred as percentage of total estimated costs.

When a contract results in payment received from customers in advance of fulfilling performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract assets is recognised.

#### Finance income

Interest income is recognised using the effective interest rate method and is included as part of investment income in the income statement.

### 2.8 Revenue recognition – company

#### Dividend income

Dividend income is recognised when the right to receive payment is established and is included as part of investment income in the income statement.

#### Finance income

Interest income is recognised using the effective interest rate method and is included as part of investment income in the income statement. (Included as part of Revenue)

#### Other income (Revenue from contracts with customers)

The company provides administration and management services to group companies as part of managing the group effectively.

The administration and management services fee income is recognised in the accounting period in which the services are rendered to the companies in the group based on satisfaction of performance obligations, which occurs when services are rendered to the group company, i.e. over time on a straight-line basis as it is seen as stand ready.

### 2.9 Accounting policies applied until 30 June 2018 – revenue recognition

The group has applied IFRS 15 using the modified retrospective approach in terms of which it has not restated comparative information. As a result, the comparative information provided continues to be presented in accordance with the group's previous accounting policy in terms of IAS 18, as set out below:

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value-added tax or duties. The following specific recognition criteria must also be met before revenue is recognised:
- Revenue from the sale of goods is recognised when the significant risk and rewards of ownership have passed to the buyer, usually on delivery of the goods.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.9 Accounting policies applied until 30 June 2018 – revenue recognition (continued)

- Revenue from the rendering of services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction. The stage of completion is measured by reference to the expenses incurred to date as a percentage of total estimated expenses for each contract.
- Rental income is derived from operating leases and is recognised on a straight-line basis over the period of each lease.
- Contracting revenue comprises the value of work done, based on the stage of completion. The stage of completion is measured by reference to the expenses incurred to date as a percentage of total estimated expenses for each contract. Expected contract losses are recognised in the statement of comprehensive income when identified.
- Interest income is recognised as the interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Interest income is included in finance income in the statement of comprehensive income.
- Dividend income is recognised when the right to receive the dividend has been established.
- Administration fee income is recognised in the accounting period in which the services are rendered.

### 2.10 Cost of sales

Cost of sales comprises the cost of goods sold including any allocation of the direct overhead expenses, net of supplier rebates and discounts which include:

- Freight and logistic costs

### 2.11 Foreign currency translation

#### 2.11.1 Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Foreign currency gains and losses are charged to the statement of comprehensive income.

#### 2.11.2 Foreign subsidiaries

The group has investments in foreign subsidiary companies that are classified as foreign entities. The financial statements of these subsidiaries are translated for incorporation into the consolidated financial statements on the following bases:

- Assets and liabilities at the rate ruling at the reporting date.
- Income and expenses at a weighted average rate for the period.
- Exchange differences arising on translation are recognised in other comprehensive income.
- Goodwill and fair value adjustments arising in the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the rate ruling at the reporting date.

On the disposal of a part or all of the foreign investment, the proportionate share of the related cumulative gains and losses previously recognised in other comprehensive income, is recognised in the profit or loss for the year.

### 2.12 Taxation

#### 2.12.1 Tax expenses

Current and deferred taxes are recognised as income or expenses and are included in the statement of comprehensive income, except to the extent that it relates to items charged or credited in other comprehensive income or directly to equity. The current tax expense/(income) is based on taxable profit. Taxable profit differs from profit reported in the statement of comprehensive income when there are items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible under existing tax legislation. Current tax expenses/(income) are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

#### 2.12.2 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a tax payable in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a tax receivable in the statement of financial position.

#### 2.12.3 Deferred tax assets and liabilities

Deferred taxation is provided, using the liability method, on temporary differences at the reporting date between the carrying amounts for financial reporting purposes and their tax bases.



## 2. Accounting policies (continued)

### 2.12 Taxation (continued)

#### 2.12.3 Deferred tax assets and liabilities (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit/(loss) nor taxable profit/(loss); and/or
- in respect of taxable temporary differences relating to investments in subsidiaries, associates or joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, except:

- when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit/(loss) nor taxable profit/(loss); or
- in respect of taxable deductible differences relating to investments in subsidiaries, associates or joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets in the statement of financial position are reviewed annually and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates, and laws, that have been enacted or substantively enacted at the reporting date. The measurement of the deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date. The effect on deferred taxation of any changes in taxation rates is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited to other comprehensive income directly to equity.

Deferred tax assets and liabilities are offset for presentation in the statement of financial position where the group has a legally enforceable right to do so and the income taxes relate to the same tax authority.

#### 2.12.4 Value-added taxation

Revenues, expenses and assets are recognised net of the amount of value-added taxation, except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognised as part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- where receivables and payable are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of the other receivables and payables in the statement of financial position.

### 2.13 Employee benefits

#### 2.13.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries and annual leave represent the amount that the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

#### 2.13.2 Retirement benefits

The group contributes to defined contribution funds.

A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future contribution payments is available.

Contributions to defined contribution funds are charged against income when the related services are rendered.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.13 Employee benefits (continued)

#### 2.13.3 Share-based compensation

The group operates an equity-settled and a cash-settled share-based compensation plan.

##### Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they were granted. The fair value of the employee services received in exchange for the shares or options granted is recognised as an expense and a corresponding entry to equity over the period in which the vesting conditions are fulfilled. The cumulative expense recognised for the transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

##### Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the employee benefits expense.

### 2.14 Provisions, contingent liabilities and commitments

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Transactions arising from past events are classified as contingent liabilities where the group has a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or the group has a present obligation but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured with sufficient reliability.

Items are classified as commitments where the group commits itself to future transactions or if the items will result in the acquisition of assets.

### 2.15 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Initial and subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

All plant and equipment is depreciated from the date it is available for use, on a straight-line basis, to write down their cost to their residual value over their estimated useful life. Depreciation ceases at the earlier of either the date the asset is classified as held for sale or the date the asset is derecognised.

Residual values, useful lives and the depreciation method of assets are reviewed, and adjusted prospectively if appropriate, on an annual basis.

##### Average rates used

Plant and machinery	10% – 20%
Motor vehicles	25%
Leased furniture and office equipment	10% – 33,3%
Hi-Sites	5% – 20%
Leasehold improvements	20%
Furniture and office equipment	10% – 33,3%
Computer and manufacturing equipment	10% – 20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on recognition are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

## 2. Accounting policies (continued)

### 2.15 Plant and equipment (continued)

When a decision is taken to dispose of an asset and the requirements of IFRS 5 have been met, the asset is carried at the lower of its carrying amount and fair value less costs to sell. Depreciation on that asset ceases until it is sold. These assets are disclosed separately on the face of the statement of financial position. Any impairment is recognised directly in profit and loss.

### 2.16 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The group bases its value-in-use calculation on detailed budgets and forecast calculations which are prepared separately for each of the group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

#### Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods.

#### Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### 2.17 Inventories

Inventories, being components, finished goods and merchandise, are valued at the lower of cost, determined on the weighted average basis, and net realisable value. The cost of finished goods includes a proportion of overhead expenses as well as direct costs.

Allowance is made for slow-moving and obsolete inventories.

The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.18 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.18 Leases (continued)

#### 2.18.1 Group as a lessee

Finance leases which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

#### 2.18.2 Group as a lessor

Leases in which the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Where the group enters into a service agreement as a supplier or a customer that depends on the use of a specific asset, and conveys the right to control the use of the specific asset, the arrangement is assessed to determine whether it contains a lease. Once it has been concluded that an arrangement contains a lease, it is assessed against the criteria in IAS 17 to determine if the arrangement should be recognised as a finance lease or operating lease. Assets held under a finance lease are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

### 2.19 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally-generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

The amortisation rate applied to the various categories of intangible assets is as follows:

Technology developments	33,3%
Customer-related intangibles	10 – 20%
Trade names	6,7 – 10%
Computer software	14,3%

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Research and development costs

Research costs are expensed as incurred.

Development expenditures, on an individual project, are recognised as an intangible asset when the group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;

## 2. Accounting policies (continued)

### 2.19 Intangible assets (continued)

- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

### 2.20 Financial instruments

Financial instruments comprise investments in equity, loans receivables, trade and other receivables (excluding prepayments), finance lease receivables, investments, cash and cash equivalents, restricted cash, as well as financial liabilities, consisting of borrowings, derivative financial liabilities and trade and other payables.

#### Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the group has transferred substantially all the risks and rewards of ownership.

#### Measurement

At initial recognition, the group measures a financial asset (excluding trade receivables) at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### (a) At fair value through profit or loss

- Foreign currency contracts

The group's only financial instruments carried at fair value through profit or loss were foreign currency contracts.

#### (b) At amortised cost

- Trade receivables, finance lease receivables and contract assets

Trade receivables, finance lease receivables and contract assets, measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The group and company applies the simplified approach to measuring expected credit losses for trade receivables, finance lease receivables and contract assets unless there is a significant financing component. There were no significant trade receivables finance lease receivables and contract assets with financing component during the reporting period.

- Other financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria is met: the asset is held within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial assets at amortised cost include the following: other receivables, loans and advances and loans to associates and cash, and other cash equivalents.

For cash and other cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and other cash equivalents are domiciled.

Other receivables are subsequently measured at amortised cost less expected credit losses under the general model.

#### Valuation techniques used to determine fair values

The fair value of financial assets carried at FVPL or FVOCI is determined using techniques as set out in note 31.2.

#### Impairment

Before the adoption of IFRS 9, the group calculated the allowance for credit losses using the incurred loss model.

Under the incurred loss model, the group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed the allowance for credit losses in respect of financial assets at amortised cost were calculated as the difference between the assets carrying amount and its recoverable amount, being its present value of the estimated future cash flows discounted at the original effective interest rate (EIR).

Under IFRS 9 the group calculates the allowance for credit losses based on ECLs for financial assets measured at amortised cost, trade receivables, finance lease receivables and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the original EIR of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.20 Financial instruments (continued)

The group applies the simplified approach to determine the ECL for trade receivables, finance lease receivables and contract assets.

For all other financial assets at amortised cost, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by: (a) a review of overdue amounts; (b) comparing the risk of default at the reporting date and at the date of initial recognition; and (c) an assessment of relevant historical and forward-looking quantitative and qualitative information. If the credit risk on the financial asset has not increased significantly since initial recognition, the group measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

#### Simplified approach:

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Expected credit loss is calculated as the probability of default multiplied by the loss given default (amount that will be lost in a default event), multiplied by exposure of default.

To measure the ECLs, trade receivables, finance lease receivables and contract assets are grouped based on shared credit risk characteristics (refer to table below) and the days past due to identify non-performing receivables.

Category	Description
Small to medium customers	This category of customers is generally represented by small and medium-sized enterprises. These entities are most exposed to the local markets. The credit risk assigned to these entities are medium. Probabilities of default per entities in this category are based on historical payments and other information available on the financial condition of the entities. Expected credit loss rates for entities within this category generally range between 0% and 4%.
Large customers	This category of customers is generally represented by large-sized enterprises. These entities are mostly exposed to the local and international markets. The credit risk assigned to these entities are low to medium. Probabilities of default per entities in this category are based on historical payments and other information available on the financial conditions of the entities, this has been assessed to be low. Expected credit loss rates for entities within this category generally range between 0% and 5%.

The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In addition, forward-looking macro-economic conditions and factors are considered when determining the ECLs for trade receivables, finance lease receivables and contract assets, namely trading conditions, as well as economic growth and inflationary outlook in the short term. The forward-looking information has been assessed and has an immaterial impact on the ECL.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### Intercompany loans

The group applies a combined approach to determine the ECL for intercompany loans, ECL is calculated using historical data (12 months and 36 months respectively) as well as forward-looking data. The calculation of the ECL is based on each individual company within the group's historical default rates observed over the expected life of the loans, adjusted for factors that are specific to the company, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. This is done to allow for risk differentiation going forward and allows for risk management strategies impact being implemented.

## Accounting policies applied until 30 June 2018 – financial instruments

### 2.21 Financial instruments

#### 2.21.1 Initial recognition and classification

Financial instruments within the scope of IAS 39 are classified as financial instruments at fair value through profit or loss, loans and receivables, borrowings, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial instruments at initial recognition.

All financial instruments are recognised initially at fair value plus, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs.

## 2. Accounting policies (continued)

### 2.21 Financial instruments (continued)

#### 2.21.1 Initial recognition and classification (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the group commits to purchase or sell the asset.

The group's financial instruments include cash and cash equivalents, trade and other receivables, loans and other receivables, loans payables and trade and other payables, available-for-sale financial assets and derivative financial instruments.

#### 2.21.2 Subsequent measurement

Subsequent to initial recognition, these instruments are measured as set out below:

##### Trade and other receivables

Trade receivables, which generally have 30- to 90-day terms, are recognised and carried at amortised cost, using the effective interest rate method, less any impairment. An estimate of any impairment is made to an allowance account on individual debtors when there is an indication (such as the probability of insolvency or significant difficulties of the debtor) that the collection of the full amount under the original terms of the invoice is no longer probable. Impaired debts are derecognised when they are assessed as uncollectible. Trade receivables whose terms have been renegotiated are recalculated as a change in estimate.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with any highly liquid investments readily convertible to known amounts of cash. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash and cash equivalents are carried at amortised cost.

##### Loans and other receivables

These are non-derivative financial assets, recognised at amortised cost, using the effective interest rate method, less any impairment. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

##### Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to profit or loss in finance costs and removed from the available-for-sale reserve.

##### Loans payable and trade and other payables

These are non-derivative financial liabilities, recognised at amortised cost, comprising original debt less principal repayments, using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

##### Derivative financial instruments

Derivative instruments comprise foreign currency contracts and foreign currency option contracts and are used by the group to economically hedge its risks associated with currency fluctuations.

Derivative financial instruments are held for trading and carried at fair value through profit and loss.

The fair value of foreign currency contracts and option contracts is calculated through reference to the current forward exchange contracts and option contracts with similar maturity profiles. Any gains or losses arising from the change in fair value, calculated as the difference between the instrument's forward value and the forward value of a current instrument with a similar maturity profile, are taken directly to the statement of comprehensive income.

##### Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set-off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

for the year ended 30 June 2019

## 2. Accounting policies (continued)

### 2.21 Financial instruments (continued)

#### 2.21.3 Derecognition

The derecognition of a financial instrument occurs when the group no longer controls the contractual rights to receive cash flows from the asset or the obligation has been extinguished, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. Any profit or loss on derecognition is recognised in the statement of comprehensive income.

### 2.22 Significant accounting judgement and estimates

The preparation of the group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the group's accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

#### 2.22.1 Impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current market, technological and economic conditions as well as other circumstances that could indicate that impairment exists. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Where impairment indicators exist, the determination of the recoverable amount requires management to make assumptions to determine the fair value less costs to sell or value-in-use. Key assumptions on which management has based its determination of value-in-use include discount rates, projected cash flows and growth rates. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of any impairment.

#### 2.22.2 Acquisition of subsidiary companies

Subsidiaries are entities that are defined as being under the control of the group. In certain cases, the assessment of control requires management to apply significant judgement. The ability of management to direct or has rights to the variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary company reflects control over the subsidiary.

At acquisition fair values are determined using a discounted cash flows technique which takes into account various judgements and estimates relating to discount rates, projected cash flows and growth rates.

#### 2.22.3 Deferred taxation

Management's judgement is exercised in determining the probability of future taxable profits, which will determine whether deferred tax assets should be recognised or derecognised. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the length and nature of the taxation asset. Key assumptions on which management has based its determination of future taxable income include projected profits and future growth rates. When deciding whether to recognise unutilised tax credits, management determines the extent to which future taxable income are likely to be available for set-off. In the event that the assessment of future profits, future tax payments and future utilisation changes, the change in the recognised deferred taxation is recognised in profit or loss.

#### 2.22.4 Fair value measurement of intangible assets

When the fair values of intangible assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as discount rates, projected cash flows and growth rates. Changes in assumptions about these factors could affect the reported fair value of intangible assets.

#### 2.22.5 Sales of goods and related services

The group enters into contracts with customers which include goods that are delivered to the customer and an ongoing service relating to the goods for a specific period as set out in the contracts. The group has applied its judgement and views these arrangements, in some instances, as a single performance obligation that needs to be met as the goods and services are not separately identifiable and the customer cannot benefit from either the goods or the services separately. The revenue on these contracts is recognised over time using the input method, i.e., costs incurred as a percentage of total expected costs.



## 2. Accounting policies (continued)

### 2.22 Significant accounting judgement and estimates (continued)

#### 2.22.6 Going concern

The group and company statement of financial position has a negative net current asset value position at 30 June 2019. The group and company generated losses for the 2019 year-end and breached its debt covenants.

Management applied its judgement, taking into account the current financial position, future forecasted profits and future cash flows including its future obligations in terms of its borrowings in concluding that the group and company are a going concern. Changes in the assumptions regarding future cash flows and profits could affect the going concern of the group. Refer notes 20 and 31.6 which sets out the liquidity risks of the group and company.

### 2.23 Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to Jasco equity holders.
- By the weighted average number of ordinary shares in issue during the year.

#### Diluted earnings per share

Diluted earnings per share adjusts the figure used in determination of basic earnings per share to take account of:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.24 Standards and interpretations issued and not yet effective

The followings Standards and Interpretations or amendments thereto have been issued and are not yet effective at the time of this report. Only those that may be expected to affect these financial statements have been detailed below:

Number	Name	Details of amendment	Effective date**
IAS 1	Presentation of Financial Statements	The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020
IFRS 3	Business combinations	Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interest in that business. Definition of a business: The amendments: <ul style="list-style-type: none"><li>• confirmed that a business must include inputs and a process, and clarified that:<ul style="list-style-type: none"><li>▶ the process must be substantive; and</li><li>▶ the inputs and process must together significantly contribute to creating outputs.</li></ul></li><li>• narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and</li><li>• added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.</li></ul>	1 January 2019 1 January 2020

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 2. Accounting policies (continued)

#### 2.24 Standards and interpretations issued and not yet effective (continued)

Number	Name	Details of amendment	Effective date**
IFRS 16	Leases	<ul style="list-style-type: none"> <li>IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Practical expedients are available for short-term and low value leases. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.</li> <li>The group expects that the most significant impact of the new standard will result from its current property and network site operating leases.</li> <li>For lease commitments (excluding short-term and low-value leases) the group will recognise lease liabilities, representing the present value of the future minimum lease payments discounted at a rate appropriate and after taking into account the lease term, value, economic environment and security over the asset applicable, on 1 July 2019, and corresponding right-of-use assets in respect of these leases, adjusted for prepayments recognised as at 30 June 2019.</li> <li>On adoption of IFRS 16 operating lease costs (other than short-term and low value leases) will no longer be recognised as part of operating expenses. The group looks at the nature of the assets for assessing what constitutes low-value assets. For the year ended 30 June 2019, the group has recognised lease expenses of R25 million.</li> <li>Due to the impact of reducing finance charges over the life of the lease, the impact on earnings will initially be dilutive, before being accretive in later periods. Therefore, the group expects that net profit after tax may decrease for 2020 as a result of adopting the new standards.</li> <li>Cash generated from operations will increase, as lease costs will no longer be included in this category of cash flows. Interest paid will increase, as it will include the interest portion of the lease liability repayments. This is expected to have a net positive impact on net cash generated from operating activities. Net cash used in financing activities will increase, as the capital portion of lease liability repayments will be included within repayment of borrowings.</li> <li>The group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the next reporting period.</li> <li>The group will apply the standard using the modified retrospective approach on 1 July 2019 with optional practical expedients and will apply its election consistently to all of its leases. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid lease expenses). The group has elected to apply the practical expedient to not reassess the lease definition.</li> </ul>	1 January 2019
IFRS 10	Consolidated Financial Statements	<p>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28):</p> <ul style="list-style-type: none"> <li>Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</li> </ul>	The effective date of this amendment has been deferred indefinitely until further notice.
IFRS 11	Joint Arrangements	Clarification that when an entity obtains joint control of a business that is a joint operation, it is required to remeasure previously held interest in that business.	1 January 2019

\*\* Annual periods beginning on or after, unless otherwise indicated.

The group is investigating the impact of these pronouncements and intends to apply them as they become effective, if applicable. The effect of these Standards and Interpretations are not expected to be significant, apart from the lease liabilities and the related right of use assets that will be recognised on the adoption of IFRS 16.

	Issued share capital	Effective ownership 2019 %	2018 %
<b>3. Subsidiary companies included in these results</b>			
<i>Trading companies</i>			
<i>Direct</i>			
Jasco Trading (Pty) Limited	4 180	100	100
Jasco Carrier Solutions (Pty) Limited	4 000	100	100
Jasco Energy and Industry Solutions (Pty) Limited	6 406 859	100	100
Jasco Networks (Pty) Limited	13 400	100	100
Jasco Enterprise (Pty) Limited	100	100	100
Jasco Systems (Pty) Limited	100	100	100
Jasco Distributors (Pty) Limited (formerly: Jasco Managed Solutions (Pty) Limited)	11 500	70	70
Jasco IOT Solutions (Pty) Limited	1 000	51	51
Jasco Property Solutions (Pty) Limited	100	51	51
Reflex Solutions (Pty) Limited	1 000	51	51
RAMM Systems (Pty) Limited	1 000	51	51
Jasco Technical Services (Pty) Limited <sup>!</sup>	100	10	10
<i>Indirect</i>			
Ferro Resonant Technologies (Pty) Limited*	1 000	100	100
Maringo Communications (Pty) Ltd <sup>#</sup>	228	100	100
MV Fire Protection (Pty) Limited <sup>\$</sup>	297	100	51
NewTelco South Africa (Pty) Limited <sup>\$</sup>	100	100	67
Datavoice (Pty) Ltd (formerly: Jasco Services (Pty) Limited) <sup>\$</sup>	100	100	82
Jasco ICT Datafusion (Pty) Limited <sup>@</sup>	183 674	51	51
<i>Dormant</i>			
Jasco Cables Investments (Pty) Limited	543 780	100	100
Jasco Converged Solutions (Pty) Limited	1 001	100	100
Jasco Infrastructure Company (Pty) Limited (formerly: Jasco Properties (Pty) Limited)	100	100	100
Telesto Communications (Pty) Limited	1 000	100	100
Webb Industries (Pty) Limited	1 000	100	100
Webb Masts and Towers (Pty) Limited	400	100	100

All the subsidiary companies are registered in South Africa.

\* Shares owned by Jasco Trading (Pty) Limited.

# Shares owned by Jasco Carrier Solutions (Pty) Limited.

\$ Shares owned by Jasco Energy and Industry Solutions (Pty) Limited. Non-controlling interest in MV Fire Solutions (Pty) Ltd and NewTelco South Africa (Pty) Ltd bought out in the 2019 financial year by Jasco Electronic Holdings Limited.

@ Shares owned by Reflex Solutions (Pty) Limited.

! As the shares are pledged as security over the outstanding loan, Jasco Technical Services (Pty) Ltd is consolidated by the group. Jasco directs the relevant activities of JTS and level of control is via the outsourcing services agreement in which Jasco appoints JTS as its service provider for security installation services.

	2019 R'000	2018 R'000
Aggregate profits of subsidiaries	43 813	53 010
Aggregate losses of subsidiaries	(54 560)	(29 843)
	(10 747)	23 167

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 3. Subsidiary companies included in these results (continued)

#### Non-Controlling Interest

	Opening NCI	NCI: At acquisition	Dividends	Transaction with non- controlling shareholders	NCI: Current Profit/Loss	Closing NCI
<b>2019</b>						
Reflex Solutions (Pty) Limited	12 141	–	–	–	6 935	19 076
MV Fire Protection (Pty) Limited	2 885	–	–	(3 043)	158	–
NewTelco South Africa (Pty) Limited	2 883	–	–	(3 036)	153	–
RAMM Systems (Pty) Limited	10 863	–	–	–	144	11 007
Jasco ICT Datafusion (Pty) Limited	–	–	–	–	2 439	2 439
Other non-significant NCI	(1 935)	–	–	–	(67)	(2 002)
	<b>26 837</b>	<b>–</b>	<b>–</b>	<b>(6 079)</b>	<b>9 762</b>	<b>30 520</b>
<b>2018</b>						
Reflex Solutions (Pty) Limited	8 556	–	(3 675)	(1 163)	8 423	12 141
MV Fire Protection (Pty) Limited	4 382	–	(1 323)	–	(174)	2 885
NewTelco South Africa (Pty) Limited	6 047	–	(4 000)	–	836	2 883
RAMM Systems (Pty) Limited	–	9 953	–	–	910	10 863
Jasco ICT Datafusion (Pty) Limited	–	(1 457)	–	405	1 052	–
Other non-significant NCI	(1 935)	–	–	–	–	(1 935)
	<b>17 050</b>	<b>8 496</b>	<b>(8 998)</b>	<b>(758)</b>	<b>11 047</b>	<b>26 837</b>

### 3. Subsidiary companies included in these results (continued)

Summarised statement of profit or loss for 2019

	Reflex		MV Fire*		NewTelco SA*		RAMM Systems		Datafusión	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Revenue	169 691	161 683	17 534	27 855	7 898	25 126	41 997	13 342	4 649	10 260
Cost of sales	(86 636)	(89 719)	(13 831)	(23 489)	(5 570)	(15 214)	(17 231)	(2 167)	(3 464)	(5 205)
Operating expenses (including other income)	(64 207)	(47 729)	(2 956)	(5 002)	(1 690)	(6 075)	(25 419)	(8 592)	3 683	(2 692)
Net finance costs (including finance income)	(203)	(643)	(300)	(622)	(2)	(260)	77	(4)	110	(216)
Profit/(loss) before tax	18 645	23 592	447	(1 258)	636	3 577	(576)	2 579	4 978	2 147
Income tax expense	(4 492)	(6 403)	(124)	903	(178)	(1 043)	869	(722)	-	-
<b>Total comprehensive income/(loss)</b>	<b>14 153</b>	<b>17 189</b>	<b>323</b>	<b>(355)</b>	<b>458</b>	<b>2 534</b>	<b>293</b>	<b>1 857</b>	<b>4 978</b>	<b>2 147</b>
Attributable to non-controlling interests	6 935	8 423	158	(174)	153	836	144	910	2 439	1 052
<b>Summarised statement of financial position as at 2019</b>										
Current assets	44 360	29 746	16 485	14 649	6 025	11 480	18 400	9 800	1 567	1 599
Non-current assets	25 044	14 319	863	1 176	1 523	1 786	1 254	897	1 556	-
<b>Total assets</b>	<b>69 404</b>	<b>44 065</b>	<b>17 348</b>	<b>15 825</b>	<b>7 548</b>	<b>13 266</b>	<b>19 654</b>	<b>10 697</b>	<b>3 123</b>	<b>1 599</b>
Equity	32 299	15 340	3 563	3 085	3 529	2 744	7 479	7 185	2 172	(3 563)
Current liabilities	30 816	22 478	7 724	6 567	3 805	10 213	12 039	3 107	951	3 753
Non-current liabilities	6 289	6 247	6 061	6 173	214	309	136	405	-	1 409
<b>Total equity and liabilities</b>	<b>69 404</b>	<b>44 065</b>	<b>17 348</b>	<b>15 825</b>	<b>7 548</b>	<b>13 266</b>	<b>19 654</b>	<b>10 697</b>	<b>3 123</b>	<b>1 599</b>
<b>Summarised statement of cash flow for 2019</b>										
Operating activities	10 576	12 797	(102)	(309)	(3 805)	(13 586)	9 089	(866)	3 859	621
Investing activities	(4 654)	(10 230)	(141)	(1 862)	(211)	11 162	(445)	3 201	(4 149)	(632)
Financing activities	(2 387)	61	(1 063)	2 750	214	(331)	(337)	(2 104)	-	626
<b>Net movement in cash and cash equivalents</b>	<b>3 535</b>	<b>2 628</b>	<b>(1 306)</b>	<b>579</b>	<b>(3 802)</b>	<b>(2 755)</b>	<b>8 307</b>	<b>231</b>	<b>(290)</b>	<b>615</b>

\* For a period of six months ending 31 December 2018.

With effect from 1 January 2019, Jasco increased its investment in MV Fire Protection (Pty) Ltd from 51% to 100% and its investment in NewTelco South Africa (Pty) Ltd from 67% to 100% for an amount of R3 431 924 and R200 000 respectively. The initial investment was carried at cost. Non-controlling interest share of profits in MV Fire Protection (Pty) Ltd and NewTelco South Africa (Pty) Ltd are for a period of six months ending 31 December 2018.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 3. Subsidiary companies included in these results (continued)

#### Acquisitions in 2018

With effect from 1 September 2017, Jasco increased its investment in Jasco Datafusion from 10% to 51% for a maximum undiscounted amount of R3 million. In addition a R3,3 million working capital loan was injected into the Datafusion business subsequent to this acquisition. The entity specialises in connectivity and data transmission-related value added services to small- and medium-businesses. The initial investment was carried at cost.

With effect from 1 March 2018, Reflex Solutions (a group subsidiary) acquired a 100% interest in Datafusion including the working capital loan of R3,3 million from Jasco and Datafusion's minority interest for an amount of R5 million as a common control transaction. Of the R5 million, R3,75 million was contingent on Datafusion achieving future annualised revenue targets between September 2018 and November 2018. These revenue targets were not achieved. From the remainder of the R1,25 million, R637 500 was paid to Jasco. The group still maintains its 51% interest indirectly through its shareholdings in Reflex Solutions. In the company, the following loss arose when Datafusion was sold to Reflex:

	R'000
Loan receivable	3 300
Investment at cost	3 000
Proceeds on disposal	(637)
Loss on disposal to Reflex Solutions – Company	5 663
Non-controlling interest share of profits were attributable as follows in the 2018 financial year:	
1 September 2017 to 28 February 2018	1 052
1 March 2018 to 30 June 2018	388
	1 440

On a group level the acquisition by Reflex of Datafusion results in a transaction with non-controlling interest of R758 000 as reflected in the group statement of changes in equity.

With effect from 1 March 2018, the group acquired 51% of the shares in RAMM Systems (Pty) Limited for a maximum undiscounted purchase consideration of R30 600 000, discounted value being R28 984 735. RAMM provides real-time asset monitoring and measurement services to a major municipality in the Western Cape.

The purchase consideration is split into two equal tranches, with the first tranche settled on 31 August 2018, and the second tranche was settled in February 2019.

The purchase consideration was discounted using an assumed discount rate of 10%.

The fair values of the customer-related intangibles for Datafusion and RAMM were determined using a discounted cash flows technique. The significant unobservable inputs (level 3 inputs) used were as follows:

- An assumed discount rate of 21.7%
- An EBIT margin of 15%
- A growth rate of 5%

The sensitivity impact of the key assumption used in the DCF valuation of Datafusion are detailed in the following table:

Key assumption	EBIT margin		Growth rate		Discount rate	
(Amount in R'000)	(1%)	1%	(1%)	1%	(1%)	1%
Customer-related intangible	(239)	239	(107)	110	53	(51)
Goodwill	(88)	88	(39)	41	20	(19)

The sensitivity impact of the key assumption used in the DCF valuation of RAMM Technologies are detailed in the following table:

Key assumption	EBIT margin		Growth rate		Discount rate	
(Amount in R'000)	(1%)	1%	(1%)	1%	(1%)	1%
Customer-related intangible	(1 108)	1 108	(350)	360	308	(296)
Tradename-related intangible	n/a	n/a	(25)	26	18	(17)
Goodwill	(407)	407	123	(119)	120	(115)

### 3. Subsidiary companies included in these results (continued)

From the date of acquisition, Datafusion contributed R14 959 043 of revenue and R3 515 055 to profit before tax of the group. If the combination had taken place at the beginning of the year, the revenue would have been R17 693 136 and the loss before tax contribution would have been R1 210 623.

From the date of acquisition, RAMM contributed R13 342 119 of revenue and R2 578 621 to profit before tax of the group. If the combination had taken place at the beginning of the year, the revenue would have been R60 980 164 and the profit before tax contribution would have been R4 184 030.

The group elected to measure the non-controlling interest in the acquiree at the non-controlling shareholders' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

The fair values of the assets and liabilities of the acquired subsidiaries as at date of acquisition were as follows:

	Datafusion R'000	RAMM* R'000
<b>Assets</b>		
Plant and Equipment	–	1 030
Cash and cash equivalents	2 910	3 200
Trade and other receivables	413	2 710
Inventories	–	1 456
Customer-related intangibles	3 506	20 811
	6 829	29 207
<b>Liabilities</b>		
Trade and other payables	5 061	434
Deferred tax liability	982	5 827
Interest-bearing liabilities	3 760	2 509
Taxation payable	–	124
	9 803	8 894
<b>Total identifiable net assets at fair value</b>	(2 974)	20 313
Non-controlling interest	1 457	(9 953)
Goodwill/loss arising on acquisition	4 517	18 625
Purchase consideration (Note 25.3)	3 000	28 985

\* Provisional amounts were used for RAMM due to the fact that the acquisition was close to year-end. There were no subsequent adjustments to the provisional amounts recognised above.

RAMM was purchased with the objective of providing an entry into real-time asset monitoring and measurement (Internet of Things) market and also providing greater exposure to the public sector.

Datafusion was purchased with the objective of combining the business with Reflex Solutions and leveraging their IT platforms. The goodwill arising on the acquisition of Datafusion of R4 517 000 was impaired at the date of acquisition as it was not considered recoverable.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 3. Subsidiary companies included in these results (continued)

#### Disposal in 2018

The group reduced its interest in Jasco East Africa from 99% to 40% as of 1 October 2017, for a nominal value of R1 000.

	Jasco East Africa R'000
<b>Assets</b>	
Plant and Equipment	204
Trade and other receivables	706
Inventories	248
Cash and cash equivalents	328
Taxation payable	47
	1 533
<b>Liabilities</b>	
Trade and other payables	(1 776)
	(1 776)
<b>Total identifiable net liabilities at fair value</b>	(243)
Equity	38
Consideration receivable	(1)
<b>Profit on disposal</b>	(206)

The fair value of assets and liabilities of the remaining 40% interest in Jasco East Africa were negative, therefore the investment was brought in at a cost of R1 000.

#### Acquisitions in 2019

With effect from 1 January 2019, Jasco increased its investment in MV Fire Protection (Pty) Limited from 51% to 100% and its investment in NewTelco South Africa (Pty) Limited from 67% to 100% for an amount of R3 431 924 and R200 000 respectively. The initial investment was carried at cost. Non-controlling interest share of profits in MV Fire Protection (Pty) Limited and NewTelco South Africa (Pty) Limited are for a period of six months ending 31 Decemebr 2018 .

The acquisition of the additional shareholding in NewTelco and MV Fire resulted in a transaction with non-controlling interest as follows:

	NewTelco R'000	MV Fire R'000	Total R'000
Share of non-controlling interests in net assets acquired	3 036	3 043	6 079
Purchase price	(200)	(3 432)	(3 632)
Consideration paid	–	(1 500)	(1 500)
Settlement of loan	–	(432)	(432)
Amount owing to NCI	(200)	(1 500)	(1 700)
<b>Transaction with non-controlling interest</b>	<b>2 836</b>	<b>(389)</b>	<b>2 447</b>



	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>4. Revenue</b>				
<b>4.1 Revenue disclosed in terms of IAS 18</b>				
Sale of goods	697 135	746 111	–	–
Rendering of services	410 153	371 270	–	–
Rental income	30 067	29 702	–	–
Dividend income	–	–	–	3 825
Finance income – amounts owing by subsidiaries	–	–	8 062	6 494
Administration fees	–	–	15 071	10 587
<b>Total revenue</b>	<b>1 137 355</b>	<b>1 147 083</b>	<b>23 133</b>	<b>20 906</b>
<b>4.2 Deferred maintenance revenue</b>				
Service level agreements are provided as a separate service in addition to the sale of the products.				
Revenue arising from maintenance contracts is recognised on the accrual basis over the period for which services are rendered.				
Within the next 12 months	–	38 237	–	–
Thereafter	–	518	–	–
	–	38 755	–	–

Deferred maintenance revenue is now disclosed as contract liabilities.

The group has elected to adopt IFRS 15 using the modified retrospective approach without restating the prior year. Although there has been a change in the presentation and disclosure of revenue within the revenue note, no measurement change is relevant and therefore no impact on opening retained income.

	Group	Company
	2019 R'000	2019 R'000
<b>4.3 Current year revenue disclosure</b>		
Revenue from contracts with customers	1 107 288	–
Rental income*	30 067	–
Finance income – amounts owing by subsidiaries*	–	8 062
Administration fees – revenue from contracts with customers	–	15 071
<b>Total revenue</b>	<b>1 137 355</b>	<b>23 133</b>

\* Not in scope of revenue from contracts with customers – IFRS 15.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 4. Revenue (continued)

The company derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams:

### 4.3.1 Disaggregation of revenue from contracts with customers

Revenue is disaggregated by major revenue streams as documented below:

	Group	Company
	2019 R'000	2019 R'000
Sale of goods and related services	792 758	–
At a point in time	790 796	–
Over a period of time	1 962	–
Project-related revenue	69 787	–
At a point in time	42 259	–
Over a period of time	27 528	–
Maintenance and support services	176 291	–
At a point in time	43 410	–
Over a period of time	132 881	–
Connectivity and hosting services	36 519	–
At a point in time	4 369	–
Over a period of time	32 150	–
Software-related licences	23 935	–
At a point in time	17 026	–
Over a period of time	6 909	–
Agency revenue	7 998	–
At a point in time	–	–
Over a period of time	7 998	–
Admin fees	–	15 071
At a point in time	–	–
Over a period of time	–	15 071
<b>Revenue from contracts with customers</b>	<b>1 107 288</b>	<b>15 071</b>

### 4.3.2 Assets and liabilities related to contracts with customers

Contract assets relates to performance obligations fulfilled but the customer has not yet been billed.

The company recognised the following assets and liabilities related to contracts with customers:

Current contract assets	6 685	–
<b>Total contract assets</b>	<b>6 685</b>	<b>–</b>
<b>Reconciliation of contract assets</b>		<b>–</b>
Opening balance at the beginning of year	11 935	–
Transferred to trade and other receivables on invoicing the customer	(11 935)	–
Raised in the current year	6 685	–
Expected credit loss	–	–
<b>Closing balance at end of year</b>	<b>6 685</b>	

Contract assets have been considered for loss allowance and are deemed immaterial hence no provision has been raised. Refer to note 31. In the prior year, contract assets were disclosed as revenue accruals as per note 15.

Current contract liabilities	41 674	–
Non-current contract liabilities	3 877	–
<b>Total current contract liabilities*</b>	<b>45 551</b>	<b>–</b>

\* Contract liabilities was previously recorded as Deferred maintenance revenue.

	Group	Company
	2019 R'000	2019 R'000
Contract liabilities relate to:		
Revenue received in advance in respect of service level agreements.		
<b>Reconciliation of contract liabilities</b>		
Opening balance at beginning of year	38 755	–
Recognised as revenue in current year	(38 237)	–
Raised in the current year	45 053	–
<b>Closing balance at end of year</b>	<b>45 551</b>	<b>–</b>
<b>(a) Significant changes in contract assets and liabilities</b>		
Contract assets decreased as the group provided less services ahead of the agreed payment schedules for fixed-price contracts.		
Contract liabilities increased due to negotiation of larger prepayments from customers and an increase in overall contract activity.		
<b>(b) Revenue recognised in relation to contract liabilities</b>		
Revenue recognised that was included in the contract liability balance at the beginning of the period	38 237	–
Revenue recognised from performance obligations satisfied in previous periods	–	–
<b>(c) Unsatisfied long-term service contracts</b>		
The following table shows unsatisfied performance obligations:		
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 June 2019	45 551	–
Management expects the contracts liabilities that are allocated to contracts with partially or fully unsatisfied performance obligation will be recognised as follows:		
Within one year	41 674	–
Within two years	3 877	–
	<b>45 551</b>	<b>–</b>
<b>(d) Assets recognised from costs to fulfil a contract</b>		
Opening balance	33 931	–
Costs incurred to fulfil contracts during the year*	32 487	–
Amortisation of costs incurred to fulfil contracts during the year	(33 931)	–
	<b>32 487</b>	<b>–</b>
Current portion of assets recognised for costs incurred to fulfil a contract	32 487	–
<b>Non-current portion of assets recognised for costs incurred to fulfil a contract</b>	<b>–</b>	<b>–</b>

\* Majority of the movement in costs to fulfil a contract is amortised to cost of sales.

Costs incurred to fulfil contracts:

The costs relate directly to the service level agreements entered into that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil a contract. The costs are expected to be recovered within the next 12 months after 30 June 2019.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 4. Revenue (continued)

#### 4.3.3 Revenue by segments

Refer to segment report on page 85 for the basis of determining the different segment within the group.

Revenue by reportable segment is disaggregated by major revenue streams as below:

	Sale of goods and related services R'000	Project-related revenue R'000	Maintenance and support services R'000	Connectivity and hosting services R'000	Software-related licences	Agency revenue	Administration fees	Rental revenue – Hi-Sites* R'000	Total R'000
ICT–Enterprise	303 028	–	172 791	36 519	23 935	7 998	–	–	544 271
ICT–Carrier	273 328	39 351	–	–	–	–	–	30 067	342 747
Electrical Manufacturers	196 641	–	–	–	–	–	–	–	196 641
Security & Fire	43 038	30 435	3 353	–	–	–	–	–	76 826
Power & Renewables	9 745	–	147	–	–	–	–	–	9 892
<b>Subtotal operating division</b>	<b>825 779</b>	<b>69 786</b>	<b>176 291</b>	<b>36 519</b>	<b>23 935</b>	<b>7 998</b>	<b>–</b>	<b>30 067</b>	<b>1 170 377</b>
Other non-operating divisions	610	–	–	–	–	–	15 071	–	15 681
Adjustments – intercompany eliminations	(33 632)	–	–	–	–	–	(15 071)	–	(48 703)
<b>Total</b>	<b>792 758</b>	<b>69 786</b>	<b>176 291</b>	<b>36 519</b>	<b>23 935</b>	<b>7 998</b>	<b>–</b>	<b>30 067</b>	<b>1 137 355</b>

\* Not from IFRS 15 Revenue from contracts with customers.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>5. Cost of sales</b>				
Cost of inventory expensed	545 550	597 747	–	–
Other direct purchase cost	42 580	38 450	–	–
Cost of conversion	42 595	35 689	–	–
Labour cost	115 815	114 721	–	–
<b>Total cost of sales</b>	<b>746 540</b>	<b>786 607</b>	<b>–</b>	<b>–</b>

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>6. (Loss)/profit before taxation</b>				
The operating (loss)/profit is stated after allowing for the following:				
<b>Income</b>				
Foreign exchange gains arising from financial instruments	13 212	17 439	721	782
– realised	10 150	13 415	–	634
– unrealised	3 062	4 024	721	148
Bad debts recovered	28	138	–	–
Commission and discount received	1 296	1 063	–	–
Debtors overpayments	40	235	–	–
Insurance proceeds	60	839	–	–
Other	820	187	–	–
Profit on disposal of plant and equipment	228	354	–	–
Profit on disposal of Jasco East Africa subsidiary	–	206	–	–
Rental income	2 074	2 568	–	–
Recovery costs	2 752	2 336	–	–
Reversal of impairment of loan to the Jasco Employee Share Incentive Trust	–	–	–	310
Subsidiary loan waived on de-registration	60	–	–	–
Reversal of penalty accrual	–	869	–	–
Third party contributions towards media shows	–	824	–	–
Seta refunds	33	379	–	–
<b>Total other income</b>	<b>20 603</b>	<b>27 437</b>	<b>721</b>	<b>1 092</b>
Finance income	4 559	4 285	1 198	1 455
– Finance income from loans and receivables	4 538	3 580	1 198	1 455
– bank interest	2 209	2 496	868	1 364
– other loans	2 329	1 084	330	91
– Finance income from finance lease agreements	21	705	–	–

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>6. (Loss)/profit before taxation</b> (continued)				
<b>Expenditure</b>				
Administration, managerial and secretarial fees paid to subsidiaries	–	–	634	3 023
Administration, managerial and secretarial fees paid to others	3 994	4	–	–
Amortisation of intangible assets (refer note 10)	18 502	14 338	–	–
Auditors' remuneration	7 118	3 306	1 070	800
– audit fees (current year)	5 177	3 344	1 070	800
– audit fees (prior year)	1 941	(63)	–	–
– consulting and taxation services	–	25	–	–
Acquisition cost	–	1 743	–	–
Depreciation of plant and equipment (refer note 9)	20 005	16 548	–	–
Finance costs of other financial liabilities	25 754	24 451	23 682	21 668
• Finance costs	24 153	22 633	23 682	21 668
– bank loans and overdrafts	363	450	351	430
– corporate bond and term loan	20 902	19 277	20 902	19 277
– other loans	–	719	–	–
– other	2 888	2 187	2 429	1 961
• Finance charges	1 601	1 818	–	–
– finance lease agreements	905	613	–	–
– instalment sale agreements	696	1 205	–	–
Foreign exchange losses arising from financial instruments	14 654	21 437	547	634
– realised	11 133	17 999	–	634
– unrealised	3 521	3 438	547	–

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>6. (Loss)/profit before taxation</b> (continued)				
Loss on disposal of Datafusion (refer to note 3)	–	–	–	5 663
Loss on disposal of property, plant and equipment	624	289	–	–
Impairment of goodwill	4 569	4 517	–	–
Impairment of loan to Jasco East Africa	4 381	2 500	–	–
Impairment of loan to Jasco Middle East	2 439	–	6 401	–
Operating lease charges	24 857	21 995	–	–
– rental premises	23 680	20 695	–	–
– equipment	165	160	–	–
– motor vehicles	1 012	1 140	–	–
Research and development costs	142	74	–	–
Staff costs	331 884	304 022	2 656	2 229
• Short term benefits	310 737	279 433	2 656	2 229
– non-executive directors	2 648	2 229	2 656	2 229
– executive directors	8 310	6 272	–	–
– executive management	14 192	16 025	–	–
– other staff (including other benefits)*	285 587	254 907	–	–
• Equity-settled share-based payment (refer note 19.1)	517	1 820	–	–
– executive directors	452	1 365	–	–
– executive management	49	418	–	–
– other staff	16	37	–	–
• Post-employment benefits – total amounts contributed to defined contribution funds	18 411	20 476	–	–
– executive directors	954	205	–	–
– executive management	1 814	663	–	–
– other staff	15 643	19 608	–	–
• Other short term benefits	2 219	2 293	–	–
– executive directors	1 121	663	–	–
– executive management	1 098	1 630	–	–

\* R121 659 787 (2018: R106 749 097) included as part of cost of sales per note 5.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>7. Taxation</b>				
South African normal taxation				
Current	13 562	16 519	(418)	418
– current year charge	14 689	17 046	–	418
– prior year overprovision	(1 127)	(527)	(418)	–
Deferred	(5 980)	(3 933)	(4)	–
– temporary differences	(8 033)	(5 167)	(4)	–
– (increase)/reduction of tax losses recognised	(765)	1 237	–	–
– prior year under/(over) provision	2 818	(3)	–	–
Foreign taxes	324	156	–	–
<b>Total normal tax</b>	<b>7 906</b>	<b>12 742</b>	<b>(422)</b>	<b>418</b>
Dividends tax	–	12	–	–
<b>Total taxation</b>	<b>7 906</b>	<b>12 754</b>	<b>(422)</b>	<b>418</b>
The reconciliation of the effective rate of the tax charge to the company tax rate is as follows:	%	%	%	%
Standard taxation rate	28,0	28,0	28,0	28,0
Prior year (over)/under provision	(15,0)	(3,2)	(2,5)	–
Non-deductible expenses	(60,2)	37,4	(19,4)	(24,7)
Interest on Corporate Bond	(12,2)	9,5	(8,4)	(11,3)
IFRS 2 charges	(1,3)	3,2	–	–
Acquisition costs of subsidiaries	–	3,0	–	(0,7)
Donations	(1,4)	0,9	–	–
Impairment of assets	–	–	–	(11,7)
Impairment of goodwill	(11,2)	7,8	–	–
Impairment of loan receivable from East Africa and Middle East	(25,2)	4,3	(10,3)	–
Equity accounted losses	(4,0)	7,1	–	–
Other	(4,9)	1,6	(0,7)	(1,0)
The interest on the corporate bond and acquisition costs are capital in nature in terms of the South African Income Tax Act.				
IFRS 2 charges, donations and other non-deductible are disallowed expenses in terms of South African Income Tax Act.				
	(0,6)	(1,7)	–	(6,4)
Non-taxable income and dividend received	–	–	–	(7,9)
Insurance recovery of prior-year fraud	–	(1,5)	–	–
Profit on sale of subsidiary and associate	–	(0,4)	–	–
Other	0,6	0,2	–	1,5
Derecognition of previously recognised tax losses	–	18,5	–	–
Unrecognised tax losses	(21,9)	–	(3,6)	–
Differences in corporate tax rates	0,8	0,1	–	–
<b>Effective taxation rate</b>	<b>(68,9)</b>	<b>79,1</b>	<b>2,5</b>	<b>(3,1)</b>



	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>7. Taxation</b> (continued)				
<b>Deferred income tax asset/(liability)</b>				
Beginning of year	9 352	12 228	(20)	652
Acquisition of subsidiary	–	(6 809)	–	–
Income statement movement	5 980	3 933	4	(672)
End of year	15 332	9 352	(16)	(20)
Deferred tax asset	22 093	19 725	–	–
Deferred tax liability	(6 761)	(10 373)	(16)	(20)
Net deferred tax asset	15 332	9 352	(16)	(20)
Made up as follows:				
– taxation losses	17 134	14 403	–	–
– provisions	5 480	4 996	–	–
– capitalised costs	20	32	–	–
– amortisation of intangibles	(11 519)	(11 135)	–	–
– impairment of receivables	518	83	–	–
– prepayments	(6 125)	(5 248)	(16)	(20)
– retentions	(540)	(622)	–	–
– section 24C allowance	(3 591)	(3 369)	–	–
– income received in advance	12 309	10 926	–	–
– deferred gains and losses on foreign currency contracts	162	(797)	–	–
– deferred lease payments and income	3 217	3 354	–	–
– finance lease agreements	627	628	–	–
– accelerated depreciation	(2 360)	(3 899)	–	–
	15 332	9 352	(16)	(20)
Estimated taxation losses available for set off against future taxable profits	128 748	94 882	11 838	9 968
Taxation losses which could be recognised as an asset	36 050	26 567	11 838	9 968
Less deferred asset not recognised	(18 916)	(12 164)	–	–
Asset recognised – tax losses	17 134	14 403	–	–
<b>Deferred tax assets</b>				
– less than 12 months	8 630	9 547	–	–
– greater than 12 months	13 463	10 178	–	–
	22 093	19 725	–	–
<b>Deferred tax liabilities</b>				
– less than 12 months	(6 761)	(10 373)	(16)	(20)
– greater than 12 months	–	–	–	–
	(6 761)	(10 373)	(16)	(20)

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 8. Earnings per ordinary share

The earnings loss per share of 12.9 cents (2018: loss of 3.3 cents) is based on earnings loss of R29 137 000 (2018: loss of R7 664 528) and 226 280 586 (2018: 229 068 853) shares, being the weighted average number of issued shares at the end of the prior year, less the treasury shares. Refer to note 17.

#### Headline earnings per ordinary share

The headline earnings loss per share of 10.68 cents (2018: loss of 1.5 cents) is based on headline earnings loss of R24 172 059 (2018: loss of R3 419 000) and 226 280 586 (2018: 229 068 853) shares, being the number of issued shares at the end of the prior year, less the treasury shares.

Reconciliation of headline earnings:

	Group			
	(Loss)/profit before tax and non-controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings loss R'000
<b>2019</b>				
Loss attributable to ordinary shareholders	(11 469)	(7 906)	(9 762)	(29 137)
Loss on disposal of plant and equipment	396	–	–	396
Impairment of goodwill	4 569	–	–	4 569
<b>Headline earnings loss</b>				<b>(24 172)</b>
<b>2018</b>				
Loss attributable to ordinary shareholders	16 136	(12 754)	(11 047)	(7 665)
Profit on disposal of plant and equipment	(65)	–	–	(65)
Profit on disposal of subsidiary – Jasco East Africa	(206)	–	–	(206)
Impairment of goodwill	4 517	–	–	4 517
<b>Headline earnings loss</b>				<b>(3 419)</b>

#### 8.1 Diluted earnings and diluted headline earnings per ordinary share

The same earnings and headline earnings as per note 8 were used to calculate the diluted earnings loss per share of 12.9 cents (2018: loss of 3.3 cents) and diluted headline earnings loss per share of 10.7 cents (2018: loss of 1.5 cents). The shares and options issued by the Share Incentive Trusts impacted the weighted average number of shares used in the calculation as follows:

	2019	2018
Weighted average number of shares	226 280 586	229 068 853
Dilutive shares or options	–	372 950
	<b>226 280 586</b>	<b>229 441 803</b>

	Leasehold improvements R'000	Plant and machinery R'000	Hi-Sites R'000	Furniture, fixtures and office equipment R'000	Motor vehicles R'000	Computer and manufacturing equipment R'000	Leased assets R'000	Total plant and equipment R'000
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## 9. Plant and equipment

### Group

#### 2019

Net book value – beginning of year

– cost

– accumulated depreciation

Current year movements

– additions

– net book value of disposals

– reclassification of plant and equipment

– depreciation

**End of year**

Made up as follows

– cost

– accumulated depreciation

**Net book value**

\* Relates to previously expensed computer equipment.

#### 2018

Net book value – beginning of year

– cost

– accumulated depreciation

Current year movements

– additions

– net book value of disposals

– net acquisition/ (disposal) of subsidiaries

– depreciation

**End of year**

**Made up as follows**

– cost

– accumulated depreciation

**Net book value**

**Pledged as security**

Certain motor vehicles and equipment are secured as per note 20.

5 215	21 871	2 813	22 991	1 170	8 772	16 764	79 596
8 315	54 156	13 031	45 502	4 629	27 937	21 975	175 545
(3 100)	(32 285)	(10 218)	(22 511)	(3 459)	(19 165)	(5 211)	(95 949)
(1 325)	8 634	520	(1 826)	(390)	(159)	(1 657)	3 797
160	3 783	845	3 562	283	6 185	9 639	24 457
(206)	(315)	–	(213)	–	(195)	(178)	(1 107)
(1 279)	9 881	(325)	(212)		649	(9 866)	452*
(1 279)	(4 715)	(325)	(4 963)	(673)	(6 798)	(1 252)	(20 005)
3 890	30 505	3 333	21 165	780	8 613	15 107	83 393
8 253	67 590	13 876	46 228	5 285	38 007	19 698	198 937
(4 363)	(37 085)	(10 543)	(25 063)	(4 505)	(29 394)	(4 591)	(115 544)
3 890	30 505	3 333	21 165	780	8 613	15 107	83 393
4 257	24 149	3 019	22 052	662	9 763	15 034	78 936
8 195	53 671	12 920	42 542	4 231	26 907	17 262	165 728
(3 938)	(29 522)	(9 901)	(20 490)	(3 569)	(17 144)	(2 228)	(86 792)
958	(2 278)	(206)	939	508	(991)	1 730	660
2 095	982	111	5 754	193	3 214	4 907	17 256
(9)	(191)	–	(378)	(63)	(128)	(105)	(874)
(83)	–	–	167	844	(101)	(1)	826
(1 045)	(3 069)	(317)	(4 604)	(466)	(3 976)	(3 071)	(16 548)
5 215	21 871	2 813	22 991	1 170	8 772	16 764	79 596
8 315	54 156	13 031	45 502	4 629	27 937	21 975	175 545
(3 100)	(32 285)	(10 218)	(22 511)	(3 459)	(19 165)	(5 211)	(95 949)
5 215	21 871	2 813	22 991	1 170	8 772	16 764	79 596

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Goodwill R'000	Trade names R'000	Voice transaction management applications R'000	Computer software R'000	Customer- related intangible assets R'000	Total intangible assets R'000
<b>10. Intangible assets</b>						
Group						
<b>2019</b>						
Net book value – beginning of year	86 650	7 549	19 128	11 176	30 006	154 509
– cost	151 972	10 377	28 457	14 115	43 079	248 000
– accumulated amortisation and impairment	(65 322)	(2 828)	(9 329)	(2 939)	(13 073)	(93 491)
Current year movements	(4 569)	(1 669)	692	831	(5 561)	(10 276)
– additions	–	–	8 493	4 302	–	12 795
– amortisation	–	(1 669)	(7 801)	(3 471)	(5 561)	(18 502)
– impairment	(4 569)	–	–	–	–	(4 569)
<b>End of year</b>	<b>82 081</b>	<b>5 880</b>	<b>19 820</b>	<b>12 007</b>	<b>24 445</b>	<b>144 233</b>
Made up as follows:						
– cost	151 972	10 377	36 950	18 417	43 079	260 795
– accumulated amortisation and impairment	(69 891)	(4 497)	(17 130)	(6 410)	(18 634)	(116 562)
<b>Net book value</b>	<b>82 081</b>	<b>5 880</b>	<b>19 820</b>	<b>12 007</b>	<b>24 445</b>	<b>144 233</b>
<b>2018</b>						
Net book value – beginning of year	68 025	3 908	20 644	5 423	14 608	112 608
– cost	128 830	5 828	22 422	6 854	23 310	187 244
– accumulated amortisation and impairment	(60 805)	(1 920)	(1 778)	(1 431)	(8 702)	(74 636)
Current year movements	18 625	3 641	(1 516)	5 753	15 398	41 901
– additions	–	–	6 035	7 261	–	13 296
– acquisition of subsidiaries	23 142	4 549	–	–	19 769	47 460
– amortisation	–	(908)	(7 551)	(1 508)	(4 371)	(14 338)
– impairment	(4 517)	–	–	–	–	(4 517)
<b>End of year</b>	<b>86 650</b>	<b>7 549</b>	<b>19 128</b>	<b>11 176</b>	<b>30 006</b>	<b>154 509</b>
Made up as follows:						–
– cost	151 972	10 377	28 457	14 115	43 079	248 000
– accumulated amortisation and impairment	(65 322)	(2 828)	(9 329)	(2 939)	(13 073)	(93 491)
<b>Net book value</b>	<b>86 650</b>	<b>7 549</b>	<b>19 128</b>	<b>11 176</b>	<b>30 006</b>	<b>154 509</b>

The voice transaction management applications consist of costs capitalised during the development of various voice transaction management applications. These intangibles have finite useful lives and are amortised over a period of three years.

The customer-related and trade name intangible assets relate to the customer contracts and relationships acquired in the Spescom, MV Fire, Telesto, Reflex Solutions, Datafusion and RAMM acquisitions.

The goodwill impairment in 2018 related to the Datafusion acquisition during the year where it was accounted for as a day-one loss.

The majority of the goodwill impairment in 2019 related to Ferrotech (Jasco Power). The entity suffered significant reductions in sales volumes during the current year and therefore the goodwill was impaired.

## 10. Intangible assets (continued)

The goodwill relating to each cash-generating unit is as follows:

	Carrying value	
	2019 R'000	2018 R'000
Information and communication technologies – Carriers	32 370	33 879
Information and communication technologies – Reflex	30 475	30 475
Information and communication technologies – RAMM	18 625	18 625
Intelligent Technologies Ferrotech	–	3 060
Electrical Manufacturers	611	611
	82 081	86 650

As at the reporting date, the goodwill was tested for impairment. The cash flow projections, prepared from financial budgets approved by the board of directors, covering a five-year period, are discounted to the present value, using pre-tax discount rates appropriate to the cash-generating unit the asset belongs to, of 16.71% for all other CGUs excluding RAMM which has a pre-tax discount rate of 21.67% (2018: 14,05%). Revenue growth assumptions after the first year were based on an inflationary increase. A long-term growth rate of 0,8% was assumed into perpetuity. Both revenue growth rates and long-term growth rates are based on management's approach to achieve conservative targets. The gross profit (GP) margins used in the value-in-use calculations are as follows: Carriers 31% (2018: 32%), Reflex 31% (2018: 33%), RAMM 52% (2018: 34%), Ferrotech n/a (2018: 25%) and Electrical Manufacturers 17% (2018: 22%).

### Sensitivity analysis

Management has performed a sensitivity analysis for the material goodwill balances, being the goodwill relating to the investments in the ICT – Carriers cash-generating unit (CGU), the ICT – Reflex CGU, the ICT – RAMM CGU and the Electrical Manufacturers CGU. The goodwill sensitivity tests performed for a 1% change in growth rate, discount rate and operating margin percentage do have an impact on the net present value of the future cash flows. However these do not result in a change in the carrying value of the goodwill balance for ICT Carriers, ICT Reflex, ICT RAMM and Electrical Manufacturers.

With regard to the assessment of the value-in-use of the investment, management believes that the most notable possible change in any of the above key assumptions would result from a change to the discount rate. The second most sensitive assumption is the long-term growth rate and the third assumption is a change to the future cash flow projections.

A reasonable possible change in any of the key assumptions would not result in any additional impairment. Set out below is the change in the discounted cash flows of applying a 1% change in the key assumptions.

Key assumption	GP margin		Growth rate		Discount rate	
	(1%)	1%	(1%)	1%	(1%)	1%
(Amounts in R'000)						
ICT – Carriers goodwill	(13 657)	13 657	(14 240)	14 689	4 286	(3 835)
ICT – Reflex goodwill	(11 890)	11 890	(13 494)	13 950	11 046	(9 735)
ICT – RAMM goodwill	(2 415)	2 415	(4 309)	4 448	2 190	(1 990)
Electrical Manufacturers goodwill	(12 021)	12 021	(7 290)	7 532	5 382	(4 718)

### Key assumptions

The calculation of value-in-use is most sensitive to gross profit margin, discount rates and growth rates used to extrapolate cash flows beyond the financial forecast period. Gross margins and profit before tax are based on the forecasted margin after the new acquisition for the year. These are increased over the budget period for anticipated efficiency improvement and therefore based on financial forecasts. Discount rates reflect management's estimate of the risks specific to each CGU. Growth rate estimates are conservatively applied to each unit having considered industry expected growth rates and internal targets. The group and company are not expecting to exceed the long-term average growth rates of the industry.

### Impairment

In 2019 financial year, a goodwill impairment of R4,6 million (refer to note 6) was recognised. The impairment charge is included as part of other expenses in the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Company	
	2019 R'000	2018 R'000
<b>11. Investment in subsidiaries</b>		
<b>Unlisted shares at cost less amounts written off</b>		
– Jasco Cables Investment (Pty) Limited**	–	–
– Jasco Carrier Solutions (Pty) Limited	38 891	38 891
– Jasco East Africa Limited	–	–
– Jasco Energy and Industry Solutions (Pty) Limited	5 823	5 823
– Jasco Enterprise (Pty) Limited	6 645	6 645
– Jasco Distributors (Pty) Ltd (previously Jasco Managed Solutions)	2 623	2 623
– Jasco Networks (Pty) Limited	136	136
– Jasco Infrastructure (Pty) Limited (Prev. Jasco Properties (Pty) Limited)*	–	–
– Jasco Trading (Pty) Limited	877	877
– Jasco Systems (Pty) Limited*	–	–
– Jasco Property Solutions (Pty) Limited	11	11
– Jasco IOT Solutions (Pty) Limited	1	1
– Reflex Solutions (Pty) Limited	37 726	37 726
– RAMM Systems (Pty) Limited	28 985	28 985
– Webb Masts and Towers (Pty) Limited*	–	–
– Jasco Technical Solutions (Pty) Limited	–	–
– MV Fire Protection Services (Pty) Ltd	3 432	–
– NewTelco South Africa (Pty) Ltd	200	–
	<b>125 350</b>	<b>121 718</b>
<b>Amounts owing by group companies on current account</b>		
– Jasco Trading (Pty) Limited	58 873	87 684
– Jasco Cables Investments (Pty) Limited	7	7
– Jasco Carrier Solutions (Pty) Limited	641	966
– Ferro Resonant Technologies (Pty) Limited	123	–
– Jasco Networks (Pty) Limited	6 102	5 970
– Jasco Systems (Pty) Limited	1 420	3 449
– Jasco Property Solutions (Pty) Limited	102	102
– Datavoice (Pty) Limited (Prev. Jasco Services (Pty) Limited)	2 091	114
– Jasco IOT Solutions (Pty) Ltd	18	3
– Jasco ICT-Datafusion (Pty) Ltd	–	–
– MV Fire Protection Services (Pty) Ltd	9	–
– NewTelco South Africa (Pty) Ltd	6	–
	<b>69 392</b>	<b>98 295</b>
<b>Amounts owing to group companies on current account</b>		
– Jasco Trading (Pty) Limited	(548)	–
– Jasco Enterprise (Pty) Limited	–	–
	<b>(548)</b>	<b>–</b>

\* The carrying value of these investments are less than R1 000 each.

The loans to subsidiaries attract interest at a rate which is agreed upon between both parties on an annual basis and have no fixed repayment terms.

Refer to note 31.5 for consideration of ECL on intercompany loans.

## 12. Investment in joint ventures/associates

### 12.1 Jasco Middle East DMCC

The group acquired a 40% interest in Jasco Middle East DMCC with effect from 1 January 2017. Jasco Middle East is an entity incorporated in Middle East (Dubai) and operates in the ICT sector. Jasco has joint control and as such the investment is treated as a joint venture.

Jasco Middle East did not trade (dormant) during the 2019 financial year. The group's interest in the joint venture's net assets and liabilities and the income and expenses for the year ended, was as follows:

	100% Middle East		40% Middle East	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>Financial position</b>	<b>648</b>	<b>648</b>	<b>260</b>	<b>260</b>
– current assets	429	429	172	172
– non-current assets	219	219	88	88
	(8 410)	(8 410)	(3 364)	(3 364)
– current liabilities	(2 206)	(2 206)	(882)	(882)
– non-current liabilities	(6 204)	(6 204)	(2 482)	(2 482)
Net liabilities	(7 762)	(7 762)	(3 104)	(3 104)
<b>Income and expenses</b>				
Revenue	–	212	–	85
Cost of sales	–	(78)	–	(31)
Finance income	–	–	–	–
Administrative expenses	–	(5 323)	–	(2 130)
Finance costs	–	(158)	–	(63)
Loss before taxation	–	(5 347)	–	(2 139)
Taxation	–	–	–	–
Loss for the year	–	(5 347)	–	(2 139)

The acquisition of Jasco Middle East DMCC coincides with the formation thereof and accordingly no pre-acquisition profit or loss and no at-acquisition assets and liabilities will be disclosed.

### 12.2 Jasco East Africa

The group reduced its interest in Jasco East Africa from 99% to 40% for R1 000 as of 1 October 2017. Jasco East Africa is an entity incorporated in East Africa (Kenya) and operates in the ICT sector. Jasco's has significant influence and as such the investment is treated as an associate.

Jasco Middle East DMCC did not trade (dormant) during the 2019 financial year. The group's interest in the associate's net assets and liabilities and the income and expenses for the year ended, was as follows:

	100% East Africa		40% East Africa	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>Financial position</b>	<b>3 182</b>	<b>3 261</b>	<b>1 273</b>	<b>1 304</b>
– current assets	2 939	3 045	1 176	1 218
– non-current assets	243	216	97	86
	(22 690)	(19 543)	(9 076)	(7 817)
– current liabilities	(8 124)	(5 883)	(3 250)	(2 353)
– non-current liabilities	(14 566)	(13 660)	(5 826)	(5 464)
	(19 508)	(16 282)	(7 803)	(6 513)
<b>Income and expenses</b>				
Revenue	4 771	1 925	1 908	770
Cost of sales	(3 806)	(2 128)	(1 522)	(851)

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 12. Investment in joint ventures/associates (continued)

#### 12.2 Jasco East Africa (continued)

	100% East Africa		40% East Africa	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Finance income	–	13	–	5
Administrative expenses	(5 024)	(4 690)	(2 009)	(1 876)
Finance costs	–	–	–	–
Loss before taxation	(4 059)	(4 880)	(1 623)	(1 952)
Taxation	–	–	–	–
Loss for the year	(4 059)	(4 880)	(1 623)	(1 952)

#### 12.3 Reconciliation of investment in joint ventures/associates

	Group	
	2019 R'000	2018 R'000
<b>Investment in Jasco Middle East</b>		
Opening balance	2 200	284
Initial investment	–	–
Additional loan provided	239	4 055
Impairment of receivable*	(2 439)	–
Share of losses in current year	–	(2 139)
Closing balance	–	2 200
<b>Investment in Jasco East Africa</b>		
Opening balance	2 212	–
Initial investment	–	–
Additional loan provided	3 792	6 664
Impairment of receivable*	(4 381)	(2 500)
Share of losses in current year	(1 623)	(1 952)
Closing balance	–	2 212
Total investment in joint venture/associates	–	4 412
Total equity accounted share of loss from joint venture/associates	(1 623)	(4 091)

	Company	
	2019 R'000	2018 R'000
	–	6 166
Investment in Jasco Middle East DMCC	72	72
Investment in Jasco East Africa	–	–
Loan to Jasco Middle East DMCC	6 329	6 094
Written off*	(6 401)	–

\* These loans were written off as management do not believe that these loans are recoverable based on Jasco Middle East becoming dormant in the current year and Jasco East Africa making losses in the current year.



	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>13. Other non-current assets</b>	-			
<b>13.1 Loan to the Jasco Employee Share Incentive Trust</b>	-	-	1 886	5 578
Loan	-	-	9 961	10 950
Allowance for impairment	-	-	(8 075)	(5 372)
The loan attracts interest at a rate of 7,5% (2018: 7,5%) which is agreed upon between the parties on an annual basis and has no fixed terms of repayment.				
The directors are of the opinion that after the allowance for impairment, the loan is fairly stated. The impairment provision is calculated as the difference between the fair value of the Trust's net assets and the loan. The increase of the impairment allowance of R2.7 million (2018: reversal of impairment R309 995) in the impairment allowance relates to a decrease in the fair value of the Trust's net assets.				
<b>13.2 Other loans</b>	8 390	432	-	-
Total	11 067	432	-	-
- loan	14 091	432	-	-
- unearned finance income	(3 024)	-	-	-
Current portion transferred to current assets	(2 677)	-	-	-
Majority of this balance is a non-current receivable provided to an Enterprise customer and attracts interest at rate of 15,50%. Refer to note 31.				
<b>13.3 Finance lease receivable</b>	94	145	-	-
Total	140	1 140	-	-
- future minimum rentals under the finance lease receivables	166	1 161	-	-
- unearned finance income	(26)	(21)	-	-
Current portion transferred to current assets	(46)	(995)	-	-
In 2016 Jasco entered into a lease relating to broadcasting equipment for two years. The effective interest rate is 12% and the lease was repayable in fixed monthly instalments by 1 October 2018.				
<b>Total</b>	<b>8 484</b>	<b>577</b>	<b>1 886</b>	<b>5 578</b>
<b>14. Inventories</b>				
Raw materials	33 847	35 109	-	-
Work in progress	8 160	6 613	-	-
Finished goods and merchandise	66 477	60 920	-	-
- at cost	74 535	69 891	-	-
- provision for obsolete stock	(8 058)	(8 971)	-	-
	108 484	102 642	-	-
Inventory expensed, included in cost of sales	547 378	599 973	-	-
- inventory expensed during the year	545 550	597 747	-	-
- inventory written off during the year	1 828	2 226	-	-

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>15. Trade and other receivables</b>				
<b>Financial instruments</b>				
Trade receivables	150 561	228 352	–	–
– trade receivables	153 500	229 293	–	–
– impairment allowance	(2 939)	(941)	–	–
Revenue accruals	–	11 935 <sup>#</sup>	–	–
Other receivables*	10 049	–	10 049	–
Third party loans	–	1 941	–	–
<b>Non-financial instruments</b>				
Costs incurred to fulfil contracts	32 487	33 931	163	174
Retentions	1 929	2 221	–	–
VAT receivables	5 561	1 964	–	–
Other receivables*	4 549	2 924	–	–
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	2 929	–	–
	<b>205 136</b>	<b>286 197</b>	<b>10 212</b>	<b>174</b>
Trade receivables are non-interest-bearing and generally between 30 – 90 day terms. Trade receivables have been ceded as security for the group's working capital loan.				
Prepayments mainly relate to deferred service-level agreement costs.				
*Included in other receivables is R10 048 654, held in a trust account, relating to purchase consideration of Reflex Solutions (Pty) Ltd that was delayed as a result of the legal dispute with the minority shareholders that was expected, at year-end, to be concluded within 12 months. Refer to note 33.2.				
<sup>#</sup> Revenue accruals are now disclosed as contract assets after the adoption of IFRS 15.				
The movements in the allowance for impairment of the trade receivables were as follows:				
At the beginning of the year	941	2 311	–	–
Charge for the year <sup>@</sup>	2 208	382	–	–
Amounts written off	(2)	(769)	–	–
Acquisition/Disposal of subsidiary	–	(93)	–	–
Unused amounts reversed	(208)	(890)	–	–
At the end of the year	<b>2 939</b>	<b>941</b>	<b>–</b>	<b>–</b>
As at year end the analysis of trade receivables past due is as follows:				
30 – 60 days	27 075	31 374	–	–
60 – 90 days	5 043	3 094	–	–
90 – 120 days	1 704	2 114	–	–
120 – longer days	1 856	3 101	–	–
	<b>35 678</b>	<b>39 683</b>	<b>–</b>	<b>–</b>
Net carrying value of impaired trade receivables	2 939	941	–	–
Neither past due nor impaired	111 944	187 728	–	–
Net trade receivables	<b>150 561</b>	<b>228 352</b>	<b>–</b>	<b>–</b>

<sup>@</sup> The impairment loss for the current year is recognised under other expenses.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>16. Cash and cash equivalents</b>				
Current accounts	53 824	62 685	181	342
Call accounts	11 600	5 144	–	–
Cash on hand	63	60	–	–
	<b>65 487</b>	<b>67 889</b>	<b>181</b>	<b>342</b>
Cash at banks earn interest at floating rates based on daily bank deposit rates.				
<b>Cash at bank and short-term bank deposits</b>				
Credit rating based on the latest Moody's domestic long-term issuer default ratings				
A1	26 667	36 069	72	33
AA	38 565	31 077	26	226
A3	15	600	–	–
Other	240	143	83	83
	<b>65 487</b>	<b>67 889</b>	<b>181</b>	<b>342</b>

The fair value of the cash and cash equivalents approximates the carrying value.

<b>17. Share capital</b>				
<b>17.1 Authorised</b>				
750 000 000 ordinary shares with no par value				
29 884 633 redeemable preference shares with no par value				
<b>17.2 Issued</b>				
229 319 191 ordinary shares				
Beginning of year	281 283	281 283	281 283	281 283
End of year	281 283	281 283	281 283	281 283
<b>18. Treasury shares</b>				
The Jasco Employee Share Incentive Trust owns 5 081 782 (2018: 250 338) unallocated ordinary shares	3 203	450	–	–
<b>Treasury shares at cost</b>	<b>3 203</b>	<b>450</b>	<b>–</b>	<b>–</b>
Opening balance	450	2 635	–	–
Treasury shares acquired in an open market	524	414	–	–
Forfeited shares	2 823	665	–	–
Treasury shares vested	(594)	(3 264)	–	–
<b>Closing balance</b>	<b>3 203</b>	<b>450</b>	<b>–</b>	<b>–</b>

During the 2019 financial year, the Jasco Employee Share Incentive Trust ("the Trust") purchased a total of 949 997 Jasco shares in the open market. However the total number of treasury shares increased in June 2019 due to the forfeiture of shares by one of the participants in the Trust. Refer to the Directors Report on page 10.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>19. Non-distributable reserves</b>				
Equity settled share-based payment reserve (note 19.1)	4 662	6 942	14	14
– beginning of year	6 941	6 077	14	14
– transferred during the year	(355)	–	–	–
– utilised during the year	(2 442)	(955)	–	–
– arising during the year	517	1 820	–	–
Foreign currency translation reserve	(1)	(1)	–	–
– beginning of year	(1)	350	–	–
– arising during the year	–	(351)	–	–
Transaction with non-controlling interest	2 448	–	–	–
	7 109	6 941	14	14

## 19.1 Equity settled share-based payments

### *Jasco Employee Share Incentive Trust*

The Jasco Employee Share Incentive Trust was formed in 1993 to enable executives of the group to acquire shares in Jasco to provide them with incentives to advance the group's interests. The maximum number of shares and/or options that may be issued may not exceed 32 759 885 shares, being 15% of the issued share capital at the inception of the Trust and including all subsequent capitalisation and rights issues. The maximum number of shares and/or options allowed for any one person is 8 735 969 (2018: 8 735 969). In terms of the scheme rules, 50% of the shares/options issued may be traded after two years, 75% after three years and 100% after four years. The shares/options vest at the beginning of the trading period. The options lapse after five years.

	2019	2018
Number of ordinary shares reserved	32 759 885	32 759 885
Less: total number of shares allocated	2 649 296	9 690 402
– beginning of year	9 690 402	10 590 402
– allocation of shares to employees during the year	–	–
– net forfeiture by employees during the year	(7 041 106)	(900 000)
Less: total number of unforfeited options granted	4 137 517	4 774 517
– beginning of year	4 137 517	4 774 517
– allocation of options to employees during the year	–	–
– net forfeiture/cancellation of options during the year	–	–
<b>Number of shares in respect of which options and shares have not been granted</b>	<b>25 973 072</b>	<b>18 294 966</b>

### Summary of shares/options issued

Date issued	Date lapsing	Number	Price per share (c)	Shares issued by trust not yet vested		Number of unvested shares	
				2019	2018	2019	2018
<i>Shares</i>							
13 June 2016	N/A	2 163 699	81	834 881	2 163 699	208 720	1 081 850
2 June 2015	N/A	9 146 118	55	1 626 915	6 619 203	–	2 286 530
5 February 2014	N/A	1 470 000	72	187 500	907 500	–	–
		12 779 817		2 649 296	9 690 402	208 720	3 368 380

The shares allocated by the Trust were in excess of the number of shares owned by the Trust in 2018. Refer to page 57.

## 19. Non-distributable reserves (continued)

### 19.1 Equity settled share-based payments (continued)

Date issued	Date lapsing	Number	Price per share (c)	Options issued by trust not yet vested		Number of unvested options	
				2019	2018	2019	2018
<i>Options</i>							
3 October 2016	3 October 2021	465 702	93	465 702	465 702	232 851	465 702
28 June 2016	28 June 2021	1 206 071	81	1 206 071	1 206 071	301 518	603 036
4 January 2016	4 January 2021	790 071	60	790 071	790 071	197 518	395 036
2 June 2015	2 June 2020	2 322 534	55	1 675 673	1 675 673	–	418 918
5 February 2014	5 February 2019	1 040 000	72	–	637 000	–	–
				<b>4 137 517</b>	<b>4 774 517</b>	<b>731 887</b>	<b>1 882 692</b>

#### Reconciliation of number of outstanding, unvested shares and options

	Shares 2019	2018	Options 2019	2018
Beginning of year	3 368 379	7 104 258	1 882 692	3 458 931
Allocated during the year	–	–	–	–
Forfeiture/cancellation of shares during the year	(2 137 481)	–	–	–
Shares/options lapsing	–	–	–	–
Shares/options vested by rules of scheme	(1 022 178)	(3 735 879)	(1 150 805)	(1 576 239)
End of year	<b>208 720</b>	<b>3 368 379</b>	<b>731 887</b>	<b>1 882 692</b>

#### Expense

Equity-settled share-based payment transactions are valued at grant date, with the expense being recognised over the vesting period.

Fair values for the Jasco Employee Share Incentive Trust are calculated at the date of the grant using the Binomial Model. To test the reasonableness of these results, the Black-Scholes-Merton formula has also been applied.

The key assumptions used in the calculations are detailed below:

	2019	2018
Maximum term of grant	5 years	5 years
Exercise multiple	1,5	1,5
Volatility	%	%
– two years vesting	81,79	81,79
– three years vesting	80,42	80,42
– four years vesting	77,63	77,63
Dividend yield	0,05	0,05
Risk free rate		
– two years vesting	7,79	7,79
– three years vesting	7,82	7,82
– four years vesting	7,88	7,88
Forfeiture rate	10	10
Performance expectation	100	100

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 19. Non-distributable reserves (continued)

#### 19.1 Equity settled share-based payments (continued)

The statement of comprehensive income charge for equity-settled share-based payments is as follows (refer to note 6c):

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Equity-settled share-based payment	517	1 820	–	–

#### 19.2 Cash-settled share-based payments

There is one participant in the cash-settled share-based incentive scheme. There is no expense arising in 2019 and 2018 as the performance targets were not met.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>20. Interest-bearing liabilities</b>				
<b>Secured</b>	207 539	182 486	191 433	170 245
Corporate bond	45 783	45 392	45 783	45 392
Term loan: Bank of China	145 650	124 853	145 650	124 853
Principal amounts owing in respect of finance lease agreements on furniture and office equipment	792	1 314	–	–
– gross minimum lease payments	989	1 665	–	–
– finance charges	(197)	(351)	–	–
Principal amounts owing in respect of instalment sale agreements	15 314	10 927	–	–
– gross minimum lease payments	17 564	12 298	–	–
– finance charges	(2 250)	(1 371)	–	–
<b>Unsecured</b>	98	98	–	–
Loans from non-controlling shareholders	98	98	–	–
<b>Total</b>	<b>207 637</b>	<b>182 584</b>	<b>191 433</b>	<b>170 245</b>
Current portion transferred to short-term borrowings (refer to note 23)	(200 554)	(54 035)	(191 433)	(47 535)
– finance lease agreements	(328)	(409)	–	–
– instalment sale agreements	(8 793)	(6 091)	–	–
– corporate bond and term loan	(45 783)	(47 535)	(45 783)	(47 535)
– term loan	(145 650)	–	(145 650)	–
	7 083	128 549	–	122 710

#### Particulars

The listed corporate bond was issued on 30 January 2015, bears interest at the three-month month JIBAR plus 3,25%. Interest is repaid quarterly and the entire capital plus any accrued interest is repayable on 31 January 2021.

Under the corporate bond, the group is required to comply with the following financial covenant conditions:

- Interest cover ratio being EBIT divided by net finance charges at minimum of 2.0 times. 2019: 0.76 (2018: 1.8).
- Debt to EBITDA ratio at a maximum of 3.5 times. 2019: 3.51 (2018: 1.6).
- Debt to equity ratio, being debt divided by equity, at a maximum of 60%. 2019: 77% (2018: 56%).

## 20. Interest-bearing liabilities (continued)

### Particulars (continued)

The corporate bond holder condoned the breach of the loan covenants subsequent to the year-end, noted above. However, due to this breach, the related borrowings are classified as a current liability at 30 June 2019.

The facility of R150 million from the Bank of China was raised on 13 May 2017. An additional draw-down of R20 million was utilised on 6 September 2018. The loan is secured by a cession of the debtors of the major subsidiaries of the group and bears interest at the three-month JIBAR plus 330 basis points, which is payable on a quarterly basis. The capital is repayable in one instalment by 27 February 2021 (2018: 27 February 2020).

Under the Bank of China loan, the group is required to comply with the following financial covenant conditions:

- Debt to equity ratio to not exceed a level of 150%. 2019: 77% (2018: 89%).
- Current and quick ratios not to reduce below 1.2:1 and 0.80:1 respectively. 2019: 0.97 and 0.71 (2018: 1.4 and 1.1).
- Interest cover to be maintained at a minimum of 1.5 times. Profit before interest and tax divided by net finance costs. 2019: 0.76 (2018: 2.3).
- Debtors in 0 – 90 days to provide 120% cover on the outstanding Bank of China balance at all times. 2019: 99% (2018: 181%).

The Bank of China has condoned the breach of the loan covenants at 30 June 2019, subsequent to the year-end. However, due to the extension of the facility being received after 30 June 2019, the related borrowings was reclassified as a current liability at 30 June 2019. The Bank of China borrowing has been extended until 27 February 2021. A notarial general covering bond of R100 million over the movable assets will be provided as additional security to the Bank of China Limited.

The finance lease agreements bear interest at the prime overdraft interest rate, and are repayable in equal instalments over periods between one to three years. These liabilities are secured over furniture and equipment with a net book value of R664 604 (2018: R1 074 492).

The instalment sale agreements bear interest at the prime overdraft interest rate, and are repayable in equal instalments over periods between one to three years. These liabilities are secured over motor vehicles and equipment with a net book value of R15 107 247 (2018: R13 484 240).

The loans from non-controlling shareholders of R98 000 are unsecured and repayment has been deferred until at least 30 June 2020.

### Reconciliation of liabilities arising from financing activities

	Group					
	Corporate bond	Bank of China	Loans from non-controlling interest	Lease liabilities	Other	Total
Balance at 30 June 2018	45 392	124 853	98	12 241	–	182 584
Loans obtained	–	20 000	–	–	–	20 000
New leases obtained – non-cash	–	–	–	11 444	–	11 444
Repayments	(4 617)	(14 445)	–	(9 244)	–	(28 306)
Capital repayments	–	–	–	(7 641)	–	(7 641)
Interest repayments	(4 617)	(14 445)	–	(1 603)	–	(20 665)
Finance charges	5 008	15 894	–	1 601	–	22 503
Other	–	(652)	–	64	–	(588)
Balance at 30 June 2019	45 783	145 650	98	16 106	–	207 637
Current liabilities	45 783	145 650	–	9 121	–	200 554
Non-current liabilities	–	–	98	6 985	–	7 083

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 20. Interest-bearing liabilities (continued)

	Group					Total
	Corporate bond	Bank of China	Loans from non-controlling interest	Lease liabilities	Other	
Balance at 30 June 2017	44 571	102 698	2 546	24 214	8 383	182 412
Loans obtained	–	20 000	–	–	–	20 000
New leases obtained – non-cash	–	–	–	4 907	–	4 907
Repayments	(4 656)	(11 645)	(2 546)	(19 179)	–	(38 026)
Capital repayments	–	–	(2 546)	(17 361)	–	(19 907)
Interest repayments	(4 656)	(11 645)	–	(1 818)	–	(18 119)
Interest accrued	5 477	13 800	–	1 818	–	21 095
Acquisition/(Disposal) of subsidiary#	–	–	–	534	–	534
Other	–	–	98	(53)	–	45
Reclassified to trade and other payables@	–	–	–	–	(8 383)	(8 383)
Balance at 30 June 2018	45 392	124 853	98	12 241	–	182 584
Current liabilities	45 392	2 143	–	6 500	–	54 035
Non-current liabilities	–	122 710	98	5 741	–	128 549

@ Relates to Reflex Solutions deferred consideration that was non-current in the 2017 financial year.

# Refer to note 3.

	Company			
	Corporate bond	Bank of China	Other	Total
Balance at 30 June 2018	45 392	124 853	–	170 245
Loans obtained	–	20 000	–	20 000
Repayments	(4 617)	(14 445)	–	(19 062)
Capital repayments	–	–	–	–
Interest repayments*	(4 617)	(14 445)	–	(19 062)
Finance charges	5 008	15 894	–	20 902
Reclassified to trade and other payables	–	(652)	–	(652)
Balance at 30 June 2019	45 783	145 650	–	191 433
Current liabilities	45 783	145 650	–	191 433
Non-current liabilities	–	–	–	–
Balance at 30 June 2017	44 571	102 698	8 383	155 652
Loans obtained	–	20 000	–	20 000
Repayments	(4 656)	(11 645)	–	(16 301)
Capital repayments	–	–	–	–
Interest repayments*	(4 656)	(11 645)	–	(16 301)
Interest accrued	5 477	13 800	–	19 277
Reclassified to trade and other payables	–	–	(8 383)	(8 383)
Balance at 30 June 2018	45 392	124 853	–	170 245
Current liabilities	45 392	2 143	–	47 535
Non-current liabilities	–	122 710	–	122 710

\* The interest repayments of R19 062 174 were paid by a subsidiary of the group.



	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>21. Trade and other payables</b>				
Financial instruments				
Trade payables	134 659	167 199	340	62
Deferred consideration				
– Reflex Solutions	9 780	9 359	9 780	9 359
– RAMM	–	29 970	–	29 970
– MV Fire Solutions	1 500	–	1 500	–
Other payables	4 593	–	–	–
Shareholders for dividend	–	4 000	–	–
<b>Non-financial instruments</b>				
Accrued expenses	9 512	14 192	2 161	836
Payroll accruals	11 463	12 483	–	–
Deferred lease payments	11 491	11 988	–	–
VAT Payable	6 958	11 482	415	1 350
Other payables	4 431	7 676	–	2 709
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	1 061	83	–	–
	<b>195 448</b>	<b>268 432</b>	<b>14 196</b>	<b>44 286</b>
Trade payables are non-interest-bearing and are normally settled on 30 to 90 day terms.				
Deferred lease payments relate to the straight-lining adjustments in respect of the rental of the group's premises.				
Amortised cost approximates the fair value.				
<b>22. Provisions</b>				
<b>Audit fees</b>				
Beginning of year	3 482	5 465	950	800
Arising during year	5 178	3 334	1 070	800
Utilised during year	(3 497)	(5 197)	(800)	(650)
Intergroup transfers of business operations	–	–	(150)	–
Acquisition/Disposal of subsidiary	–	(85)	–	–
Unused amount reversed	(42)	(35)	–	–
End of year	5 121	3 482	1 070	950
<b>Bonus</b>				
Beginning of year	–	–	–	–
Arising during year	600	4 259	–	–
Utilised during year	–	(4 259)	–	–
End of year	600	–	–	–
<b>Leave pay</b>				
Beginning of year	13 349	12 476	–	–
Arising during year	7 118	6 988	–	–
Utilised during year	(7 587)	(5 805)	–	–
Acquisition/Disposal of subsidiary	–	(310)	–	–
End of year	12 880	13 349	–	–

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>22. Provisions (continued)</b>				
<b>Warranties</b>				
Beginning of year	313	313	–	–
Unused amount reversed	(163)	–	–	–
End of year	150	313	–	–
<b>Other</b>				
Beginning of year	883	1 730	–	–
Arising during year	351	46	–	–
Utilised during year	(630)	(893)	–	–
End of year	604	883	–	–
<b>Total provisions</b>				
Beginning of year	18 027	19 984	950	800
Arising during year	13 247	14 627	1 070	800
Utilised during year	(11 714)	(16 154)	(800)	(650)
Intergroup transfers of business operations	–	–	(150)	–
Acquisition/Disposal of subsidiary	–	(395)	–	–
Unused amount reversed	(205)	(35)	–	–
End of year	19 355	18 027	1 070	950

The warranty provision is for product warranties given to customers on the sale of certain products. Other provisions include provisions for contractual future service obligations.

The utilisation of these provisions are uncertain but expected to occur within a year.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>23. Short-term borrowings</b>				
Short-term borrowings comprise:				
– current portion of non-current interest-bearing liabilities (refer to note 20)	200 554	54 035	191 433	47 535
– insurance payment plan	781	666	–	–
– bank overdrafts	718	–	–	–
	202 053	54 701	191 433	47 535

Amortised cost approximates the fair value.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>24. Notes to the statements of cash flows</b>				
<b>24.1 Reconciliation of (loss)/profit before taxation to cash generated from/(utilised in) operations</b>				
(Loss)/Profit before income tax	(11 469)	16 136	(16 718)	(13 527)
Adjustments for:				
– amortisation of intangibles	18 502	14 338	–	–
– depreciation of plant and equipment	20 005	16 548	–	–
– equity-settled share-based payment	517	1 820	–	–
– net profit on disposal of subsidiary (East Africa)	–	(206)	–	–
– impairment of investment in Jasco East Africa	4 381	2 500	–	–
– impairment of investment in Middle East	2 439	–	6 401	–
– impairment of goodwill	4 569	4 517	–	–
– impairment/(reversal) of loan to the Jasco Share Incentive Trust	–	–	2 703	(310)
– provisions raised	13 042	14 592	1 070	800
– unrealised foreign exchange gains	(3 062)	(4 024)	(721)	(148)
– unrealised foreign exchange losses	3 521	3 438	547	–
– net loss/(profit) on sale of plant and equipment	396	(65)	–	–
– net (profit)/loss on disposal/deregistration of business operation/subsidiary	–	–	–	5 671
– impairment of receivables	120	524	120	–
– equity accounted loss from joint venture/associate	1 623	4 091	–	–
– net interest and dividend paid/(received)	21 195	20 166	22 484	20 213
Cash flows from operations before working capital changes	75 779	94 375	15 886	12 699
Working capital changes	3 701	(39 207)	(10 410)	(10 241)
– increase in inventories	(5 842)	(15 099)	–	–
– decrease/(increase) in trade and other receivables, including contract assets	58 143	(13 945)	(10 038)	(4)
– (increase)/decrease in amounts owing by subsidiaries	–	–	–	16 042
– (decrease)/increase in trade and other payables, including contract liabilities	(48 600)	(10 163)	(920)	(21 442)
– (decrease)/increase in amounts owing to subsidiaries	–	–	548	(4 837)
Cash generated from operations	79 480	55 168	5 476	2 458

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>24. Notes to the statements of cash flows</b> (continued)				
<b>24.2 Taxation paid</b>				
Net taxation refundable/(payable) at beginning of year	6 514	4 654	(418)	(467)
Net acquisition/disposal of subsidiaries/business operations	–	(171)	–	–
Dividend tax	–	(12)	–	–
Amounts charged per statement of comprehensive income, excluding deferred taxation	(13 885)	(16 675)	418	–
Paid on behalf of by group companies	–	–	300	–
Net taxation (refundable)/payable at end of year	(6 069)	(6 514)	(300)	–
Cash amounts paid	(13 440)	(18 718)	–	(467)
<b>24.3 Acquisition/Disposal of subsidiaries</b>				
Increased investment in subsidiary, at cost	(3 632)	–	(3 632)	(31 347)
Equity	–	8 534	–	–
Plant and equipment	–	(826)	–	–
Intangible assets	–	(42 942)	–	–
Non-current assets	–	–	–	–
Inventories	–	(1 208)	–	–
Accounts receivable	–	(2 417)	–	–
Accounts payable	–	3 719	–	–
Current taxation	–	171	–	–
Deferred taxation	–	6 809	–	–
Interest-bearing liabilities	–	6 269	–	–
Net cash and cash equivalents	–	(5 782)	–	–
Amount owing to group companies on loan accounts	632	–	632	–
Profit on disposal of subsidiary	–	(4 311)	–	–
Total purchase price	(3 000)	(31 984)	(3 000)	(31 347)
Exclude: net cash and cash equivalents acquired	–	5 782	–	–
Exclude: deferred payment MV Fire Solutions (2018: Reflex, RAMM)	1 500	28 985	1 500	28 985
Paid on behalf of by group companies	(30 828)*	–	1 500	–
Consideration paid Reflex Solutions	–	(30 000)	–	–
Cash flow on acquisition, net of cash acquired	(32 328)	(27 217)	–	(2 362)

The payment of MV Fire Solutions Proprietary Limited was made by Jasco Trading Proprietary Limited, a wholly-owned subsidiary of the company. Included in the cash outflow of R32 328 000 above is R1 500 000 paid to acquire the non-controlling shareholders increase in MV Fire.

\* Relates to previous year acquisition and the contingent consideration was paid in the current year.

## 24. Notes to the statements of cash flows (continued)

### 24.3 Acquisition/Disposal of subsidiaries (continued)

#### *Break-down of the 2019 Acquisition/Disposal of subsidiaries*

In 2019, the group increased its shareholdings in MV Fire Solutions Proprietary Limited and NewTelco SA Proprietary Limited.

	MV Fire R'000	NewTelco R'000	Total R'000
Investment in subsidiary, at cost	(3 432)	(200)	(3 632)
Amount owing to group companies on loan accounts	432	200	632
	(3 000)	–	(3 000)
Exclude: deferred payment MV Fire Solutions	1 500	–	1 500
Paid on behalf of by group companies (transaction with NCI)	1 500	–	1 500

#### *Break-down of the 2018 Acquisition/Disposal of subsidiaries*

In 2018, the group acquired shares in ICT-Datufusion and RAMM and disposed of shares in East Africa.

	Datufusion R'000	RAMM R'000	East Africa R'000	Total R'000
Investment in subsidiary, at cost	–	–	–	–
Equity	(1 457)	9 953	38	8 534
Non-controlling interest	(1 457)	9 953	(1)	8 495
Foreign currency translation reserve	–	–	39	39
Plant and equipment	–	(1 030)	204	(826)
Intangible assets at acquisition	(3 506)	(39 436)	–	(42 942)
Intangible asset – Goodwill	–	(18 625)	–	(18 625)
Intangible asset – Customer contracts	(3 506)	(16 262)	–	(19 768)
Intangible asset – Trade name	–	(637)	–	(637)
Intangible asset – Intellectual property	–	(3 912)	–	(3 912)
Amounts owing by subsidiaries on loan account	–	–	–	–
Non-current liabilities	–	–	–	–
Inventories	–	(1 456)	248	(1 208)
Accounts receivable	(413)	(2 710)	706	(2 417)
Amounts owing by subsidiaries on current account	–	–	–	–
Accounts payable	5 061	434	(1 776)	3 719
Amounts owing to subsidiaries on current account	–	–	–	–
Current taxation	–	124	47	171
Deferred taxation	982	5 827	–	6 809
Amounts owing to subsidiaries on loan account	–	–	–	–
Interest-bearing liabilities	3 760	2 509	–	6 269
Net cash and cash equivalents	(2 910)	(3 200)	328	(5 782)
Profit/(loss) on acquisition/disposal of subsidiary	(4 517)	–	206	(4 311)
	(3 000)	(28 985)	1	(31 984)
Excludes: net cash and cash equivalents	2 910	3 200	(328)	5 782
Less: Deferred payments – RAMM	–	28 985	–	28 985
Consideration paid – Reflex Solutions	–	–	–	(30 000)
Cash flow on acquisition/disposal, net of cash	(90)	3 200	(327)	(27 217)

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>24. Notes to the statements of cash flows</b> (continued)				
<b>24.4 Investment/loans in associate/joint venture</b>				
Loan to Jasco East Africa	1 018	3 408	–	–
Loan to Jasco Middle East	–	1 317	–	1 317
	1 018	4 725	–	1 317
<b>24.5 Replacement of plant and equipment</b>				
Plant and machinery	(413)	(363)	–	–
Furniture and office equipment	(664)	(588)	–	–
Motor vehicles	–	–	–	–
Computer and manufacturing equipment	(67)	–	–	–
Leasehold improvements	(102)	(57)	–	–
Total replacement	(1 246)	(1 008)	–	–
<b>24.6 Additions to plant and equipment</b>				
Plant and machinery	(3 370)	(618)	–	–
Hi-Sites	(845)	(111)	–	–
Furniture and office equipment	(2 898)	(5 166)	–	–
Motor vehicles	(40)	(193)	–	–
Computer and manufacturing equipment	(4 529)	(3 214)	–	–
Leasehold improvements	(58)	(2 038)	–	–
Total additions	(11 740)	(11 340)	–	–

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>25. Operating leases</b>				
<b>25.1 Operating lease commitments</b>				
Future minimum rentals for premises and office equipment under non-cancellable leases payable within:				
– one year	22 513	26 875	–	–
– after one year, within five years	102 527	61 839	–	–
– after five years	28 150	13 592	–	–
Total	153 190	102 306	–	–
<b>25.2 Operating lease income</b>				
Future minimum rentals under non-cancellable leases receivable within:				
– one year	28 022	29 792	–	–
– after one year, within five years	20 377	33 413	–	–
– after five years	2 212	3 480	–	–
Total	50 611	66 685	–	–

The operating lease income is derived from rental agreements with customers utilising the group's network of Hi-Sites and rooftops under management.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>26. Banking facilities</b>				
General banking facilities				
– Bank of China	150 000	150 000	150 000	150 000
Total general banking facilities	150 000	150 000	150 000	150 000
In May 2017 the group obtained a R150 million working capital medium-term working capital loan from the Bank of China. Of the R150 million the Group has borrowed R145.7 million, therefore the Group has an undrawn facility with Bank of China of R4.3 million at 30 June 2019. (Refer to note 20).				
The following other general banking facilities are held by partly-owned subsidiaries				
– ABSA Bank (MV Fire)	2 000	2 000	–	–
– First National Bank (Reflex Solutions)	1 500	1 500	–	–
– Nedbank (RAMM Technologies)	1 000	1 000	–	–
Total other banking facilities	4 500	4 500	–	–

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 27. Directors' and prescribed officers' emoluments

	Short-term benefits		
	Fees for services as a director R	Basic salary R	Bonuses and performance-related payments R
2019			
<b>Non-executive</b>			
<i>(paid by Jasco Electronics Holdings Limited)</i>			
ATM Mokgokong	489 282	–	–
MJ Madungandaba	475 060	–	–
JC Farrant	182 375	–	–
DH du Plessis	193 317	–	–
MS Bawa	368 717	–	–
T Zondi	285 410	–	–
P Radebe	368 717	–	–
AMF Da Silva	285 410	–	–
	2 648 288	–	–
<b>Executive</b>			
<i>(paid by Jasco Trading (Pty) Limited)</i>			
M Janse van Vuuren	–	2 680 334	–
WA Prinsloo	–	2 570 324	–
T Petje	–	1 620 166	–
S Samuels	–	1 389 021	–
	–	8 259 845	–
Total directors	2 648 288	8 259 845	–
<b>Prescribed officers</b>			
<i>(paid by Jasco Trading (Pty) Limited)</i>			
During the year the prescribed officers were appointed as executive directors			
Total prescribed officers	–	–	–
Total directors and prescribed officers	2 648 288	8 259 845	–
2018			
<b>Non-executive</b>			
<i>(paid by Jasco Electronics Holdings Limited)</i>			
ATM Mokgokong	461 587	–	–
MJ Madungandaba	448 168	–	–
JC Farrant	354 428	–	–
MS Bawa	347 843	–	–
T Zondi	269 252	–	–
P Radebe	347 843	–	–
	2 229 121	–	–
<b>Executive</b>			
<i>(paid by Jasco Trading (Pty) Limited)</i>			
AMF Da Silva	–	3 938 676	–
WA Prinsloo	–	2 308 289	–
	–	6 246 965	–
Total directors	2 229 121	6 246 965	–
<b>Prescribed officers</b>			
<i>(paid by Jasco Trading (Pty) Limited)</i>			
M Janse van Vuuren	–	2 190 507	–
T Petje	–	1 548 487	–
S Samuels	–	1 311 600	–
Total prescribed officers	–	5 050 594	–
Total directors and prescribed officers	2 229 121	11 297 559	–



### Short-term benefits

Sums paid by way of expense allowance R	Contributions under any other benefit scheme R	Total short-term benefits R	Contributions to defined contribution funds R	Share-based payments R	Total R
-	-	489 282	-	-	489 282
-	-	475 060	-	-	475 060
-	-	182 375	-	-	182 375
-	-	193 317	-	-	193 317
-	-	368 717	-	-	368 717
-	-	285 410	-	-	285 410
-	-	368 717	-	-	368 717
-	-	285 410	-	-	285 410
-	-	2 648 288	-	-	2 648 288
12 600	216 593	2 909 527	437 364	76 274	3 423 165
12 600	703 670	3 286 595	55 071	336 401	3 678 067
12 600	137 810	1 770 576	295 888	39 001	2 105 465
12 600	62 841	1 464 462	165 881	-	1 630 343
50 400	1 120 914	9 431 159	954 204	451 676	10 837 040
50 400	1 120 914	12 079 447	954 204	451 676	13 485 328
-	-	-	-	-	-
-	-	-	-	-	-
50 400	1 120 914	12 079 447	954 204	451 676	13 485 328
-	-	461 587	-	-	461 587
-	-	448 168	-	-	448 168
-	-	354 428	-	-	354 428
-	-	347 843	-	-	347 843
-	-	269 252	-	-	269 252
-	-	347 843	-	-	347 843
-	-	2 229 121	-	-	2 229 121
12 600	296 090	4 247 366	128 763	837 081	5 213 210
12 600	367 299	2 688 188	76 471	527 774	3 292 433
25 200	663 389	6 935 554	205 234	1 364 855	8 505 643
25 200	663 389	9 164 675	205 234	1 364 855	10 734 764
12 600	361 750	2 564 857	309 314	219 916	3 094 087
12 600	163 052	1 724 139	246 645	86 506	2 057 290
12 600	83 072	1 407 272	127 047	-	1 534 319
37 800	607 874	5 696 268	683 006	306 422	6 685 696
63 000	1 271 263	14 860 943	888 240	1 671 277	17 420 460

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 28. Borrowings

The group's borrowings are not limited by its Memorandum of Incorporation and are at the directors' discretion, subject to existing loan covenants.

## 29. Retirement benefits

All employees of the group, other than those required by legislation to be members of an industrial fund, are members of a comprehensive pension and/or provident fund, which provides comparable retirement, death and disability benefits. The funds are registered with, and are governed by, the Pension Funds Act, 1956. Because they are defined contribution funds, whereby the benefits are determined solely by the contributions thereto, together with resultant investment earnings on those contributions, the funds are independent of the finances of the group and there is no responsibility for any future unfunded obligations arising therefrom. Refer to note 6 for the company contributions made.

## 30. Related parties

The subsidiaries of the group are identified in note 3.

All purchasing and selling transactions with related parties are concluded at arm's-length. Outstanding balances at year end are unsecured, bear interest at 10,5% (2018: 5,75%) and settlement occurs in cash.

Interest on inter-group balances are disclosed in note 4.3.

Details of inter-group revenue are disclosed in the segmental report on page 85.

Amounts owing between subsidiaries are set out in note 11.

Amounts owing to non-controlling shareholders are set out in note 21.

Directors' emoluments are disclosed in note 27 on pages 70.

Administration, managerial and secretarial fees between related parties are disclosed in notes 4 and 6.

	2019 R'000	2018 R'000
Administration fees received from subsidiaries		
Jasco Carrier Solutions	641	840
Jasco Trading	5 618	1 556
Jasco Networks	5 512	5 191
Datavoice	1 952	–
Ferrotech	123	–
Jasco Systems	1 225	3 000
	15 071	10 587
Administration fees paid to subsidiaries		
Jasco Trading	634	3 023
Finance income from amounts owing by subsidiaries received		
Jasco Share Incentive Trust	852	847
Jasco Trading	7 210	5 647
	8 062	6 494

No dividend was received in the 2019 financial year. A dividend of R3 825 000 was received from Reflex Solutions in the 2018 financial year.

No other transactions were entered into between the holding company and its subsidiaries.

Key management personnel comprises directors, prescribed officers and executive management. Refer to notes 6 and 27 for the required disclosures.

## 31. Financial instruments

The group's principal financial instruments, other than foreign currency contracts, comprise loans, short-term borrowings, bank balances and cash. The main purpose of these financial instruments is to raise finance for the group's operations and capital projects. The group has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into foreign currency contracts and foreign currency option contracts. The purpose is to manage the currency risk arising from the group's operations and its sources of finance.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

	Amortised cost R'000	Fair value through profit or loss R'000
<b>30 June 2019</b>		
<b>Current assets</b>		
Trade and other receivables	160 610	–
Cash and cash equivalents	65 487	–
Other assets	8 390	–
<b>Current liabilities</b>		
Trade and other payables	150 532	–
Foreign currency contracts	–	1 061
<b>30 June 2018</b>		
<b>Current assets</b>		
Trade and other receivables	242 228	–
Foreign currency contracts	–	2 929
Cash and cash equivalents	67 889	–
Other assets	432	–
<b>Current liabilities</b>		
Trade and other payables	237 203	–
Foreign currency contracts	–	83

Accounting policies were changed on adoption of IFRS 15 and IFRS 9. No material impact was noted.

### 31.1 Capital management

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changing economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The group's capital consists of its equity and the non-current loans between the group companies for capital management purposes.

Financial covenants on the corporate bond and the Bank of China loan were breached at 30 June 2019 and the related borrowings were classified as current liabilities. Subsequent to year-end, management have obtained extensions for these loans. The new repayment dates are 31 January 2021 and 27 February 2021, respectively. Refer to note 20.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 31. Financial instruments (continued)

### 31.2 Fair values

The fair values of the recognised financial instruments are not materially different from the carrying amounts reflected in the statement of financial position.

The fair value of financial instruments, excluding foreign currency contracts and option contracts, has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of foreign currency contracts and option contracts has been determined using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations. The model incorporate various inputs including the foreign exchange spot and forward rates, forward rate curves of currency basis spreads between the respective currencies, and forward rate curves of the underlying commodity.

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June 2019 and 2018, the group's only financial instruments carried at fair value were foreign currency contracts. These were classified as level 2 as the fair values are independently verified.

	2019 R'000	2018 R'000
Foreign currency contracts asset	–	2 929
Foreign currency contracts liability	1 061	83

### 31.3 Foreign currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entities' functional currency. The currencies, giving rise to currency risk, in which the group primarily deals, are Pound sterling, US dollar, Euro, Australian dollar and the United Arab Emirates dirham.

The group entities hedge trade payables and trade receivables, denominated in foreign currencies, by entering into foreign currency contracts or foreign currency option contracts. It is the group's policy not to enter into foreign currency contracts or option contracts until a firm commitment is in place. The forward currency contract or option contract must be in the same currency as the hedged item.

It is the group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. The group does not apply hedge accounting as per IFRS 9.

Foreign currency contracts and option contracts open at year-end, related to the following specific statement of financial position items:

### 31. Financial instruments (continued)

#### 31.3 Foreign currency risk (continued)

	Foreign amount		Rand amount	
	2019 '000	2018 '000	2019 R'000	2018 R'000
<b>Group</b>				
<b>Trade and other receivables</b>			9 011	12 322
Foreign currency:				
– Pound sterling	–	–	–	–
– US dollar	640	787	8 988	10 736
– Euro	1	99	23	1 586
– United Arab Emirates dirham	–	–	–	–
<b>Trade and other payables</b>			38 115	66 868
Foreign currency:				
– Pound sterling	26	27	468	491
– US dollar	1 828	3 607	25 762	49 531
– Euro	741	1 046	11 880	16 780
– Australian dollar	1	6	5	66

The following table demonstrates the sensitivity of the group's profit before tax to a reasonable possible change in exchange rates based on management's most recent expectations, with all other variables held constant:

	Increase/ decrease in basis points	Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
– Pound sterling	+10c	(5)	(5)	–	–
	–10c	5	5	–	–
– US dollar	+10c	(346)	(517)	–	–
	–10c	346	517	–	–
– Euro	+10c	(161)	(182)	–	–
	–10c	161	182	–	–
– United Arab Emirates dirham	+10c	–	–	–	–
	–10c	–	–	–	–
– Australian dollar	+10c	(2)	(3)	–	–
	–10c	2	3	–	–

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 31. Financial instruments (continued)

### 31.3 Foreign currency risk (continued)

#### Foreign companies

The group has investments in foreign companies which are classified as foreign entities. The rates used in translating the statements of financial position and comprehensive income are as follows:

	2019		2018	
	Average rate	Closing rate	Average rate	Closing rate
– Kenyan shilling	0,1359	0,1352	0,1351	0,1352
– United Arab Emirates dirham	3,8240	3,7370	3,4983	3,7370

### 31.4 Interest rate risk

The group's exposure to market risk for changes in interest rates relates to the group's debt.

The group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a variable rate basis.

Financial covenants on the corporate Bond and BOC loan were breached at 30 June 2019 and related borrowings were classified as current liabilities subsequent to year-end, management have obtained extensions on these loans. The repayment terms are 31 January 2021 and 27 February 2021 respectively. Refer to note 20.

The following table sets out the carrying amount, by maturity, of the group's financial instruments that are exposed to interest rate risk:

	Total R'000	Within 1 year R'000	1 to 2 years R'000	2 to 3 years R'000	after 3 years R'000
<b>Group</b>					
<b>2019</b>					
<b>Variable rate</b>					
Corporate bond	(45 783)	(45 783)	–	–	–
Interest-bearing liabilities	(162 634)	(155 552)	(7 082)	–	–
Other loans	11 140	2 723	3 184	3 660	1 592
Net cash and cash equivalents	65 487	65 487	–	–	–
	(131 790)	(133 125)	(3 898)	3 660	1 592
<b>2018</b>					
<b>Variable rate</b>					
Corporate bond	(45 392)	(486)	(44 906)	–	–
Interest-bearing liabilities	(137 192)	(8 643)	(128 549)	–	–
Net cash and cash equivalents	67 889	67 889	–	–	–
	(114 695)	58 760	(173 455)	–	–

### 31. Financial instruments (continued)

#### 31.4 Interest rate risk (continued)

	Total R'000	Within 1 year R'000	1 to 2 years R'000	2 to 3 years R'000	after 3 years R'000
<b>Company</b>					
<b>2019</b>					
<b>Variable rate</b>					
Amounts owing by subsidiaries	69 392	69 392	-	-	-
Loan to Jasco Employee Share Incentive Trust	9 961	9 961	-	-	-
Cash and cash equivalents	181	181	-	-	-
Term loan	(145 650)	(145 650)	-	-	-
Corporate bond	(45 783)	(45 783)	-	-	-
	(111 899)	(111 899)	-	-	-
<b>2018</b>					
<b>Variable rate</b>					
Amounts owing by subsidiaries	98 265	20 312	28 156	31 554	18 243
Loan to Jasco Employee Share Incentive Trust	10 950	-	10 950	-	-
Cash and cash equivalents	342	342	-	-	-
Term loan	(124 853)	(2 143)	(122 710)	-	-
Corporate bond	(45 392)	(486)	(44 906)	-	-
	(60 688)	18 025	(128 510)	31 554	18 243

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's profit before tax through the impact on variable rate borrowings and no other impact on equity:

	Increase (decrease) in basis points	Group		Company	
		2019	2018	2019	2018
		R'000	R'000	R'000	R'000
Profit before tax	+0,5%	(664)	(576)	(295)	492
	-0,5%	664	576	295	(492)

for the year ended 30 June 2019

## 31. Financial instruments (continued)

### 31.5 Credit risk management

The group's main exposure to credit risk arises from the group's normal credit sales to customers and certain financing activities.

Credit risk arises:

- Cash and cash equivalents
- Finance lease receivable
- Intercompany loan and Share trust receivables (company risk)
- Non-current receivable
- Trade receivable relating to credit sales to customers and contract assets

#### **Cash and cash equivalent**

The group limits its counterparty exposure arising from bank accounts/call deposits by only dealing with well-established financial institutions of high credit standing. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

#### **Finance lease receivable**

The group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all finance lease assets. Lease payments are due 30 days after invoicing. The group has R139 155 exposure to credit risk at the reporting date. Any impairment loss would be immaterial.

#### **Intercompany loans (company risk)**

Management assess the liquidity and solvency of the borrowers before granting loans.

IFRS 9 requires the company to measure the expected credit loss at a probability-weighted amount that reflects the possibility that a credit loss occurs, and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low. In assessing the expected credit loss on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets (which can be accessed immediately after taking into consideration any more senior external or internal loans which would need to be repaid before) to repay the outstanding intercompany loan if the loan was demanded at reporting date, the probability of default would approximate 0%.
- If it was determined that the borrower does not have sufficient highly liquid current assets to repay the loan if demanded at the reporting date. The company would allow these borrowers to continue trading or to sell assets over a period of time, a cash flow forecast was reviewed to give an indication of the expected trading cash flows and/or liquid assets expected to be generated during the recovery period. The expected credit losses was limited to the effect of discounting the amount due on the loan over the period until cash is realised and repaid to the company. IFRS 9 requires the discount rate to be the loan's effective interest rate. As these loans are expected to be recovered over the next 12 months, the effect of discounting over the recovery period had an immaterial effect.

Since the full amount of the loans would be recovered based on the above and the discounting had an immaterial impact, there was no impairment loss to recognise.

#### **Loan to Share trust (company risk)**

The company applies the general model to measure expected credit losses on the loan receivable from the trust for impairment.

The impairment provision is calculated as the difference between the net asset value of the trust and the carrying amount of the loan.

The additional loss allowance amounted to R2.7 million during the current year based on stage 2 ECL provision.

#### **Non-current receivable**

The group applies the simplified approach to determine the ECL allowance on loan receivables. All external parties are subjected to stringent credit vetting prior to group providing funding. The group believes there is no risk of default based on past history with respective parties and there is no future indicators that concludes to the contrary, therefore there was no impairment loss raised in the financial year.

Included in the other loans is a non-current receivable provided to an Enterprise customer. Refer to note 13.

The probability of default was determined to be low base on the historical payments, therefore the identified impairment loss was considered to be immaterial.

This non-current receivable attracts interest at a variable rate linked to the prime rate and the instalments of capital and interest are receivable monthly in advance. Extended credit terms were granted to the customer. The financing component is considered to be insignificant. The last instalment is receivable in the 2023 financial year.



## 31. Financial instruments (continued)

### 31.5 Credit risk management (continued)

	2019 R'000
Opening balance	–
Additional loan provided	20 975
Interest charged	1 260
Repayments	(11 168)
Gross closing balance	11 067
Less: Loss allowance	–
Less: written off	–
Loan receivables net of expected credit losses	11 067

#### Trade receivables and contract assets

Included in other receivables is R10 048 654 relating to purchase consideration of Reflex Solutions (Pty) Ltd that was delayed as a result of the legal dispute with minority shareholders that was expected, at year-end, to be concluded within 12 months. At year-end these funds were in a trust account managed by a reputable law firm and the identified impairment loss was immaterial. This is considered to be in Stage 1 under the general model. The balance is not expected to change.

Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are set for each customer based on the results of internal or external assessment. The compliance with credit limits by customers are regularly monitored by management of respective subsidiaries.

There is no credit risk in relation to cash sale as settlement is made upon conclusion of sale and therefore mitigating credit risk.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if there are indicators that there is no reasonable expectation of recovery or the failure of a debtor to engage in a repayment plan with the group, and a failure to make payment for a period of greater than 90 days past due.

The expected credit losses (ECL) has been developed by making use of past default experience of debtors but also incorporates forward-looking information such as outlook of the customer and general economic conditions of the industry as at the reporting date. The forward-looking information has been assessed and has an immaterial impact on ECL.

The loss allowance provision is determined as follows:

	Contract assets* R'000	Trade receivables R'000
<b>Group</b>		
<b>2019</b>		
<b>Small to medium customers</b>		
– Gross receivables#	6 685	46 287
– Loss allowance	–	(843)
Net receivables	6 685	45 444
<b>Large customers</b>		
– Gross receivables#	–	107 213
– Loss allowance	–	(2 096)
Net receivables	–	105 117

\* Contract assets have been considered for loss allowance and are deemed immaterial hence no provision has been made.

# The amount which is more than 90 days past due for each of the classes above is immaterial.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 31. Financial instruments (continued)

#### 31.5 Credit risk management (continued)

	Loan to Share trust R'000
<b>Company</b>	
<b>2019</b>	
Loan to Share Trust	9 961
Reconciliation: Loss allowance	
Loss allowance at the beginning of the year	5 372
Raised during the year	2 703
Loss allowance at the end of the year	8 075

Refer to note 15 for the reconciliation of impairment allowance of trade receivables.

Trade receivables and contract assets are written off when management believes there is no reasonable expectation of recovery.

Impairment losses on trade receivables and contract assets are presented as bad debts and impairment of asset within operating profit. Subsequent recoveries of amounts previously written off are credited as bad debt recovered and reversal of impairment of asset.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. At year-end, management considered that it had sufficient provisions to cover any significant risk exposure in relation to trade receivables.

#### 31.6 Liquidity management

The group is exposed to liquidity risk as a result of incurring liabilities, giving rise to the risk of becoming unable to settle obligations as they become due. The group manages this risk through the management of working capital and cash flows.

Financial covenants on the Corporate Bond and BOC loan were breached at 30 June 2019 and the related borrowings were classified as current liabilities and included in on demand in the table below. Subsequent to year-end, management have obtained extensions on these loans. The new repayment dates are 31 January 2021 and 27 February 2021, respectively. Refer to note 20.

The cash flows from trade receivables and trade payables are reasonably well matched in that payments are made to suppliers on the same terms and conditions given to customers.

The table below summarises the maturity profile of the group's financial instruments at year-end:

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	12 to 24 months R'000
<b>Group</b>							
<b>2019</b>							
Finance lease receivable	140	(26)	166	–	18	53	95
Trade and other receivables	160 610	–	160 610	35 057	121 993	3 560	–
Loans receivable	11 067	(3 024)	14 091	–	769	1 908	11 414
Net cash and cash equivalents	65 487	–	65 487	53 887	11 600	–	–
Interest-bearing loans and borrowings	(161 854)	25 760	(187 614)	(145 650)	(6 268)	(18 485)	(17 211)
Corporate bond	(45 783)	7 458	(53 241)	(45 783)	–	(5 100)	(2 358)
Trade and other payables	(150 532)	–	(150 532)	–	(149 032)	(1 500)	–
Derivative financial instruments	(1 061)	–	(1 061)	–	(1 061)	–	–
	(121 926)	30 168	(152 094)	(102 489)	(21 981)	(19 564)	(8 060)

### 31. Financial instruments (continued)

#### 31.6 Liquidity management (continued)

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	12 to 24 months R'000
2018							
Finance lease receivable	1 140	(21)	1 161	–	454	541	166
Trade and other receivables	243 169	–	243 169	35 409	202 545	5 215	–
Loans receivable	432	–	432	–	–	432	–
Net cash and cash equivalents	67 889	–	67 889	62 745	5 144	–	–
Interest-bearing loans and borrowings	(137 192)	24 900	(162 092)	–	(5 393)	(15 397)	(141 302)
Corporate bond	(45 392)	7 745	(53 137)	–	(1 151)	(3 416)	(48 570)
Deferred purchase consideration:							
– Reflex Solutions	(9 359)	421	(9 780)	–	–	(9 780)	–
– RAMM	(29 970)	630	(30 600)	–	(30 600)	–	–
Trade and other payables	(197 874)	–	(197 874)	–	(197 874)	–	–
Derivative financial instruments	2 846	–	2 846	–	2 846	–	–
	(104 311)	33 675	(137 986)	98 154	(24 029)	(22 405)	(189 706)

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	12 to 24 months R'000
Company							
2019							
Loan to Jasco Employee Share Incentive Trust	9 961	(747)	10 708	–	–	–	10 708
Amounts owing by subsidiaries	69 392	–	69 392	–	–	69 392	–
Net cash and cash equivalents	181	–	181	181	–	–	–
Corporate bond	(45 783)	7 458	(53 241)	(45 783)	–	(5 100)	(2 385)
Interest-bearing loans and borrowings	(145 650)	23 357	(169 007)	(145 650)	(3 821)	(11 267)	(8 269)
Trade and other payables	(11 620)	–	(11 620)	–	(10 120)	(1 500)	–
	(123 519)	30 068	(153 587)	(191 252)	(13 941)	51 525	54

2018							
Loan to Jasco Employee Share Incentive Trust	10 950	(1 704)	12 654	–	–	–	12 654
Trade and other receivables	–	–	–	–	–	–	–
Amounts owing by subsidiaries	109 755	–	109 755	–	–	20 312	89 443
Net cash and cash equivalents	342	–	342	342	–	–	–
Corporate bond	(45 392)	7 745	(53 137)	–	(1 151)	(3 416)	(48 570)
Interest-bearing loans and borrowings	(124 853)	23 270	(148 123)	–	(3 215)	(9 539)	(135 369)
Deferred purchase consideration:							
– Reflex Solutions	(9 359)	421	(9 780)	–	–	(9 780)	–
– RAMM	(29 970)	630	(30 600)	–	(30 600)	–	–
Trade and other payables	(898)	–	(898)	–	(898)	–	–
	(89 425)	30 362	(119 787)	342	(35 864)	(2 423)	(81 842)

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

### 32. Changes in accounting policies

The group has adopted the following new accounting pronouncements as issued by the International Accounting Standards Board (IASB), which were effective for the group from 1 July 2018:

- IFRS 9 Financial Instruments (IFRS 9).
- IFRS 15 Revenue from Contracts with Customers (IFRS 15).

#### *Adoption of IFRS 9*

The adoption of IFRS 9 had the following impact on the group:

- Change from the IAS 39 incurred loss model to the Expected Credit Loss (ECL) model to calculate impairments on applicable financial assets.

#### *Impairment*

Prior to the adoption of IFRS 9, the Group calculated the allowance for credit losses using the incurred loss model. Under the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed (such as the probability of insolvency or significant difficulties of the debtor), an estimate of any impairment was made to an allowance account on individual debtors to account for the fact that the collection of the full amount under the original terms of the invoice is no longer probable.

Under IFRS 9, the Group calculates the allowance for credit losses based on the ECLs for financial assets measured at amortised cost, finance lease assets and contract assets. ECLs are a probability weighted estimate of credit losses.

The group applies the simplified approach to determine the ECL for trade receivables, finance lease assets and contract assets. This results in calculating lifetime ECLs for these assets.

Refer to note 31.5 for more detail on the application of the simplified approach on trade receivables, contract assets and finance lease assets.

The introduction of IFRS 9 comes with new measurement categories for financial assets and the impact thereof is illustrated in the table below:

	Group				
	Measurement categories		Carrying amount		
	IAS 39	IFRS 9	30 June 2018	1 July 2018	Difference
<b>Non-current assets</b>					
Other non-current assets (refer to note 13)	Loans and receivable	Amortised cost	577	577	–
<b>Current assets</b>					
Trade and other receivables (refer to note 15)	Loans and receivable	Amortised cost	242 228	242 228	–
Foreign currency contracts (refer to note 15)	FVTPL	FVTPL	2 929	2 929	–
Short-term portion of other non-current assets (refer to note 13)	Loans and receivable	Amortised cost	995	995	–
Cash and cash equivalents (refer to note 16)	Loans and receivable	Amortised cost	67 889	67 889	–
<b>Non-current liabilities</b>					
Interest-bearing liabilities (refer to note 20)	Amortised cost	Amortised cost	128 549	128 549	–
<b>Current liabilities</b>					
Trade and other payables (refer to note 21)	Amortised cost	Amortised cost	210 528	210 528	–
Foreign currency contracts (refer to note 21)	FVTPL	FVTPL	83	83	–
Short-term borrowings (refer to note 23)	Amortised cost	Amortised cost	54 701	54 701	–

## 32. Changes in accounting policies (continued)

	Company				
	Measurement categories		Carrying amount		
	IAS 39	IFRS 9	30 June 2018	1 July 2018	Difference
<b>Non-current assets</b>					
Other non-current assets (refer to note 13)	Loans and receivable	Amortised cost	5 578	5 578	–
<b>Current assets</b>					
Amounts owing by group companies (refer to note 11)	Loans and receivable	Amortised cost	98 295	98 295	–
Cash and cash equivalents (refer to note 16)	Loans and receivable	Amortised cost	342	342	–
<b>Non-current liabilities</b>					
Interest-bearing liabilities (refer to note 20)	Amortised cost	Amortised cost	122 710	122 710	–
<b>Current liabilities</b>					
Trade and other payables (refer to note 21)	Amortised cost	Amortised cost	39 391	39 391	–
Short-term borrowings (refer to note 23)	Amortised cost	Amortised cost	47 535	47 535	–

The table below reconciles the loss allowance as reported on 30 June 2018 in accordance with IAS 39 to the ECL as determined under IFRS 9 of financial instruments that have been impacted by the adoption of IFRS 9:

R millions	2019 R'000
<b>Loss allowance</b>	
Closing balance at 30 June 2018	941
Adjustment on adoption of IFRS 9	–
Opening loss allowance as at 1 July 2018	941

### Transition to IFRS 9

Changes in accounting policies from the adoption of IFRS 9 have been applied retrospectively; however, the group has elected to not restate comparative information as the impact was assessed and considered to be immaterial, as a result there was no difference between the carrying amounts as at 30 June 2018 and 1 July 2018 resulting from the initial application of IFRS 9. Accordingly, information relating to 30 June 2018 does not reflect the requirements of IFRS 9 but rather those of IAS 39. As at 30 June 2018, the provision for impairment was R941 000 based on the credit impaired model. Upon adoption of IFRS 9, there were no material adjustments to this amount.

### Adoption of IFRS 15

The group adopted IFRS 15 from 1 July 2018 using the modified retrospective transition method and has therefore not restated the comparatives for 2018 financial year upon assessing the impact of the opening balance that were found to be immaterial upon adoption. In terms of IFRS 15 revenue is recognised based on the satisfaction of specifically identified performance obligations, when control of goods or services transfers to a customer. Accordingly, information relating to 30 June 2018 does not reflect the requirements of IFRS 15 but rather those of IAS 18 Revenue.

For additional information about the Group's accounting policy relating to revenue recognition, refer to the accounting policies section of the financial statements.

Under IAS 18, the revenue recognition from sale of goods and rendering of services in relation to the Group revenue streams, was substantially the same as revenue recognised from contracts with customers in accordance with IFRS 15.

Although there has been a change in the presentation and disclosure of the group's revenue within the revenue note, no measurement change is relevant and therefore no impact on opening retained income.

# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

for the year ended 30 June 2019

## 32. Changes in accounting policies (continued)

In relation to prior year disclosures, the following disclosures have been updated in relation to 2018 financial year:

### *Deferred maintenance revenue*

Revenue arising from maintenance contracts is recognised on the accrual basis over the period for which services are rendered.

	2018 R'000
Within the next 12 months	38 237
Thereafter	518
	<hr/> 38 755

The deferred maintenance revenue is now disclosed as contract liabilities in terms of IFRS 15.

### *Contract assets*

Contract assets were previously included in prepayments and revenue accruals under trade and other receivables. Per IFRS 15 these are now disclosed separately on the statement of financial position in the current financial year.

## 33. Events after the reporting period

### 33.1 Disposal of Electrical Manufacturers

A binding offer was received for the Electrical Manufacturers business in Jasco Trading (Pty) Ltd. The necessary approval process is not concluded as at 30 June 2019 and will require shareholder approval at a general meeting still to be scheduled.

### 33.2 Reflex arbitration

Subsequent to year-end, the arbitration process concluded on 17 July 2019. The arbitrator found in favour of Jasco and ruled that the cancellation by the minority shareholders of the sale of shares and Shareholders' agreement was invalid and that the agreements entered between Jasco, the minority Shareholders and Reflex Solutions in 2017, as well as Jasco's majority interest in Reflex Solutions remain in full force and effect.

### 33.3 Corporate bond and working capital facility

The interest cover loan covenant for the six-month period ended 30 June 2019 was breached and was condoned by the corporate bondholder on 30 August 2019. As the breach occurred at 30 June 2019, the loan was classified to current liabilities in the group statement of financial position at 30 June 2019.

The debtors cover loan covenant for the twelve month period ended 30 June 2019 was breached and was condoned by the Bank of China. As the breach occurred at 30 June 2019, the loan was classified to current liabilities in the group statement of financial position at 30 June 2019.

Both the corporate bond and the Bank of China working capital loans were extended subsequent to year-end to 31 January 2021 and 27 February 2021 respectively.

A notarial general covering bond in the amount of R100 million over the movable assets will be provided as additional security to the Bank of China Limited.

## 34. Going concern

The group and company statement of financial position has a negative net current asset value at 30 June 2019. The group and company generated losses for the 2019 year-end and breached its debt covenants. Subsequent to year-end the corporate bond and Bank of China loan were extended to a 100% lump sum repayment on 31 January 2021 and 27 February 2021 respectively. Accordingly these financial statements have been prepared on a going-concern basis.

## 35. Segmental report

### Introduction

For management purposes, the group is organised into business units based on their products and services. The group's executive committee, which is the group's chief operating decision-makers (CODM), monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The trading activities of the group companies are divided into five main business segments, namely ICT-Enterprise, ICT-Carrier, Electrical Manufacturers, Security & Fire and Power & Renewables.

	Income and expenses										Financial position		
	Revenue		Net forex profit/(loss) and other income* R'000	Administrative and other expenses# R'000	Depreciation and amortisation R'000	Operating profit/(loss)† R'000	Finance income R'000	Finance costs R'000	Assets R'000	Liabilities R'000	Capital expenditure R'000		
	Revenue R'000	Inter-segment R'000											
<b>2019</b>													
ICT – Enterprise	544 271	(9 126)	13 480	(196 785)	(18 222)	54 738	2 727	(1 195)	177 467	94 746	27 306		
ICT – Carrier	342 747	–	883	(76 077)	(1 389)	43 022	210	(89)	112 877	30 294	1 793		
Electrical Manufacturers	196 641	–	(692)	(33 250)	(5 370)	9 575	84	(513)	100 111	23 261	3 630		
Security & Fire	76 826	(11 064)	1 854	(24 285)	(377)	(9 530)	29	(503)	32 478	17 795	542		
Power & Renewables	9 892	(259)	365	(7 247)	(242)	(4 466)	1	(6)	3 781	350	–		
<b>Subtotal operating division</b>	<b>1 170 377</b>	<b>(20 449)</b>	<b>15 890</b>	<b>(337 644)</b>	<b>(25 600)</b>	<b>93 339</b>	<b>3 051</b>	<b>(2 306)</b>	<b>426 714</b>	<b>166 446</b>	<b>33 271</b>		
Other non-operating divisions	610	–	68 637	(142 135)	(6 739)	(95 804)	1 913	(31 917)	179 349	238 772	4 590		
Adjustments®	(33 632)	20 449	(78 578)	119 622	(6 168)	13 814	(405)	8 469	51 963	76 272	(608)		
<b>Total</b>	<b>1 137 355</b>	<b>–</b>	<b>5 949</b>	<b>(360 157)</b>	<b>(38 507)</b>	<b>11 349</b>	<b>4 559</b>	<b>(25 754)</b>	<b>658 026</b>	<b>481 490</b>	<b>37 253</b>		
<b>2018</b>													
ICT – Enterprise	546 181	(9 837)	2 705	(151 975)	(14 068)	49 431	1 693	(1 241)	192 496	125 161	18 803		
ICT – Carrier	349 114	(376)	(1 703)	(72 108)	(1 490)	53 093	285	(111)	152 832	48 749	1 303		
Electrical Manufacturers	203 530	–	(22)	(32 185)	(4 022)	13 158	101	(738)	95 608	22 877	3 100		
Security & Fire	65 570	(8 489)	1 415	(15 445)	(386)	(11 447)	13	(1 097)	33 734	18 165	594		
Power & Renewables	11 569	–	206	(11 067)	(288)	(10 289)	3	(8)	6 586	1 854	184		
<b>Subtotal operating division</b>	<b>1 175 964</b>	<b>(18 702)</b>	<b>2 601</b>	<b>(282 780)</b>	<b>(20 254)</b>	<b>93 946</b>	<b>2 095</b>	<b>(3 195)</b>	<b>481 256</b>	<b>216 806</b>	<b>23 984</b>		
Other non-operating divisions	79	–	65 065	(88 662)	(6 213)	(41 454)	30 146	(35 951)	167 215	320 078	6 846		
Adjustments®	(28 960)	18 702	(61 667)	52 339	(4 419)	(12 099)	(27 957)	14 695	77 577	(15 055)	(279)		
<b>Total</b>	<b>1 147 083</b>	<b>–</b>	<b>5 999</b>	<b>(319 103)</b>	<b>(30 886)</b>	<b>40 393</b>	<b>4 284</b>	<b>(24 451)</b>	<b>726 048</b>	<b>521 829</b>	<b>30 551</b>		

Segmental revenue reflects both sales to external parties and inter-group transactions across segments.

† Segmental revenue and operating profit of the operating divisions includes the interest received and paid relating to the finance lease receivables, but excludes all other interest paid or received and is stated before making adjustment for inter-group administration fees.

\* Made up of other income and foreign exchange losses.

# Made up of operating expenses excluding foreign exchange losses and depreciation and amortisation.

@ Relates to elimination of inter-group transactions.

for the year ended 30 June 2019

## 35. Segmental report (continued)

Taxation is not split per segment as tax is calculated at an entity level and not per operating segment.

### *Enterprise*

The Enterprise business unit delivers end-to-end solutions, including contact centres, unified communication, voice recording solutions, IT infrastructure, rooftop management solutions and video and audio production to corporates in southern and East Africa.

### *Carrier*

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

### *Security & Fire*

The Security & Fire Solutions business delivers CCTV and surveillance, alarm and perimeter monitoring, fire detection and fire suppression solutions to corporates throughout southern Africa.

### *Power & Renewables*

The Power & Renewables business delivers energy solutions to corporates in the southern African region.

### *Electrical Manufacturers*

The Electrical Manufacturers business unit is a component manufacturer of plastic products, wire harnesses and metal pressings, with a special focus on the large and small home appliances market in South Africa.

For more information on products and services of each operating segment, please refer to the integrated annual report.



# ORDINARY SHARE PERFORMANCE AND SHAREHOLDING

Statistical highlights for the six years ended 30 June 2019

	2019	2018	2017	2016	2015	2014
<b>Jasco share price</b>						
Lowest share price (cents)	22	40	70	38	47	58
Highest share price (cents)	75	90	120	87	125	114
Closing share price (cents)	23	65	82	84	56	90
<b>Analysis of Jasco share transactions</b>						
Total number of transactions recorded on JSE	382	1 311	1 472	1 241	1 717	1 684
Total number of shares traded (R'000)	4006	9 842	16 935	23 220	15 696	20 246
Total number of shares traded as a percentage of weighted average issued shares (%)	2	4.3	7.5	10.8	5.5	11.6
Total value of shares traded (R'000)	1549	5 929	16 152	14 018	12 035	16 564

## Analysis of Jasco shareholding at 30 June 2019

	Number of shareholders	% of total	Number of shares	% of total
<b>Size of shareholding</b>				
1 – 1 000	1 485	53.51	455 746	0.20
1 001 – 5 000	575	20.72	1 534 294	0.67
5 001 – 10 000	214	7.71	1 713 610	0.75
10 001 – 100 000	396	14.27	13 749 206	6.00
100 001 and over	105	3.78	211 866 335	92.39
	<b>2 775</b>	<b>100.00</b>	<b>229 319 191</b>	<b>100.00</b>

## Analysis of shareholders

Class

– individuals	2 521	90.85	46 884 883	20.45
– financial institutions and corporate bodies	254	9.15	182 434 308	79.55
	<b>2 775</b>	<b>100.00</b>	<b>229 319 191</b>	<b>100.00</b>

## Major shareholders (5% or more of shares in issue)

– Community Investment Holdings Proprietary Limited (CIH)*			73 263 807	31.95
– Goldsol II Proprietary Limited			50 000 000	21.80
– TMM Holdings Proprietary Limited			24 513 956	10.69

## Analysis of Jasco shareholder's spread at 30 June 2019

### non-public

– BEE partners	7	0.25	131 334 655	57.27
– Jasco directors†	2	0.07	1 095 500	0.48
– Jasco Employee Share Incentive Trust	1	0.04	7 522 358	3.28
	10	0.36	139 952 513	61.03
Public	2 765	99.64	89 366 678	38.97
	<b>2 775</b>	<b>100.00</b>	<b>229 319 191</b>	<b>100.00</b>

† Refer to the directors' report on page 10 for detailed information of the directors' interest in share capital.

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

# CORPORATE INFORMATION

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## **GROUP COMPANY SECRETARY**

M Ndema

## **REGISTERED ADDRESS**

Jasco Park  
Corner Alexandra Avenue and 2nd Street  
Midrand, Halfway House, 1685  
(PO Box 860, Wendywood, 2144)  
Telephone: +27 11 266 1500

## **AUDITORS**

PwC Inc.  
Registered Auditor  
4 Lisbon Lane  
Waterfall City  
Jukskei View, 2090

## **COMMERCIAL BANKERS**

### **The Bank of China Limited**

Johannesburg Branch  
Alice Lane Towers, 15 Alice Lane  
Sandton, 2146

### **The Standard Bank of South Africa Limited**

Corporate and Investment Banking  
3 Simmonds Street  
Johannesburg, 2001

### **First National Bank of Southern Africa Limited**

RMB Corporate  
Corner Pritchard and Simmonds Streets  
Johannesburg, 2001

## **TRANSFER SECRETARIES**

Link Market Services South Africa (Pty) Limited  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein, 2001  
(PO Box 4844, Johannesburg, 2000)

## **SPONSOR**

Grindrod Bank Limited  
Fourth Floor Grindrod Towers  
8A Protea Place  
Sandton, 2196

# SHAREHOLDERS' DIARY

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Annual general meeting

26 November 2019

## **Reports**

Interim for half-year to 31 December 2018

Published 15 April 2019

Audited results for the year to 30 June 2019

Published 11 October 2019





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