

AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2019

Highlights



Revenue

R1.14 billion



Gross margin

34.4%



EBITDA (from operations)

R118.9 million
(excluding head office costs)



Earnings

(R29.1) million



Cash generated from operations

R79.5 million

Introduction

Group overview

Jasco delivers technologies across Information and Communication Technology (ICT), security, fire, power and renewables.

Core to the group's strategy is providing solutions that assist our customers in a rapidly changing business environment created by disruptive technology. These products and solutions range from the infrastructure level, which is becoming more commoditised, to analytics and business consulting at the top end of the value-added spectrum where the group has the ability to differentiate itself in the market.

Jasco is currently shifting from a product development, distributor and reseller model to that of a systems integrator and service provider of choice. To achieve this, the group is transforming each of the respective business units to progress higher up the value chain.

The restructured business units to deliver this strategy are:

ICT Solutions		Security & Fire	Power & Renewables	Electrical Manufacturers
ICT-Carriers	ICT-Enterprise			
<ul style="list-style-type: none"> Cables and connectors Distributed antenna systems Masts and towers Access networks Transmission networks Data centres – carrier neutral Open access networks Hi-sites 	<ul style="list-style-type: none"> Unified communications Contact centres Workforce optimisation Voice and data connectivity Remote and desktop support Cloud (IaaS, PaaS, SaaS) Asset tagging and tracking (Internet of Things) Waste management (Internet of Things) Rooftop management Broadcast video solutions Digital media 	<ul style="list-style-type: none"> CCTV and surveillance Access control Fire detection Fire suppression 	<ul style="list-style-type: none"> Power quality assurance (including UPS and generators) Renewable photo-voltaic (PV) solar energy 	<ul style="list-style-type: none"> Plastic injection moulding Metal pressings Tooling Wire harnesses

Operational performance

Jasco experienced a difficult second half in tough economic conditions. Management also implemented a number of corrective actions, which exacerbated the negative impact on this year's results.

Revenue was flat at R1.14 billion and operating profit decreased from R40.3 million to R11.3 million. This was mainly due to the management actions, which resulted in a number of once-off costs and impairments related to goodwill in Power & Renewables and the closure of the operations in East Africa and the Middle East. However, at an operational level, the results were sound, with business unit operating profit before depreciation and amortisation, and head office costs of approximately R80 million, increasing by 4% to R118.9 million.

Restructuring and closures were implemented to address underperformance in certain businesses. This resulted in the closure of three regional offices and the retrenchment of half the technical resources in Security, Fire and Technical Services.

The Carrier Solutions business was also restructured in the last quarter, with the remaining business incorporated in Webb Industries under one management team.

The Middle East office was closed in December 2018 and contractual obligations were closed out in the second half without significant costs being incurred.

The East Africa operation in Kenya was disposed of subsequent to year-end, with no further costs expected after 1 October 2019.

The main achievements and disappointments during the year were:

Achievements

- Group gross margin up to 34.4% from 31.4%;
- EBITDA from operations, excluding head office costs, up by 4% to R118.9 million;
- Cash generation from operations increased to R79.5 million (2018: R55.2 million);
- Improved performance from DataVoice on new projects in the Middle East;
- The reduction in the net forex loss of R1.4 million compared to a R4.0 million loss in the prior year;
- The expected disposal of Electrical Manufacturers for its net asset value;
- The customer satisfaction score (NPS) up to 44 from 33; and
- Employer of choice certification achieved.

Disappointments

- The disposal of East Africa and closure of Middle East and related loan impairments;
- The impairment of goodwill in Power & Renewables on continued operating losses;
- The ongoing losses in Security – now restructured in the Security & Fire business;
- The derecognition of deferred taxation assets; and
- The deterioration in the debt to equity ratio and the breach of loan covenants.

Financial overview

Statement of comprehensive income

Revenue was flat at R1.14 billion (2018: R1.15 billion). Revenue from RAMM Technologies (RAMM) of R42.0 million was included for the full 12 months compared to revenue of R13.3 million for four months in F2018. This is included in ICT-Enterprise.

The main contributors to revenue were:

ICT-Carriers	1.8% decrease to R342.7 million (2018: R349.1 million)
ICT-Enterprise	0.3% decrease to R544.3 million (2018: R546.2 million)
Security & Fire	17.1% increase to R76.8 million (2018: R65.6 million)
Power & Renewables	14.5% decrease to R9.9 million (2018: R11.6 million)
Electrical Manufacturers	3.4% decrease to R196.6 million (2018: R203.5 million)

The group operating profit before net interest was R11.3 million (2018: R40.4 million). The net operating margin of 1.0% was down on last year's 4.0%, mainly due to once-off head office costs and impairments of goodwill and loans to associates. Business unit operating profit before depreciation and amortisation, and head office costs of approximately R80 million, increased by 4% to R118.9 million (2018: R114.2 million). The operating profit at business unit level was flat at R93.3 million (2018: R93.9 million) and the operating margin was 8.2%. Refer to the Operational Review for more detail. The increase in head office costs were due to unusual once off costs relating to audit fees, legal fees and consulting fees as well as goodwill impairments and loan impairments.

Net interest costs of R21.1 million increased from R20.2 million, mainly due to the increase in the Bank of China loan. Also included in this was the imputed interest charge of R2.7 million (2018: R1.9 million) on the balance of the Reflex and RAMM purchase considerations. Interest income included R1.3 million on a finance lease receivable in ICT-Enterprise.

The equity accounted share of losses reduced to R1.6 million (2018: R4.1 million) and represents Jasco's 40% share in the Middle East and East Africa. The Middle East failed to generate any meaningful revenue, resulting in the closure of the UAE office. The operation in East Africa did not deliver the desired revenue and the operations were disposed of after the 2019 financial year-end. Accordingly, all loan balances at 30 June 2019 were impaired in full.

The taxation charge of R79 million compares to R12.8 million in F2018. The effective tax rate differs from the standard rate due to the higher level of non-deductible expenses, which results in a higher taxable income. The main items included in non-deductible expenses are the interest paid on the corporate bond,

the IFRS 2 share incentive scheme costs and the impairment charges related to loans and goodwill.

The minorities' share of profits decreased from R11.1 million to R9.8 million, mainly due to the lower profits in Reflex and the buy-out of the respective minority shareholders in the Co-Location and Fire businesses.

Consequently, the earnings loss increased to R29.1 million (2018: R7.7 million) and the earnings loss per share (EPS) was 12.9 cents per share (2018: 3.3 cents loss per share). The headline earnings loss was R24.2 million (2018: R3.4 million loss) and the headline earnings loss per share (HEPS) was 10.7 cents per share (2018: 1.5 cents loss per share). The weighted average number of shares in issue decreased from 229.4 million to 226.3 million shares due to the increase in the number of treasury shares.

Statement of financial position

Intangibles and goodwill

Intangibles, excluding goodwill, decreased to R62.1 million (2018: R67.8 million) due to amortisation of R18.5 million during the year. This offset additions to software of R12.8 million and include the following:

- The voice transaction management application and the computer software applications (Internet of Things or IoT platform) of R31.8 million (2018: R30.3 million);
- Trade names of R5.9 million (2018: R7.5 million); and
- Customer-related intangibles of R24.4 million (2018: R30.0 million).

Goodwill decreased from R86.7 million in F2018 to R82.1 million following the full impairment of goodwill in Power and the part impairment of the goodwill in Carriers. This assessment is conducted in accordance with Jasco's accounting policy to annually test the carrying value of goodwill. 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% (2018: 14.05%), except RAMM which had a pre-tax discount rate of 21.67%.

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 anticipation of achieving conservative targets. Regarding 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 free cash flow projections. A reasonable possible change in any of the key assumptions would not result in the carrying amount of any of the cash-generating units (CGU) exceeding their recoverable amounts.

Fixed assets

Fixed assets of R83.4 million (2018: R79.6 million) increased on capital expenditure of R24.5 million (2018: R17.3 million). This capital expenditure relates mainly to R6.2 million in the Enterprise business on computer equipment, R2.2 million in the Electrical Manufacturers business on plant and equipment and R9.6 million on leased assets in the Enterprise Communications business unit. The balance of the expenditure is spread across the asset categories in the remaining businesses.

Interest-bearing liabilities

The corporate bond was effectively unchanged from the prior financial year at R45.8 million (2018: R45.4 million) and interest was serviced during the current financial year. The corporate bond attracts interest at the equivalent of the prime lending rate and is repayable in January 2021. The financial covenants were not met during the financial year, and although condoned by the bondholder, the loan was classified as short-term at financial year-end.

The medium-term working capital loan of R145.7 million from the Bank of China increased by R20 million during the financial year. The term of the facility was extended for a further 12 months to February 2021. The financial covenants were also not met during the financial year and although condoned by the bank, the loan was also classified as short-term at financial year-end as the extension was only received after 30 June 2019.

The remaining interest-bearing liabilities related to finance leases of R16.1 million (2018: R12.2 million).

Working capital

Jasco's working capital management remained an area of focus during the year, with a pleasing reduction in short-term receivables and payables.

Inventories of R108.5 million (2018: R102.6 million) increased due to higher stock in the Electrical Manufacturers and ICT-Carriers businesses in response to customer demand from existing and new customers.

Trade and other receivables of R205.1 million (excluding contract assets of R6.7 million) decreased from R286.2 million in F2018, primarily due to lower volumes in May and June 2019 and good debtors' collections, particularly in the second half. The provision for impairment of trade receivables increased by R2.0 million to R2.9 million on application of IFRS 9, in spite of the improving age profile of trade receivables with balances older than 90 days reducing by 32% to R3.6 million.

Refundable taxation increased from R9.5 million to R11.3 million, as first provisional tax payments proved to be too high following the subsequent slowdown in the second half of the financial year.

Trade and other payables of R195.4 million reduced from R268.4 million in F2018 due to the lower volumes and the payment of the RAMM purchase consideration. Provisions increased from R18.0 million to R19.4 million, mainly due to higher audit fees in F2019.

Deferred maintenance revenue (now described as contract liabilities – long- and short-term) of R45.6 million increased from R38.8 million and relates mainly to service level agreement (SLA) renewals from ICT-Enterprise customers.

Net working capital (NWC) days of 19.7 days (2018: 20.2 days) are below the group's target of 35 days. This was as a result of the focus on cash management, together with lower volumes in the second half. The following table compares the June 2019 NWC to the June 2018 position:

	June 2019	June 2018
Inventory	33.6	30.6
Receivables	78.9	89.7
Payables	(92.8)	(100.2)
NWC days	19.7	20.2

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

Statement of cash flows

The statement of cash flows reflects an inflow in cash generated from operations before working capital changes of R75.8 million compared to R94.4 million in F2018.

Working capital changes reflect an inflow of R3.7 million (2018: R39.2 million outflow) on a decrease in receivables of R58.1 million. This was offset by an increase in inventories of R5.8 million and a decrease in payables of R48.6 million on a drop in second-half volumes. Cash generation from operations of R79.5 million therefore increased by 44% (2018: R55.2 million).

The net interest payment amounted to R19.6 million (2018: R13.9 million), while income tax payments of R13.4 million were lower than R18.7 million in the prior year. A dividend, representing 33% of a non-controlling shareholder's interest in a partly-owned subsidiary, of R4.0 million was paid. Total cash flow from operating activities was an inflow of R42.4 million compared to the inflow of R16.6 million in F2018.

Investing activities saw a cash outflow of R55.9 million (2018: R44.0 million). This mainly related to capital expenditure of R25.8 million on fixed assets and intangible assets. The balance was purchase considerations of R30.8 million for RAMM and MV Fire.

Financing activities include an inflow of R10.3 million (2018: R0.9 million outflow), being the R20 million third drawdown of the Bank of China working capital loan. This was partly offset by the repayment of finance lease liabilities.

Accordingly, Jasco's net favourable bank position of R64.8 million decreased from R67.9 million in F2018, mainly due to investing activities being partly offset by the improved working capital performance.

Operational segmental review

As indicated earlier, the group structure was amended to more closely align the businesses with their markets.

ICT-Carriers

ICT-Carriers includes the Webb Industries, Hi-Sites and Carrier Solutions businesses and contributed 29% of group revenue. Carriers delivers telecommunications products and services, from design and planning of networks to configuration, integration and support. As a distributor and systems integrator, the proven solutions focus on access, transmission and operational support systems for telecommunications networks across Southern Africa.

Revenue declined by 1.8% to R342.7 million from R349.1 million due to a major telecommunications operator changing its technology strategy. This resulted in loss of significant revenue within the Carrier Solutions business area. In response, the group added to its services capacity. However, the margins in the service area have been under increasing pressure from the original equipment manufacturers (OEMs). It was decided to exit the low-margin services business and these contracts have now been terminated. This reduction in revenue from Carrier Solutions was almost offset by good growth in Webb Industries. The growth came from increased spending by a large telecommunications operator on their network expansion during the first half of this financial year.

Operating profit declined by 19% to R43.0 million from R53.1 million following the significant revenue decline in Carrier Solutions. The operating margin declined to 12.5% from 15.2% in F2018. Corrective action was taken and the Carrier Solutions business was restructured, right-sized and will be integrated into Webb Industries under one management team.

ICT-Enterprise

ICT-Enterprise contributed 46% of group revenue. Enterprise delivers end-to-end business solutions for both premises and cloud-based customer requirements. The business consists of four key areas, namely Communications Solutions (contact centre and workforce optimisation), Information Technology (IT) Solutions (network and unified communications, connectivity, cloud computing and IT managed services), Internet of Things (IoT) solutions (real-time asset tracking and management and property technology management), and Broadcast Solutions.

Revenue for the year decreased by 0.3% from R546.2 million last year to R544.3 million. Although revenue increased in the Communications, IT and IoT businesses, the Broadcast business experienced a decline in revenue due to significant once-off projects from last year not being repeated in the current year. Services revenue increased from R329.1 million to R372.7 million.

Operating profit increased by 10.7% from R49.4 million to R54.7 million following improved operating profitability in the Communications business from a loss to a profit on the back of significant projects in the DataVoice business. The IoT business increased operating profit, as the RAMM business contributed for a full 12 months compared to four months last year. The operating margin therefore increased to 10.0% from 9.0% in June 2018.

Security & Fire

Security & Fire includes Security Solutions, Technical Services and Fire Solutions and contributed 7% of group revenue. It offers design, installation and maintenance

of smart technology solutions to address the safety of buildings and people. The offering ranges from access control, surveillance systems, fire detection and fire suppression to a suite of smart building solutions.

Following a business restructuring, the order book grew significantly on two key project wins from a global cloud platform services provider and the South African Reserve Bank. Revenue increased by 17.2% to R76.8 million from the previous year's R65.6 million, attributable to growth in both security and fire projects. However, the restructuring process took nine months to complete, which resulted in permanent savings only materialising in the fourth quarter of this financial year. Once-off restructuring costs also offset any savings during the year. In addition, stock appropriateness was reviewed and obsolete stock was written off.

The business was able to reduce the operating loss from R11.5 million to R9.5 million even after taking once-off restructuring costs into account.

Power & Renewables

Jasco Power & Renewables contributed 1% of group revenue. It offers a turnkey service that covers both quality and assurance of supply, including uninterruptible power supplies, generators, transformers, voltage stabilisers, surge protection and Small Scale Embedded Generation (SSEG) renewable solar photovoltaic (PV) solutions.

Revenue declined by 14.5% from R11.6 million to R9.9 million after a slow uptake in solar PV sales based on customer reluctance to incur large capital investments. This resulted in the group realigning to a new business model of lease to own (LtO) and power purchase agreement (PPA).

Operating profit improved from a loss of R10.3 million to a loss of R4.5 million following the completion of the restructuring and improved cost containment.

In line with Jasco's strategy of transforming the business to a service-based model, the future focus will be on negotiating off-take agreements with corporate customers. Accordingly, measurement going forward will also be on earnings before interest, tax, depreciation and amortisation (EBITDA) and not only on operating profit.

Electrical Manufacturers

Electrical Manufacturers contributed 17% of group revenue. It is largely a component manufacturer of plastic injection-moulded products, wire harnesses, metal pressings and household electrical products, with a specific focus on the large home appliance market in South Africa.

Revenue decreased by 3.4% to R196.6 million from last year's R203.5 million. This was a pleasing result considering the very slow start to the year due to challenging market conditions. Gross margins are expected to improve as this business continues to diversify its customer mix. The increase in overheads was restricted to less than 2%, which is well below the consumer price index excluding mortgage costs (CPIX) as management continues with strict cost containment measures.

This resulted in operating profit of R9.6 million, with an operating margin of 4.9% being achieved. This declined from last year's operating profit of R13.2 million, with an operating margin of 6.5%. This business remains capital intensive, with net asset value of R76.9 million (2018: R72.7 million).

Key internal group initiatives

The following key internal initiatives are underway:

Reducing debt levels and the interest charge

The priority is to further reduce the corporate bond and working capital loan over the next financial year from the expected cash generation due to higher profitability levels from the business units. The board has reviewed the target gearing ratios and maintained the maximum level of long-term debt target at 50% of equity. The gearing percentage is currently 81.4% (2018: 56.5%) due to the R20 million increase in working capital loan and the reduction in equity following the impairments and once-off costs. This is well above the maximum internal threshold of 50% and is receiving urgent attention. The gearing percentage includes the Bank of China working capital term loan facility, which replaced the previous overdraft facilities. This has historically been excluded from the calculation of the long-term debt target.

Improving profitability of business units

The desired improvement in profitability did not materialise. The Power & Renewables Energy businesses were combined in the year and the losses were reduced. However, the targeted break-even was not achieved and management has re-visited the business model. The Security & Fire businesses were combined with effect from 1 July 2019 following an extensive restructure. The Middle East operations were closed, with R2.4 million in loan impairments. The East Africa operations are currently in the process of being disposed of and the R4.4 million loan at 30 June 2019 was fully impaired.

Working capital management

Management will continue to focus on working capital, with inventory levels being a priority. The high standards in debtors' management will be maintained.

Employee and business transformation

The group has achieved its strategic goal of being certified as an employer of choice. This will allow Jasco to continually measure itself against best in class companies to attract and retain quality employees. This is a crucial competitive advantage within the technology industry.

Jasco's broad-based black economic (B-BBEE) certificate under the ICT codes remained unchanged during the year at Level 4, with 57% black owned and 37% black female owned equity.

The group also further invested in its enterprise resource planning (ERP) and customer relationship management (CRM) platform. R18.4 million has been invested to date. In addition, a new governance and risk tool has been implemented, which will assist the group with risk measurement and mitigation, as well as performance evaluation at board level.

Group prospects

The economic outlook for F2020 remains very challenging. However, management will remain focused on executing its strategic goals.

The key focus areas for the next 12 months are:

- Stabilise the balance sheet by disposing of non-core assets and reducing debt;
- Improve earnings by addressing the head office costs and underperforming business units to meet profitability targets;
- Accelerate growth through investment in key growth markets and launch new smart solution offerings of open access networks, digital billboards, solar PPA and LtO and cloud workforce management;
- Continue to focus on effective people engagement, development and retention through further investment in the group's online training platform and complete the SAGE 300 people implementation; and
- Reduce and optimise the legal and operational structure.

Litigation, claims and other contingencies

The minority shareholders of Reflex Solutions (Pty) Limited raised a legal dispute in October 2018 regarding Jasco's majority ownership of the company. The ensuing expedited arbitration concluded on 17 July 2019 and found in favour of Jasco. Accordingly, Jasco's control remains in full force and effect.

There are no other material matters to disclose.

Subsequent events

The board received a binding offer for Jasco Electrical Manufacturers, which was accepted in August 2019 and approved by the board in September 2019. The agreements were signed and the detailed terms announcement was released on 4 October 2019 on SENS. This is subject to all the required shareholder and regulatory approvals. The process is only expected to conclude by April 2020. Accordingly, there is no impact on the current financial year. The anticipated proceeds will be utilised to reduce debt (the corporate bond and working capital loan).

The corporate bond was extended to 31 January 2021 and the corporate bondholder condoned the breach of the interest cover covenant for the six-month period ended 30 June 2019, subsequent to the year-end on 30 August 2019.

The Bank of China working capital loan was extended to 28 February 2021 and the lender also condoned the breach of the debtor's cover covenant for the 12-month period ended 30 June 2019, subsequent to year-end, on 23 September 2019. A notarial general covering bond of R100 million over the movable assets of key wholly owned subsidiaries will be provided as additional security to the Bank of China Limited.

Anticipated major accounting developments

The new standard, IFRS 16 (Leases), was not early adopted in F2019 and will have a material impact on the F2020 year, as disclosed in the Annual Financial Statements.

Dividend proposal

A dividend is not proposed due to the group's current financial position.

Changes to the board

The board welcomed Mr DH (Danie) du Plessis as the new chairman of the audit and risk committee. He joined the board on 20 December 2018 and has already made a valuable contribution. With effect from 1 July 2019 Mr AMF (Pete) da Silva became an alternate non-executive director to Mr MJ (Joe) Madungandaba.

For and on behalf of the board

Dr ATM Mokgokong <i>(Non-executive chairman)</i>	M Janse van Vuuren <i>(Chief executive officer)</i>	WA Prinsloo <i>(Chief financial officer)</i>
11 October 2019		

Basis of preparation

The summarised consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, 71 of 2008, as amended and the Listings Requirements of the JSE Limited. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year. These summarised consolidated financial statements, which were derived from the underlying audited consolidated financial statements for the year ended 30 June 2019, have not been audited. The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying audited financial statements. The auditors, PwC Inc., have audited the consolidated annual financial statements for the year ended 30 June 2019 from which this summarised report has been derived and on which an unmodified opinion was expressed. The annual financial statements and a copy of the unmodified audit opinion are available at Jasco's registered office.

Fair value of financial instruments

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

Fair value hierarchy

Financial instruments carried at fair value in the statement of financial position	(R'000)
– Financial assets at fair value through profit or loss	–
– Financial liabilities at fair value through profit or loss	1 061

Posting of integrated report and notice of annual general meeting

Shareholders are further advised that the company's Integrated Annual Report for the year ended 30 June 2019, containing the unmodified annual financial statements and notice of annual general meeting, will be distributed on Friday, 18 October 2019.

Included in the Integrated Annual Report is a notice of Annual General Meeting of shareholders, which will be held in the company's boardroom, Jasco Office Park, Corner Alexandra Avenue and Second Street, Midrand, on Tuesday, 26 November 2019, at 14:00 to transact the business as stated in the notice of the Annual General Meeting to be distributed to shareholders on 18 October 2019.

The record date, for purposes of determining which shareholders are entitled to receive the notice of Annual General Meeting, will be Friday, 4 October 2019.

The last day to trade and the record date for shareholders to be eligible to participate in and vote at the Annual General Meeting are Tuesday, 12 November 2019 and Friday, 15 November 2019 respectively.

The Integrated Annual Report will be available on the company website: www.jasco.co.za from 11 October 2019.



STATEMENTS OF COMPREHENSIVE INCOME

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Revenue	1 137 355	1 147 083	23 133	20 906
Cost of sales	(746 540)	(786 607)	–	–
Gross profit	390 815	360 476	23 133	20 906
Other income	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)
Operating profit	11 349	40 393	5 766	6 686
Finance income	4 559	4 285	1 198	1 455
Finance costs	(25 754)	(24 451)	(23 682)	(21 668)
Equity accounted share of loss from joint ventures/associates	(1 623)	(4 091)	–	–
(Loss)/profit before taxation	(11 469)	16 136	(16 718)	(13 527)
Taxation	(7 906)	(12 754)	422	(418)
(Loss)/profit for the year	(19 375)	3 382	(16 296)	(13 945)
Other comprehensive loss	–	(351)	–	–
Foreign currency translation reserve arising during the year*	–	(351)	–	–
Total comprehensive (loss)/income for the year	(19 375)	3 031	(16 296)	(13 945)
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)
Total comprehensive (loss)/income attributable to:				
– 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	(12.9)	(3.3)	(7.2)	(6.1)
– diluted	(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 CASH FLOWS

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Cash flows from operating activities	42 435	16 618	3 832	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	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	(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)	–	–
Cash flows from investing activities	(55 915)	(43 971)	(23 993)	(34 648)
Acquisition/disposal of subsidiary, net of cash acquired	(30 828)	(27 217)	–	(2 362)
Additions to intangibles	(12 795)	(13 296)	–	–
Investment/loans in associate/joint venture	(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	(12 986)	(12 348)	–	–
Proceeds on disposal of plant and equipment	711	940	–	–
Cash flows from financing activities	10 335	(932)	20 000	19 825
Cash flows from treasury shares	(524)	(414)	–	–
Non-current loans raised	20 000	20 000	20 000	20 000
Non-current loans repaid	(7 641)	(17 361)	–	–
Transactions with non-controlling shareholders	(1 500)	(3 157)	–	–
Decrease in loan amounts owing to group companies	–	–	–	(175)
Net decrease in cash and cash equivalents	(3 145)	(28 285)	(161)	(11 116)
Cash and cash equivalents at beginning of year	67 889	95 551	342	11 458
Revaluation of foreign cash balances	25	623	–	–
Net cash and cash equivalents at end of year	64 769	67 889	181	342
Cash and cash equivalents	65 487	67 889	181	342
Bank overdrafts	(718)	–	–	–
Net cash and cash equivalents at end of year	64 769	67 889	181	342

Directors and Secretary: Dr ATM Mokgokong (Chairman), MJ Madungandaba (Deputy Chairman), DH du Plessis*, S Bawa*, P Radebe*, T Zondi*, AMF da Silva (Non-executive), M Janse van Vuuren (CEO), WA Prinsloo (CFO), T Petje (Executive), M Ndema (Company Secretary) **Independent*

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

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

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

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

STATEMENTS OF FINANCIAL POSITION

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

	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
Group							
Balance as at 30 June 2017	281 283	(2 635)	6 427	(100 495)	184 580	17 050	201 630
Treasury shares – Share Incentive Trust	–	2 185	–	–	2 185	–	2 185
Equity settled share-based payment	–	–	1 820	–	1 820	–	1 820
Acquisition of companies	–	–	–	–	–	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	–	–	(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)
Balance as at 30 June 2018	281 283	(450)	6 941	(110 392)	177 382	26 837	204 219
Treasury shares – Share Incentive Trust	–	(2 753)	–	–	(2 753)	–	(2 753)
Equity settled share-based payment	–	–	517	–	517	–	517
Transfer of equity settled share-based payment reserve	–	–	(355)	355	–	–	–
Transactions with non-controlling shareholders	–	–	2 448	–	2 448	(6 079)	(3 631)
Utilisation of equity settled share-based payment reserve	–	–	(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	–	–	–	–	–	–	–
Balance as at 30 June 2019	281 283	(3 203)	7 109	(139 174)	146 015	30 520	176 535
Company							
Balance as at 30 June 2017	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	–	–	–	–	–	–	–
Balance as at 30 June 2018	281 283	–	14	(264 943)	16 354	–	16 354
Dividend paid	–	–	–	–	–	–	–
Total comprehensive loss	–	–	–	(16 296)	(16 296)	–	(16 296)
Loss for the year	–	–	–	(16 296)	(16 296)	–	(16 296)
Other comprehensive income	–	–	–	–	–	–	–
Balance as at 30 June 2019	281 283	–	14	(281 239)	58	–	58

JASCO ELECTRONICS HOLDINGS LIMITED

Registration number 1987/003293/06

JSE share code: JSC

ISIN: ZAE000003794

(“Jasco” or “the company” or “the group”)



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