JASCO
INSPIRE.INNOVATE.

INTEGRATED ANNUAL REPORT 2019

ABOUT THIS REPORT

Scope and boundary

This integrated annual report provides information relating to Jasco's strategy and business model, operating context, material risks and opportunities, governance and operational and financial performance for the period 1 July 2018 to 30 June 2019.

The group operates in southern Africa.

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

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

Materiality

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

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

Forward-looking statements

This report contains certain forward-looking statements with respect to Jasco's financial position, results, operations and businesses.

These statements and forecasts contain risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These statements have not been audited.

Directors' responsibility

The Jasco board, supported by the audit and risk committee, takes overall responsibility and accountability for this report. Executive management is responsible for the preparation and consolidation of this report. The board has collectively reviewed the report and confirms the integrity of the content. The board believes that this report is a balanced and appropriate presentation of the profile and performance of Jasco. Upon recommendation from the audit and risk committee, the board approved this report on 11 October 2019.

MAIN BOARD

Dr ATM Mokgokong
Chairman (Non-executive)

Joe Madungandaba
Deputy chairman (Non-executive)

Mark Janse van Vuuren
CEO (Executive)

Warren Prinsloo
CFO (Executive)

Pumla Radebe
Director (Lead independent non-executive)

Danie du Plessis
Director (Independent non-executive)

Shaheen Bawa
Director (Independent non-executive)

Thandeka Zondi
Director (Independent non-executive)

Pete da Silva
Director (Non-executive)

Thapelo Petje
Business development director (Executive)

CONTENTS

WHO WE ARE

JASCO DELIVERS TECHNOLOGIES ACROSS INFORMATION AND COMMUNICATION TECHNOLOGY (ICT), SECURITY & FIRE AND POWER & RENEWABLES.

Jasco has been listed on the South African stock exchange, the JSE Limited, since 1987. We are a distributor, reseller, systems integrator and service provider that delivers innovative solutions.

Our purpose

To build a sustainable, profitable business through:

Our people

being the soul of our organisation.

Our customers

being our valuable advocates.

Our organisation

being innovative in everything we do.

Our vision

To be a leading smart solutions provider to our customers, enabling our goal of making a balanced and sustainable life possible for all.

Our values

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

We have eight values that ensure we have a common set of principles that demonstrate how we work within Jasco

WHERE WE OPERATE

Over the past year we decided to divest and exit the Middle East and East Africa. This will enable us to focus on our home markets before expanding into new territories. We now focus specifically on South Africa and Southern Africa.

South Africa

Regional offices

Johannesburg, Cape Town, Durban

Sectors we operate in

Information and Communication Technology (ICT)
Security and fire
Power and renewables

Certifications

ISO 9001:2015
Employer of choice

Number of employees

612

Revenue per employee

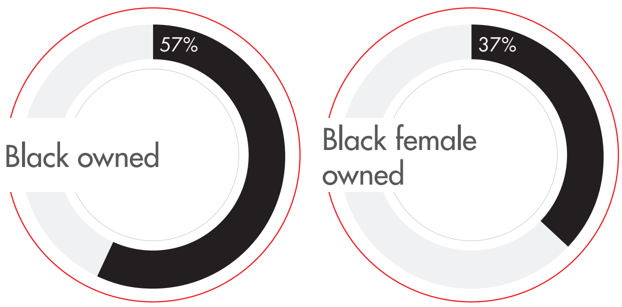
R1.9 million

Number of customers

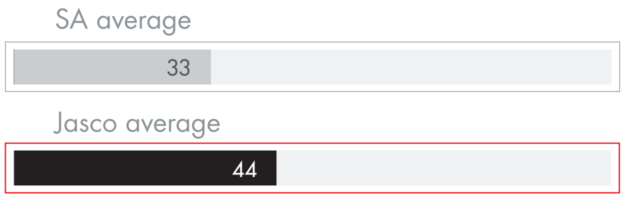
>500

Broad-based black economic empowerment

Level 4 (ICT codes)



Net promoter score*



* Measuring customer satisfaction

HOW WE ADD VALUE

Core to our company's strategy is providing solutions that assist our customers in a rapidly changing business environment created by disruptive technology.

To ensure we remain forward-thinking in the way we operate, we constantly engage with stakeholders and monitor our progress against strict measures.

This spread outlines our performance.

Financial

Revenue	Gross margin	EBITDA from operations	Earnings	Cash generated from operations
→	↑	↑	↓	↑
R1.14 billion	34.4%	R118.9 million***	(R29.1) million	R79.5 million

Statistics

>500 customers

No customers with revenue spend larger than 10% of group revenue

MIX	2019	2018
Products	61%	65%
Services	39%	35%

Customer satisfaction

NPS* 44

(2018: 33)

Investment

> R37 million

Invested in our product portfolio during the year

5

number of new solutions offerings launched in the last year.

Key contract wins

> R250 million**

ICT

- Ericsson
- Liberty
- Econet
- Multichoice Nigeria
- B&B Media
- Super Group
- Credit Solution Services

Security & Fire

- SARB
- Global cloud platform service provider

Power & Renewables

- Chez Charlene

* Net promoter score
** List does not include all the contracts won during this financial year
*** Before head office cost

B-BBEE^^

Level 4 contributor

57% Black ownership
37% Black women ownership
(2018: Level 4)

R335 000

(2018: R357 099)
spent on socio-economic development (SED)

Taxation paid

R13.4 million

(2018: R18.7 million)

Carbon footprint

50% reduction

or 444 tCO_2e in carbon footprint per annum

R250 000 savings

in electricity costs or 213.3 MWh reduction in demand due to own solar car park generation

^^ Broad-based black economic empowerment

Remuneration paid

R331.9 million

(2018: R304.0 million)

Invested in skills development

R6.9 million

(2018: R4.5 million)

Health & safety

ZERO fatalities

(2018: zero)
fatalities in our business

Employee satisfaction

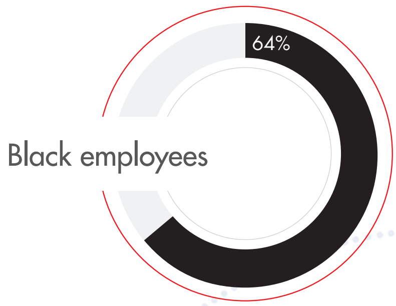
71%

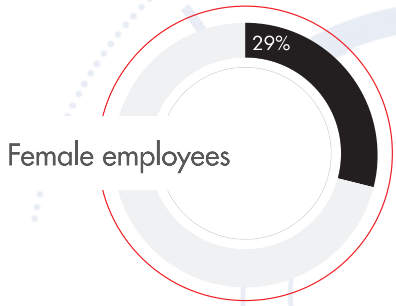
Average score across four main areas, including leadership, communication, values and culture and remuneration and reward.
(2018 was not measured)

Employer of choice

Achieved

Diversity





Net interest to lenders

R21.2 million

(2018: R20.2 million)

OUR MARKET CONTEXT

We have a wide range of products, services and solutions that focus predominantly on the three key sectors of Information and Communication Technology (ICT), security and fire and power and renewables.

This spread outlines our market conditions and our response.

South African environment

Market factors

Economic growth: In its longest declining cycle since 1945. The outlook remains bleak, with growth predicted at around 0.6% for calendar 2019.

Unemployment rate: At the highest level in 16 years at 29%.

Interest rates: The recent interest rate cut should provide some relief to consumers.

Political: Uncertainty within the political landscape has impacted business confidence and deteriorating levels of debt and declining tax revenues are putting the country's fiscus at severe risk.

Education: The education system continues to battle to provide sufficient graduates in key areas such as science, technology, engineering and mathematics.

Infrastructure spend: The government has indicated that it plans to spend billions on infrastructure as part of its economic stimulus plan.

Our response

- New innovative and more cost-effective solutions will be required to adequately solve business challenges in the current tough economy. We are well positioned to address these challenges with the continued investment in our offering.
  Refer to pages 8 and 17.
- Ongoing investment in our learnership programme and involvement at grassroots education level, with a specific focus on improving mathematics and physical science skills.

Market sectors

Information and Communication Technology (ICT)

Market factors

Growth: According to a report by *Research and Markets*, the ICT sector continues to invest in technology and consistently has a growth rate above GDP. Specific growth areas in South Africa include:

- Fibre, which has grown from the large cities into smaller towns and townships.
- 5G and Internet of Things (IoT).
- Cloud services.
- Digital transformation, such as fintech banking, blockchain and augmented and virtual reality.

Inhibitors include:

- Continued uncertainty/delays regarding allocation of spectrum; and
- Lack of IT specialist and engineering skills.

Network over-capacity: Over the last five years, investment by South African telecommunications operators grew three times faster than revenue earned from telecommunications services. However, due to declining growth in GDP and revenue growth, operators may soon experience a continued decline in free cash flow to fund network investment in future.

Our response:

- We are well positioned to take advantage of growth in the fibre, 5G and IoT markets with our current product and service offering. Refer to pages 16 and 26 .
- Through our Enterprise business we expect to play a significant part in assisting our customers' businesses with their digital transformation initiatives. Refer to pages 17 and 44 to 45.
- As a group we will continue to invest in the development of our skilled technical resources.

Security and fire

Market factors

Growth:

- Advancements continue to be made in mobile and cloud technologies, artificial intelligence (AI), biometrics on mobile devices and wearables. These are giving rise to a growing demand for integrated and managed access control solutions.
- Enhancements and cost savings are achieved by managing large distributed surveillance, access control and fire detection systems through open platform applications deployed in the cloud.
- According to *6Wresearch*, the South African video surveillance market is projected to grow at a compound annual growth rate of 3.9% from 2019 to 2025.
- A number of fires at key buildings in South Africa has increased concerns about safety and compliance. This will lead to growth due to increased enforcement.

Inhibitors include:

- Local end-user market and system integrators are slow to adopt new technologies and move away from legacy architectures.
- Short-term investment in new fire protection and access control technologies continues to be negatively impacted by the struggling building industry.

Our response:

- Our smart building solutions will enable our Security & Fire business to meet new demands from customers.
- Partnering with architects and property developers for inclusion of surveillance, access control and fire protection systems in development projects will assist to standardise building design and optimise costs.
- Partnering with property managers to develop and trial security as a service model delivered from the cloud will unlock new opportunities and increase exposure to the end-user communities.

Power and renewables

Market factors

Growth:

- The embedded generation market for rooftop solar PV is experiencing sustained growth in South Africa, with an estimated total of 7.5 GW of installed capacity by 2035.
- With reducing technology costs and increasing electricity tariffs, Small Scale Embedded Generation (SSEG) solar projects are becoming more feasible and financially attractive.
- Energy efficiency in buildings presents a significant opportunity. The estimated annual total available market currently stands at R3 billion and is estimated to reach R21 billion by 2035.
- The South African energy storage market is also expected to grow. The demand-side management and back-up power market is anticipated to reach a value of R5 billion by 2035.

Inhibitors include:

- Delays in releasing the final integrated resource plan have caused market uncertainty and are impacting much-needed foreign investment in renewable energy projects.
- SSEG renewable energy projects are hampered by red tape. This often results in several years of delays to obtain generator licences and finalising agreements with Eskom to feed excess electricity back into the national grid. This has a massive impact on SSEG business cases that rely on revenue streams from feeding energy back into the grid.

Our response:

- Investing capital for SSEG projects through off-take agreements based on our changed business model of power purchase agreements (PPA) and lease to own (LtO).
- Partnering with property developers for the inclusion of rooftop Photovoltaic power purchase systems in development projects will assist to normalise and stabilise electricity costs.

OUR OFFERING

Evolving technologies, in particular the Internet of Things (IoT), will increasingly allow technology companies to improve customer solutions. This has given rise to the "smart" ecosystem concept which in the technology world is generally associated with the application of new ideas and technologies to solve challenges.

To meet this demand, Jasco continues to transform and evolve its offerings to ensure we have a sustainable business that adds value to our customers.

What are smart ecosystems?

Smart cities

A smart city is a city or part of a city that uses technology to improve outcomes across every aspect of operations and to enhance the services it offers its residents. The technology collects and uses data to drive its decision-making, and creates networks of partners among government organisations, businesses, community groups, education institutions and hospitals to expand and improve its ability to serve its residents.

Smart businesses

A smart business describes organisations that integrate connected products, systems, processes, customised services and advanced analytics to optimise operations and maximise business outcomes. A connected product has a sensing mechanism and a means of communicating any changes in its environment, as well as the ability to make corrections through embedded software. It is part of a connected Internet-based network, having advanced capabilities of data collection, processing, reporting and built-in intelligence to take corrective action.

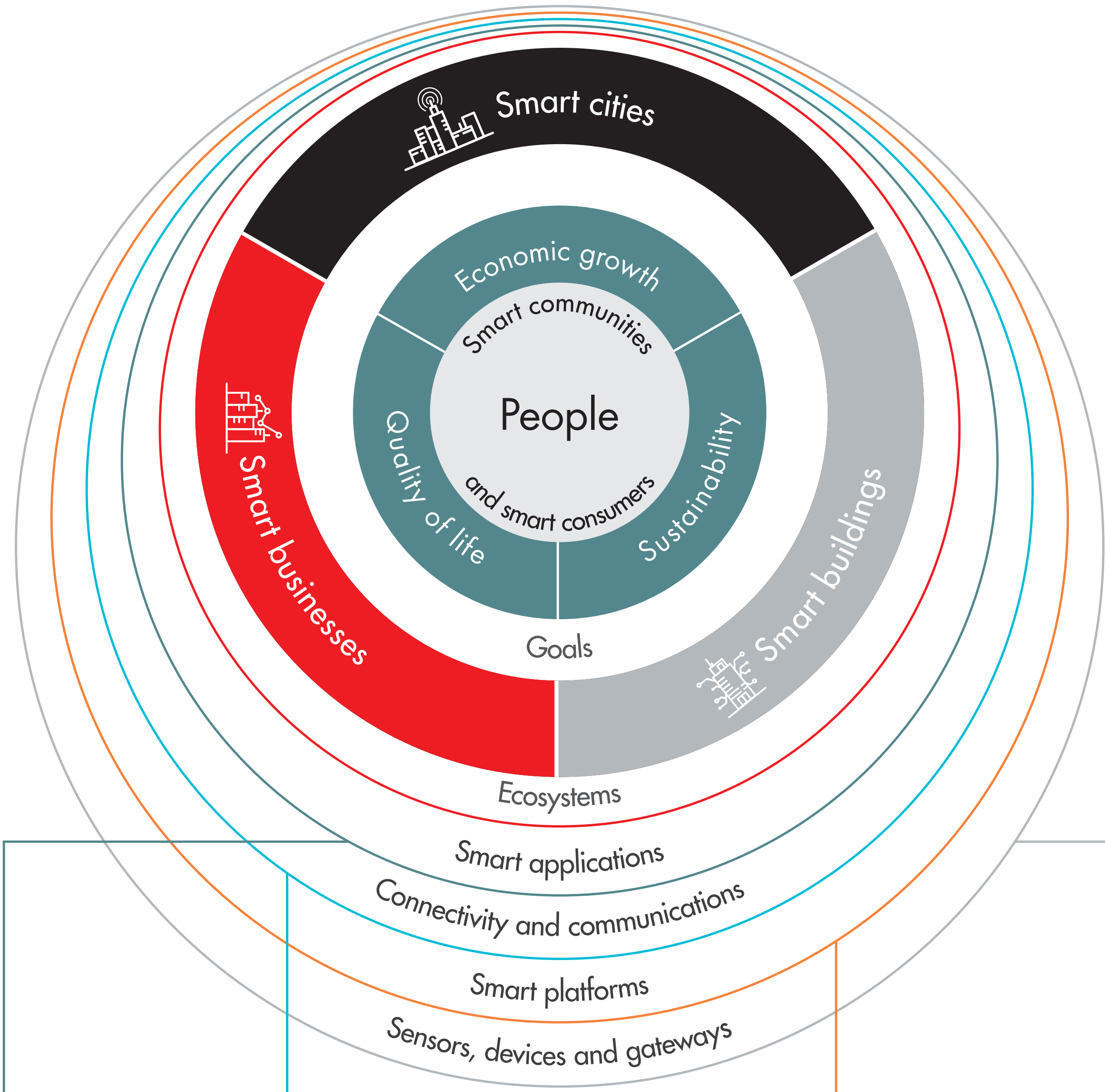
Smart buildings

Smart buildings are structures that use automated processes to intelligently control buildings' operations, such as heating, ventilation, air conditioning, lighting, security and other systems. A smart building uses sensors, actuators and microchips to collect data and manage it according to businesses' functions and services. This infrastructure assists owners, operators and facility managers to improve asset reliability and performance, which reduces energy use, optimises how space is used and minimises the environmental impact of buildings.

Smart cities, smart buildings and smart businesses all represent an ecosystem of inter-dependent people, processes, systems and things that rely on digital technology to engage, transact, and share information through a common digital platform for a mutually beneficial purpose.

The global economy is increasingly driven by the requirements of consumers for inter-connected environments where technology is used to enable the evolution of smart cities, buildings and businesses.

The smart solutions architecture framework



Smart applications	Connectivity and communications	Smart platforms	Sensors, devices and gateways
Broadcasting*	Fibre to the home or business*	Cloud infrastructure*	Smart phone
Customer interaction*	Hi-sites*	Servers*	Telephone device*
Workforce management*	2G, 3G, 4G, 5G, LTE	Virtual machines*	Keyboard*
Unified communications*	Multi-protocol label switching*	Middleware*	CCTV camera*
Video surveillance*	Towers*	Data storage*	Smoke detector*
Voice recording*	LAN switches*	Communication platform*	Radio-frequency identification tag*
Fleet management*		Application programming interface*	

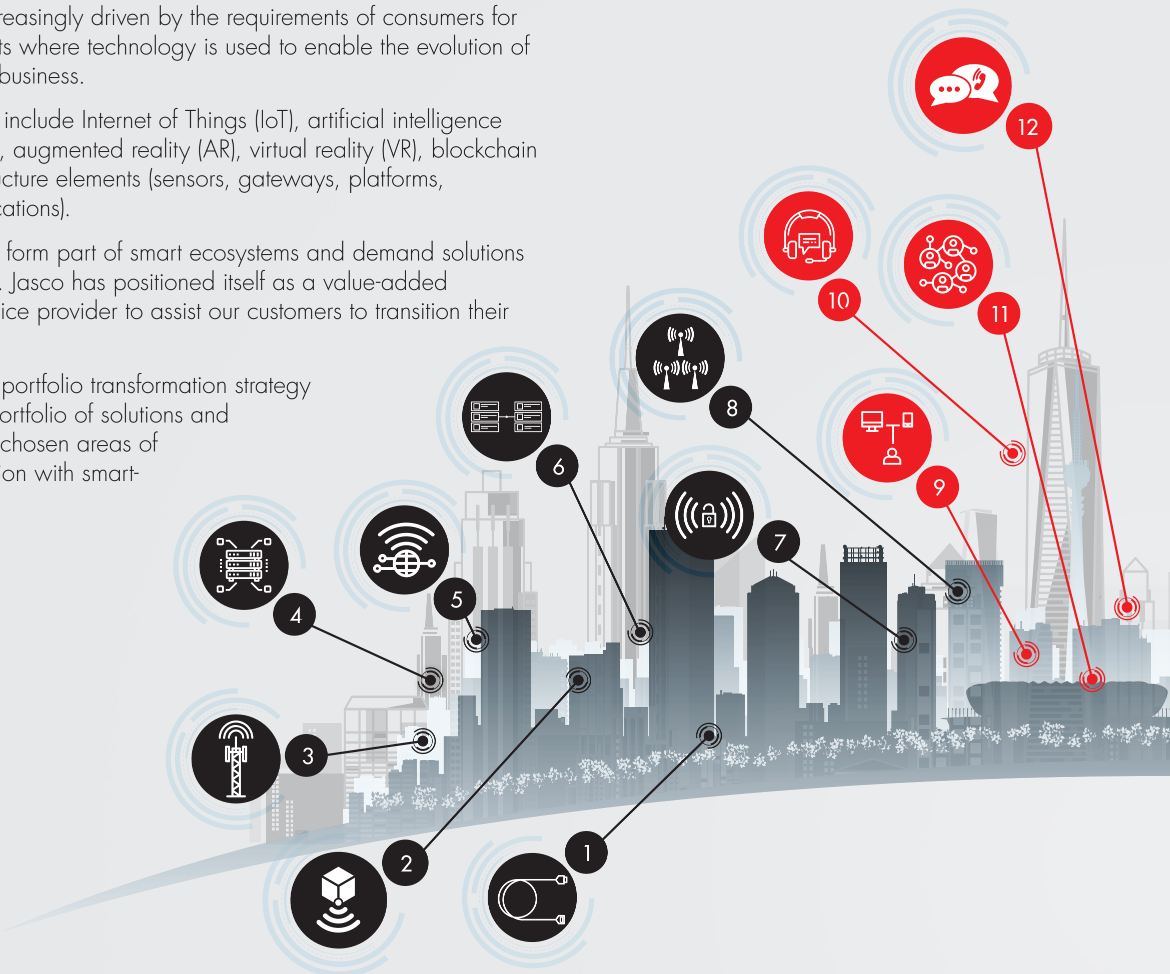
*Jasco solutions portfolio

The global economy is increasingly driven by the requirements of consumers for interconnected environments where technology is used to enable the evolution of smart cities, buildings and business.

Key enabling technologies include Internet of Things (IoT), artificial intelligence (AI), machine learning (ML), augmented reality (AR), virtual reality (VR), blockchain and the underlying infrastructure elements (sensors, gateways, platforms, connectivity and communications).

Our customers increasingly form part of smart ecosystems and demand solutions that will make this possible. Jasco has positioned itself as a value-added systems integrator and service provider to assist our customers to transition their businesses.

Central to Jasco's ongoing portfolio transformation strategy is to leverage our current portfolio of solutions and in-depth experience in our chosen areas of specialisation, in combination with smart-enabling technologies.



Smart ecosystems

Our current portfolio includes a variety of products, services, infrastructure and applications in the smart solution ecosystem.

Smart cities

Information & Communication Technology
– Carriers

1. Cables and connectors
2. Distributed antenna systems
3. Masts and towers
4. Access networks
5. Transmission networks
6. Data centres – carrier neutral
7. Open access networks
8. Hi-sites

% of group revenue:

2018: 30

2019: 29

Smart businesses

Information & Communication Technology
– Enterprise

9. Unified communications
10. Contact centres
11. Workforce optimisation
12. Voice and data connectivity
13. Remote end desktop support
14. Cloud (IaaS, PaaS, SaaS)
15. Asset tagging and tracking (IoT)
16. Waste management (IoT)
17. Rooftop management
18. Broadcast video solutions
19. Digital media

% of group revenue:

2018: 46

2019: 46

Smart buildings

Security & Fire	Power & Renewables
20. CCTV and surveillance 21. Access control 22. Fire detection 23. Fire suppression	24. Power quality assurance 25. Renewable photo-voltaire (PV), solar energy
% of group revenue: 2018: 6 2019: 7	% of group revenue: 2018: 1 2019: 1

Manufacturing**

- Plastic injection moulding
- Metal pressings
- Tooling
- Wire harnesses

% of group revenue:

2018: 17

2019: 17

**Currently being disposed of

HOW WE DELIVER OUR OFFERING

Jasco supplies a wide range of solutions and products. These 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 we have the ability to differentiate ourselves in the market.

The group is currently transforming each of the respective business units to progress higher up the value chain. This strategy involves varying levels of required investment. We are carefully evaluating the most effective area for investment to ensure optimal returns.

Jasco's solutions within the technology value chain:

	Smart cities Information & Communication Technology *– Carriers*	Smart businesses Information & Communication Technology *– Enterprise*	Smart buildings Security & Fire Power & Renewables
Consulting analytics	No positioning	25% positioning	No positioning
XaaS*	No positioning	50% positioning	No positioning
Integration	25% positioning	75% positioning	25% positioning
Applications	50% positioning	75% positioning	50% positioning
Hardware/ software	75% positioning	100% positioning	75% positioning
Physical/ infrastructure	100% positioning	100% positioning	100% positioning

* Anything as a service.

No positioning | 25% positioning | 50% positioning | 75% positioning | 100% positioning

Investment required

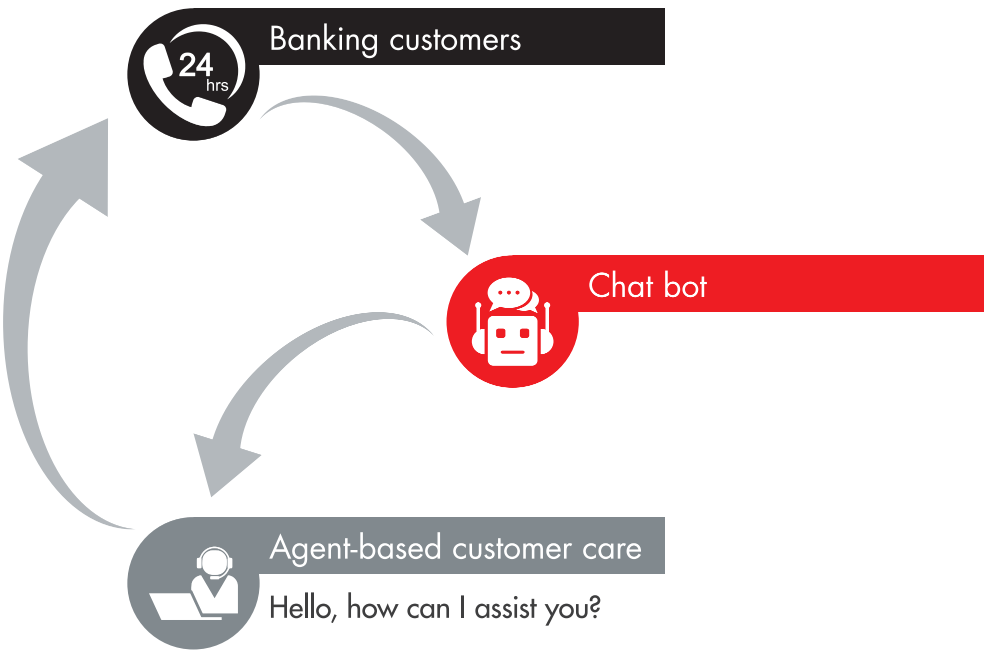
CASE STUDY

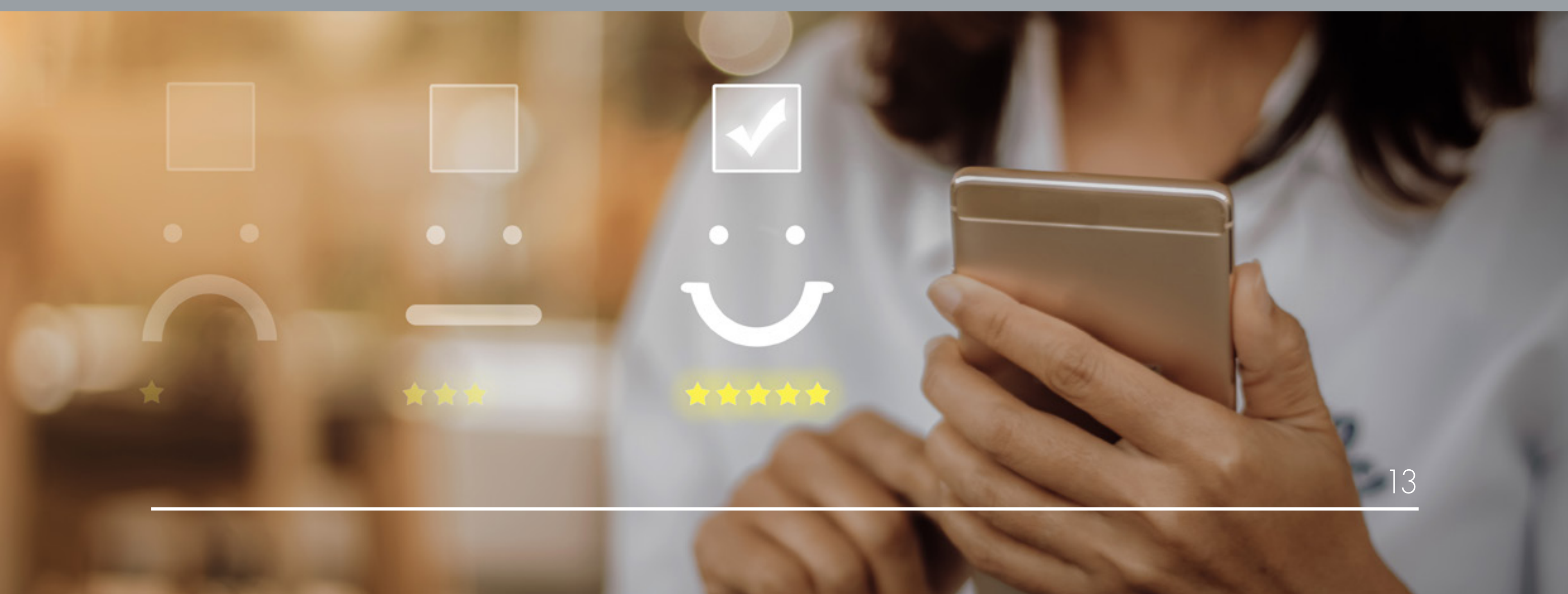
Customer experience

Chat bots are increasingly being deployed in contact centres to improve efficiencies and customer experience. They are able to answer simple queries quicker and more efficiently and are particularly powerful when deployed alongside live agents. For example, chat bots can be used to handle the initial interaction with customers, such as gathering information on the issue before handing over to an agent.

One of Jasco's banking customers required the automation of certain tasks to improve their customer experience and reduce employee costs. Jasco deployed a state-of-the-art cloud solution for automating and managing digital interactions with customers through social and messaging platforms, using chat bot and natural language processing technology. The chat bot application engages customers by using social media and chat and messaging channels to provide immediate self-service, in combination with agent-based customer care.

The solution affords customers more flexibility on how and when they want to interact with the bank on a 24/7 basis, while also reducing the number of physical agents required.





CASE STUDY

Digital billboards

Outdoor digital billboards have transformed advertising in recent years, providing a cost-effective outdoor advertising solution with low production costs available in high-impact locations.

Jasco recently commissioned its first outdoor digital billboard on one of Johannesburg's main highways for a large media company.

Benefits of outdoor billboards include:

Lower production cost

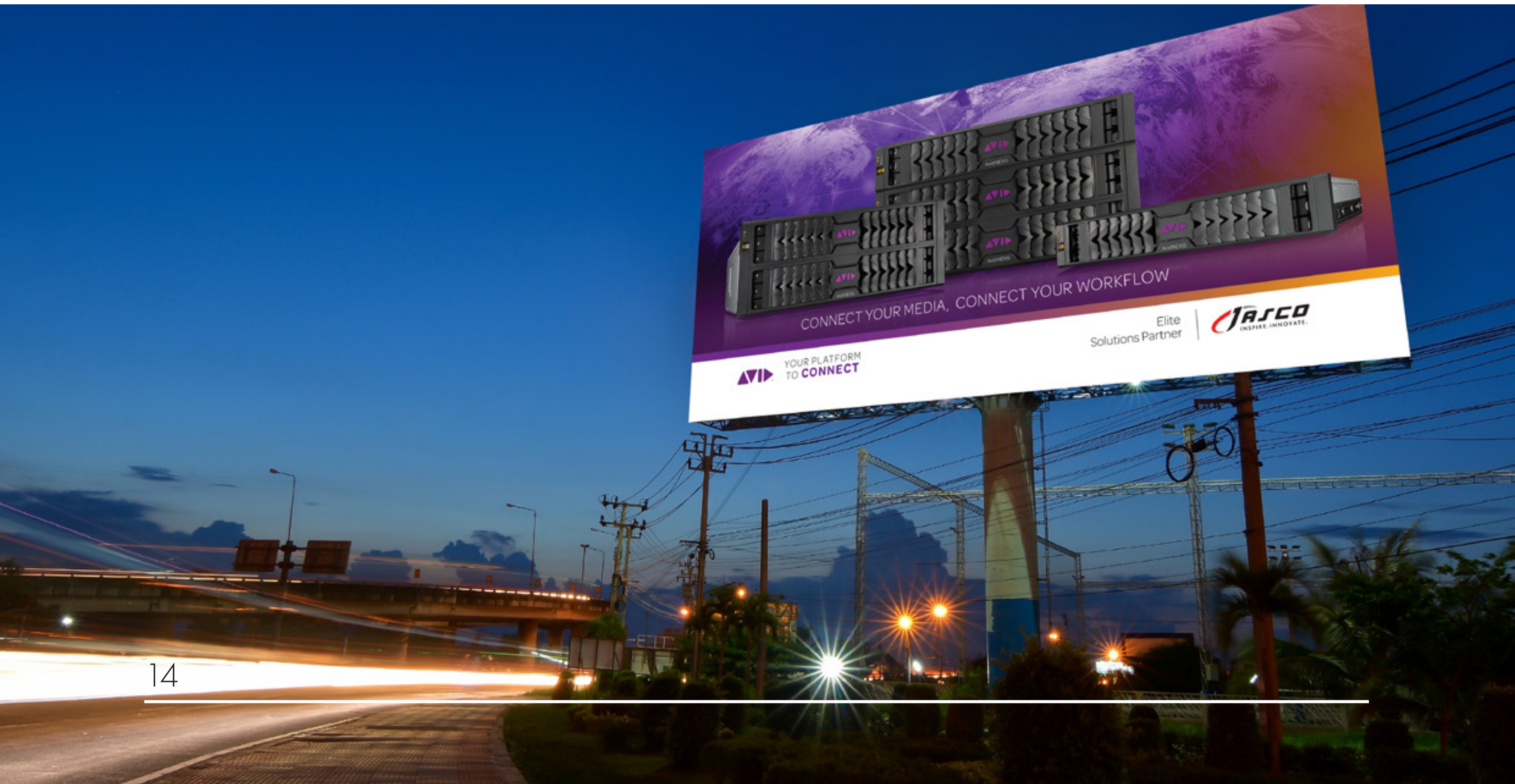
No posters are required, which eliminates the cost of printing.

Shorter lead times

Adverts are sent electronically to the screen, which can happen in a matter of hours.

Flexible start dates

Advertising campaigns can start and end on any day. For example, if an event is on a particular day in the week, customers can stop the advertising on the same day or any day before.



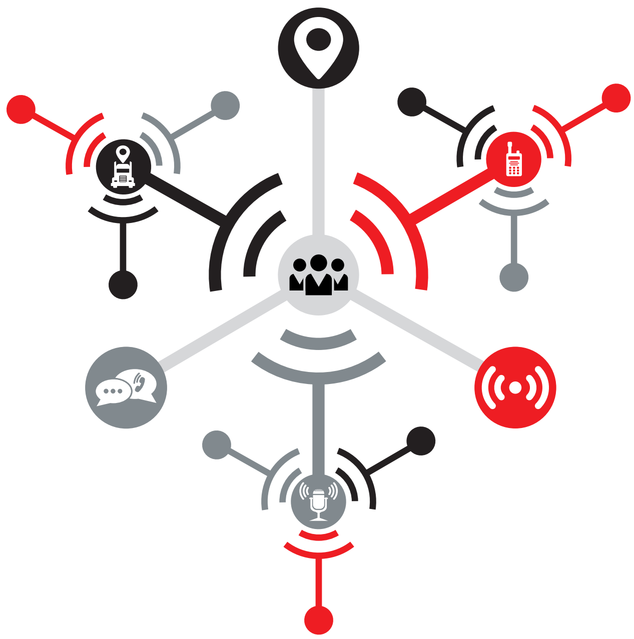
CASE STUDY

Interactive management

Jasco's DataVoice business offers interactive recording and management solutions that can be deployed in different kinds of communication networks. A radio (TETRA) network with thousands of devices which continuously transmit data, voice, location information and status updates generates a huge amount of data, which can be overwhelming. DataVoice not only records and stores this information, but also harnesses it in meaningful ways to improve customer efficiencies and operational procedures.

A few examples include:

- The recovery of lost or stolen devices by providing the last known location and transmission, as well as visually pinpointing where to start the search;
- Visually mapping the location of a specific device to ensure it is where and when it is supposed to be;
- Post geofencing to determine which devices were in a specific area at a given time;
- Site visit reports to ensure an accurate record of scheduled site inspections;
- Heat mapping to assist with verification of device usage and resource planning;
- Integration of communication records (voice and text) with location into a single report for a holistic view of a device's usage;
- Logged-on times and active hours on a device; and
- Visually displaying the last known or live location of a device.



CASE STUDY

IoT fleet management

A leading metro in South Africa has embraced the Internet of Things (IoT) and digitised their service delivery model by implementing our RAMM Integrated Fleet Management solution.

The solution is offered as a fully outsourced service where we take full responsibility for the management of the technology, as well as the equipment installed on the vehicles. The system also manages administrative tasks, such as vehicle licensing, driver licensing, accident analysis and traffic infringement notices.

Benefits

The real-time data provides valuable statistics, such as vehicle productivity, driving behaviour, fuel utilisation and service adequacy. The system has allowed the customer to benchmark regional and departmental efficiencies and specify optimised service areas for each of the vehicle depots. The system allows for accurate resource planning and identifies areas of abuse and allows the measurement and management of third-party service levels, such as vehicle suppliers and maintenance providers.

Fleet management

Tag reader

Compactor with bin reader

Number of vehicles = 7 341

Combined distance travelled in one month = 8 870 184 kilometres

Total number of drivers – >18 500 active drivers on our database

Data processing

Data centre

Thematic mapping

Portrays quantitative data and can show density, data and average value within a geographic area

Asset tagging

Wheelie bins with radio frequency identifier tag

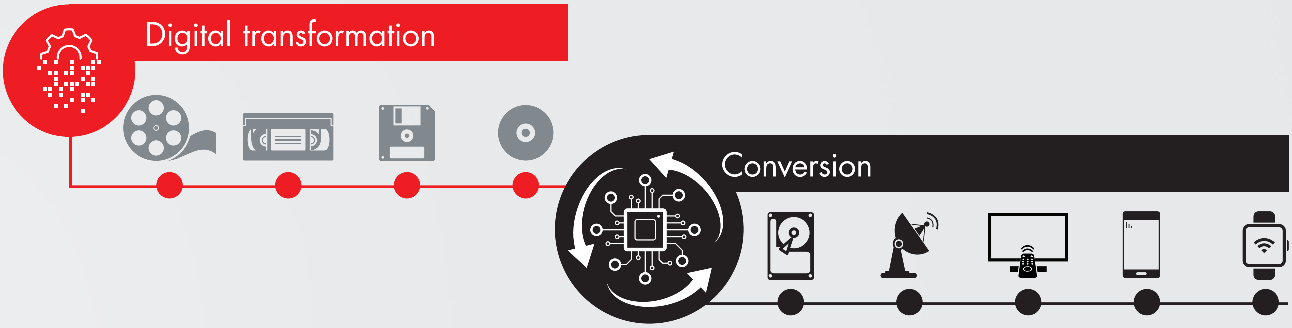
CASE STUDY

Digital transformation

In line with global media organisations, a large South African local broadcaster had to secure and manage their legacy news archives. In addition, they had to access, find, preview, edit and format content from these archives, which traditionally required a cumbersome process of manually searching through large collections of videotapes and documentation in legacy formats.

As part of the customer's digital transformation drive they initiated a project in 2017 in partnership with Jasco and SONY/Memnon to convert their legacy news archives to digital storage. The project involves the conversion of more than 150 000 hours of material across multiple obsolete formats.

Approximately 100 000 hours of material have been converted to date and the project is expected to be completed by the end of the 2019 calendar year.



OUR VALUES

We believe our company culture is crucial to successfully deliver on our strategy. In line with this, a set of values is currently being implemented in the group. We have developed eight values to create a culture that will support the delivery of our strategy.

To drive behavioural culture change and to ensure that employees remain engaged, a team charter was developed. This charter consists of sets of rules or ways in which employees should engage with each other. We measure our culture through our annual climate survey, as well as monthly snapshot polls that provide feedback.

TEAM CHARTER

The purpose of our team charter includes:

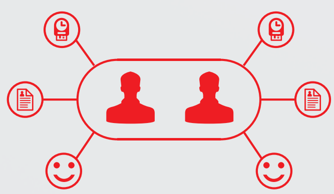
- Getting the buy-in of all team members, including ones who may have initially resisted being included;
- Holding team members accountable to all the same principles;
- Spelling out roles and responsibilities in a clear, measurable way;
- To outline ways of working, including how decisions are made, address roadblocks, and even define actions like attendance;
- Demonstrating the team's purpose and mission transparently to others in the organisation; and
- Harnessing the spirit of grit that permeates the entire organisation.

1 We will work together to do great things:

We will start talking and demonstrating the "we" and not the "I" by creating a sense of belonging, making everyone feel included, avoiding any finger pointing and leveraging our diversity of views and opinions.

2 We will demonstrate the utmost respect to our colleagues by:

- ensuring cordial engagements
- being punctual and prepared
- being cognisant of how we communicate
- giving each other our full and undivided attention



3 We will own our decisions and delivery:

Every one of us will be accountable for the decisions we make, or are involved in, and take responsibility and accountability for the successful delivery and effective communication of these decisions. We will input into and rigorously debate decisions, but once they are made we will back each other, and not hang each other out to dry. We will exercise an extreme sense of urgency in decision making and commit to the timeous implementation thereof.

4 We will all be part of the conversation:

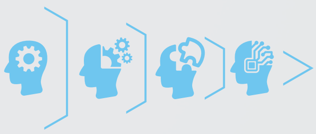
We will be open and transparent in our communication by keeping each other updated and involved on important and relevant matters, even when they are uncomfortable, and allowing each other the opportunity to contribute through consultation and pro-active listening.

5 We will face our dragons and demystify our mud cows:

We will have courageous conversations and be honest with each other and therefore commit to addressing the issues, asking questions, having no hidden agendas and not talking behind each other's backs.

6 We will learn through curiosity and sharing:

We commit to the collaborative sharing of skills, knowledge and experience in order to understand, support and grow each other and our people and allowing us all to reach our full potential.



7 We will be true to ourselves and our team:

We will build trust by behaving in a consistent manner, demonstrating authentic and aligned leadership and always acting with integrity. As leaders we will be prepared to connect with each other by getting to know ourselves and each other, and showing each other our vulnerabilities.

OUR VALUE-CREATING BUSINESS MODEL

INPUTS

What we use and what we rely on

Financial capital

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

Manufactured capital

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

Natural capital

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

Human capital

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

Social and relationship capital

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

Intellectual capital

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

Leadership — Accountability — Performance — Passion — Agility — Learning — Innovation — Integrity

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

Sectors we operate in

What we offer

Sectors we operate in	What we offer	
Information and Communication Technologies	Cables and connectors	Data centres – carrier neutral
	Distributed antenna systems	Open access networks
	Masts and towers	Hi-sites
	Access networks	Unified communications
	Transmission networks	Contact centres
Security & Fire	CCTV and surveillance	Access control
Power & Renewable energy		
Manufacturing	Plastic injection moulding	Metal pressing

Workforce optimisation

Waste management (IoT)

Voice and data connectivity

Rooftop management

Remote end desktop support

Broadcast video solutions

Cloud (IaaS, PaaS, SaaS)

Digital media

Asset tagging and tracking (IoT)

Fire detection

Fire suppression

Power quality assurance

Renewable photo-voltaire (PV), solar energy

Tooling

Wire harnesses

Vertical markets we deliver value to

Telecommunications operators

Systems integrators

Media

Financial services

Logistics

Wholesalers and retailers

Health

Hospitality

Education

State-owned enterprises

Non-governmental organisations

Facility management

Property

Construction

Our value-based activities enable us to achieve our purpose of

Building a sustainable, profitable business through:

Our people

being the soul of the organisation

Our customers

being our valuable advocates

Our organisation

being innovative in everything we do

VALUE CREATED

Financial capital

We rely on the financial resources provided by our shareholders, debt financiers and retained profits.

Inputs

- R1.14 billion in revenue
- R118.9 million in EBITDA from operations*
- Cash generated from operations of R79.5 million
- Shareholders' equity of R146.0 million
- Trade and other payables funding of R195.5 million
- Working capital funding term loan from Bank of China of R145.7 million
- Corporate bond of R45.8 million

Our business activities and outputs

- Concentrated on revenue mix and cost reductions to improve operating margins
- Restructured a number of businesses to increase focus and lower costs
- Successfully kept net working capital days well below our target of 35 days
- Addressing gearing levels to return them below 50%
- Negotiated the extension of the Bank of China's working capital facility
- Extended the due date of the corporate bond
- Worked with the new auditors to ensure effective application of IFRS and new reporting standards

Outcomes

- Revenue flat
- EBITDA from operations excluding head office costs increased by 4% from R114.2 million to R118.9 million
- Earnings deteriorated from a loss of R7.7 million to R29.1 million due to various once-off impairments and costs
- Net working capital days improved from 20.2 days to 19.7 days. Working capital generation was up R42.9 million
- Cash generated from operations increased from R55.2 million to R79.5 million
- Net foreign exchange losses were reduced from R4.0 million to R1.4 million
- Gearing increased from 56.5% to 81.4% due to once-off impairments which reduced shareholders' equity, as well as the R20 million increase in the working capital facility
- The Bank of China's working capital facility was extended to February 2021
- Extended the corporate bond to January 2021
- Finalised the June 2019 annual financial statements with an unmodified audit opinion

* Excluding head office costs

Manufactured capital

We rely on physical assets that enable us to deliver our operations in an efficient manner.

Inputs

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

Our business activities and outputs

- Group hedging policies and supply contracts allow for the risk to be passed to the customer
- Conducted a feasibility study to restructure Electrical Manufacturers into two areas of plastics and metal pressings
- Policies, processes and training were implemented to adhere to ISO 9001:2015 certification requirements
- Production processes and automation techniques were enhanced
- Product offering and customer base continued to be diversified
- Investment into back office automation processes

Outcomes

- Currency fluctuation risk was mitigated
- Following review, it was decided to dispose of Electrical Manufacturers
- Maintained the ISO 9001:2015 certification achieved in F2018
- Spent R3 million on new robotics automation machinery
- Three new large customers and four new product lines introduced at Electrical Manufacturers
- R10 million spent on our development team and R1 million spent on third-party affiliation fees
- 800 building rooftops under our management

Natural capital

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

Inputs

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

- One factory
- Electricity of R8.9 million in F2019

Our business activities and outputs

- Our manufacturing facility continues to focus on efficiency drives and electricity use
- At a group level, our investment into a solar photovoltaic car park continues to reduce our carbon footprint

Outcomes

- Electricity savings of almost R250 000 or 213.3 MWh of energy in F2019 in the group
- The car park has reduced our carbon footprint by 50% or 444 tCO_2e per annum

Human capital

We rely on a high calibre of talent, as this is key to differentiating ourselves with customers.

Inputs

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

- 612 permanent employees
- 64% black employees
- 29% female employees

Our business activities and outputs

- Continued focus on training and development of our black and disabled employees based on affordability and skills training interventions
- Retention packages for highly-qualified, critical skills employees put in place
- Annual and/or qualified certification of technical employees to meet customer requirements
- Continued engagement with the Department of Trade and Industry about the pressure on smaller companies in terms of spend requirements

Outcomes

- R6.9 million spent on skills development, approximately 59% on black employees
- R1.3 million spent on training and development of unemployed disabled black youth through our partnership with Sparrow School
- Sponsored learners in the IT, Electrical and Business Administration fields and five unemployed, disabled black learners within the Business Administration field
- Met the sub-minimum requirement for skills development in our last B-BBEE certification
- ISO 9001:2015 certification maintained
- Employer of choice achieved
- 11 new learnerships entered into during F2019 within ICT sector

Social and relationship capital

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

Our business activities and outputs

- As education is fundamental to developing people in South Africa and to unlock economic growth, Jasco continues to invest in a number of educational institutions
- We have service level agreements in place with our partner school. We also measure the impact and their spend regularly
- We encourage employee participation in our initiatives

Outcomes

- During the year, Jasco contributed R335 000 to two schools. R1 million has been invested during the last three years for the development and support of our schools and their learners
- When we started our partnership with the Kaalfontein Primary School, the Grade R classroom had 76 learners in one classroom and one educator who taught in four vernaculars
- YEAR 1: Jasco built a grade R classroom, another teacher was appointed and both educators only covered two vernaculars each
- YEAR 2: Another classroom was built, another teacher was appointed and the learners were further divided across the three classrooms
- YEAR 3:
  - Four grade R classrooms
  - Four educators
  - Learners:
    - 32 Sepedi learners
    - 21 Zulu learners
    - 23 Xhosa learners
    - 14 Tsonga learners
  - Installed Wifi connectivity

Intellectual capital

We rely on our vast knowledge, experience, industry insights and strategic partnerships to continuously find ways to innovate and provide solutions to our customers.

Being able to innovate and provide customised solutions to our customers solves real problems and improves customer loyalty.

Our knowledge, experience, industry insights and solutions assist our customers to meet their business goals in an efficient and cost-effective manner.

Our business activities and outputs

- We continue to invest in developing our own solutions, products and services. These include low frequency antennas, environmental protection devices for mobile networks, real-time asset monitoring and management tracking solutions, multimedia recording, location-based reporting for mobile radio devices, workforce management cloud solutions and digital billboard solutions
- We are developing new commercial models for taking our solutions to market. These include power purchase agreement (PPA) and lease to own (LtO) models for our solar photovoltaic (PV) solutions, as well as digital media advertising as a service offering
- We also continue to work with our strategic international original equipment manufacturer (OEM) partners and combine our integration capabilities to deliver technology solutions that assist our customers to solve their business challenges. For example, an OEM application was used to deploy a chat bot cloud solution that is fully integrated with social and messaging channels to enable a 24/7 self-service capability
- We have adopted a smart solution architecture framework as part of the ongoing review and enhancement of our portfolio to ensure we remain relevant in a market that is increasingly evolving into a network of interconnected smart ecosystems

Outcomes

- Customer referrals have resulted in 15 new customers
- Ongoing customer wins on our hosted unified communication platform reached 10 000 active users for the first time
- We had key strategic wins for our DataVoice interaction management solution in the Middle East
- Our customer satisfaction rating improved to 44 compared to the South African average of 33
- We deployed three digital billboards using the latest LED display technology
- We maintained premium partner certification status with our international OEMs
- 19 employees attended or hosted industry/technology events

HOW WE WILL REMAIN RELEVANT

Jasco has a proud history of providing leading-edge technology solutions to blue-chip customers across several industries, giving us a solid platform to progress into the future. We believe that staying relevant in an ever-changing business and technology environment requires a culture that embraces change and continually drives innovation, improved efficiencies and meaningful customer experiences.

With new technology updates emerging almost daily, having the ability to stay abreast of global and local trends is essential. Future proofing our business and maintaining an advantage over the competition require selective strategies of early adoption of new technologies and their innovative application, while constantly developing and updating required skills sets.

While Jasco's solutions from our current information and communication technology (ICT), Security & Fire and Power & Renewables portfolio will remain key building blocks for smart infrastructure solutions, certain technology advances are increasingly shaping our customer requirements.

Notable trends impacting our markets at present include the following:

1. 5G / Internet of Things (IoT)

IoT platforms are increasingly converging with other technologies such as blockchain and artificial intelligence to increase automation, security and processing speed. This, and other IoT industry trends, will be further boosted by the arrival of 5G, which will bring greater speed and capacity and lower latency.

To enable a more productive work experience, IoT can automate how people and devices interact with spaces, and how the spaces interact with back-end services.

Jasco is well positioned to offer solutions for a multitude of new opportunities.

For example; our solid waste, fleet and asset management solutions for municipalities, built on our in-house developed RAMM Technologies' IoT smart city platform, have been successfully deployed at one of the major municipalities.

Refer to page 16 for more information on this.

2. Expanding to cloud

Cloud continues to disrupt IT innovation, consumption and the industry itself.

Cloud providers today offer better services and security than most robust private data centres and server rooms at extremely competitive prices.

From a South African perspective, Microsoft has recently launched two Azure cloud data centres in Cape Town and Johannesburg.

Amazon Web Services is also building data centres in South Africa, with the first to go live next year in Cape Town and Huawei initiated plans to create a cloud region in South Africa.

Cloud has become the new normal for the vast majority of companies, with several expected to make the transition in the near future.

Jasco's cloud services portfolio include the following:

- Contact centres;
- Workforce optimisation;
- Unified communications;
- Platform as a service (PaaS); and
- Software as a service (SaaS).

Refer to page 44 for more information on this.

In support of our ongoing portfolio transformation strategy, several initiatives are currently under way. These include:

- Smart solar renewable energy as a power purchase agreement or lease to own service;
- Smart digital media advertising as services on demand through exterior digital billboard networks; and
- Smart community services on demand through open access networks.

These solutions have the following in common:

- They are delivered to the customer as a service on an annuity basis with agreed service levels;
- Jasco owns the assets deployed;
- The solutions are designed to form part of scalable, interconnected networks that are monitored and controlled remotely;
- They all have the capability to gather and present rich data on the daily utilisation of services, power usage, component status and security;
- The solutions require integration of various technologies and as professional business consulting for advanced analytics; and
- They are combinations of enabling technologies with smart commercial models to build innovative business solutions that add value to our customers' businesses through measurable business outcomes (smart solutions).

3. Smart business

Smart business describes an organisation that integrates connected products, systems, processes, customised services, advanced analytics and people to optimise operations and maximise business outcomes.

Refer to page 8 to 13 for more information on this trend.

Smart businesses have digital transformation strategies with clear goals on what they want to achieve and the technologies they will use to reshape their business environments.

Jasco understands how to support our customers on their digital transformation journeys to become truly smart businesses.

Our contact centre solution deployments are good examples of how we help to transform organisations into smart businesses. The fundamental goal of promoting customer loyalty is increasingly being determined by the customer experience, and specifically an experience that is consistent, simple and optimised with the customer in mind. Our solutions have the capability to combine multiple devices, networks, processes, applications, systems, services and people into an integrated solution to enable the desired experience, regardless of how and when the customer chooses to engage.

4. Renewable energy

According to *Deloitte*, solar and wind power are major drivers of smart city development initiatives in both developed and developing countries. As cities strive to become "smart", renewable solar energy plays a crucial role in assisting them achieve their goals.

The key goals of a smart city are:

- economic growth;
- sustainability; and
- quality of life.

Refer to page 48 for more information on this.

It is essential to align a smart city's goals with its energy requirements to provide reliable, affordable and environmentally responsible energy.

Jasco has developed a solar PV power solution for the commercial and industrial market. It will be offered as two annuity service options: lease to own (LtO) or power purchase agreement (PPA).

HOW WE MEASURE VALUE CREATION

1 Deliver continued growth

Strategy	How we measure success	3-year goal to 2021	Year 1 to 2019	Progress
Less top-line focus, more profitability improvement	Earnings as a % of group revenue	5.0%	(2.6%)	
Fix underperforming business units				
• DataVoice	Achieve PBIT targets	15% PBIT	34% PBIT	
• Fire		8% PBIT	9% PBIT	
• Power & Renewables		8% PBIT	(35%) PBIT	
Further reduce head office costs	% of group revenue	2.5%	7.1%	
Reduce interest charge by paying down corporate bond	Lower annual interest charge	<= R10 mil	R21 mil	
Normalise effective tax rate	Effective tax rate %	28%	(69%)	
Reduce minorities' stakes				
• Newtelco	100% control	0% minority	0% minority	
• Fire	100% control	0% minority	0% minority	
• Reflex	100% control	0% minority	49% minority	
• RAMM	100% control	0% minority	49% minority	

2 Being an employer of choice

Strategy	How we measure success	3-year goal to 2021	Year 1 to 2019	Progress
Achieve employer of choice certification	Employer of choice	Certification	Achieved	

3 Accelerate business and economic transformation

Strategy	How we measure success	3-year goal to 2021	Year 1 to 2019	Progress
Improve B-BBEE rating	B-BBEE certificate	Level 3	Level 4	
Complete rollout of our new digital business support systems				
Netsuite CRM/ECP	Improved productivity	All entities in Netsuite	3 outstanding	
Sage 300 people	Employee satisfaction	75%	71%	
Google suite	Improved productivity	All on google	All on google	
Evolution of our business unit portfolio into a smart solutions provider				
Growth technologies, i.e. fibre to the home or business, IoT, 5G, renewables	Investment in open access, PPA/LtO, solar and digital billboard	Launch solutions in all 3 areas	PPA/LtO launched	
Divest from low-growth, underperforming businesses	• Divest MENA	No equity	No equity	
	• Divest Distributors	No equity	No equity	
	• Divest Technical Services	No equity	No equity	
	• Divest from East Africa	No equity	40% equity	
	• Divest Electrical Manufacturers	No equity	100% equity	

Achieved target   On track to achieve target   Work in progress (WIP)

KEY STRATEGIC ISSUES AND MATERIAL RISKS

Jasco's board and management team have clearly identified issues and risks that are managed and mitigated to ensure the group delivers on its strategy.

1. Stabilise balance sheet

- Dispose of Electrical Manufacturers
- Reduce debt levels by settling corporate bond and paying down Bank of China working capital facility

2. Improve earnings

- Eliminate operating losses in underperforming businesses
- Exit or optimise head office building
- Reduce interest paid
- Buy out minorities of Reflex and RAMM

3. Accelerate growth

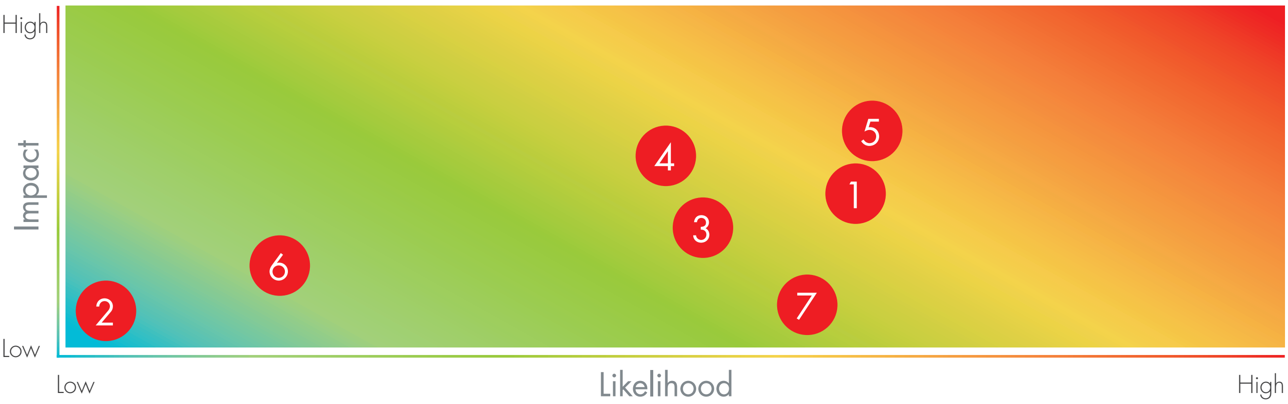
- Open access networks
- Solar power purchase agreements and lease to own
- Digital billboards

4. Effective people engagement, development and retention

- Increase investment into career training and development through online academy platform
- Complete Sage 300 people implementation

5. Reduce and optimise legal/ operational structure

- Flatten management structure
- Reduce compliance and governance costs
- Improve tax efficiency



Key risks	Context	
1 Gearing levels – ability to service and reduce debt	The Jasco corporate bond was established to replace a preference share structure provided by a former shareholder. This was partly settled following the disposal of the group's investment in M-TEC in 2016 and no further capital redemptions have occurred since then. The balance at 30 June 2019 was R45.8 million. The working capital loan from the Bank of China replaced the previous bank overdraft facilities in March 2017. The loan balance at 30 June 2019 was R145.7 million.	Jasco plans to reduce the corporate bond from the expected disposal of Electrical Manufacturers and will also reduce the working capital loan based on the debtors' cover ratio requirements.
2 Reflex Solutions' minority shareholder dispute	The minority shareholders of Reflex attempted to cancel the sale of shares and shareholders' agreements in October 2018.	Jasco entered into an expedited arbitration process with the minority shareholders which concluded in July 2019. The arbitrator ruled that the attempted cancellation was invalid and unlawful and that Jasco's rights remain in full force and effect.
3 Pressure from underperforming business units on group cash position	The venture into new market sectors, such as distribution of security products and renewable energy, as well as new geographies of the Middle East and East Africa in recent years, delivered disappointing returns.	The Power & Renewable Energy businesses were combined in F2018 and the losses were reduced in F2019. 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 in the second half of this financial year. The Middle East operations in UAE were closed, with R2.4 million in net loan impairments. The East Africa operations are being disposed of and the net R4.4 million loan was fully impaired.

Key risks	Context	
4 High head office and group shared services (GSS) costs	The GSS functions were reviewed during the second half of F2019. The cost of being listed was also reviewed. A number of once-off costs incurred in F2019 related to various matters, such as additional audit costs, legal costs for the Reflex arbitration, loan impairments for Middle East and East Africa and goodwill impairments.	Certain GSS functions were moved back into the business units. The costs of all remaining GSS functions were reviewed, with planned reductions in the new financial year. The cost of being listed was tabled with the board and major shareholders. The board considered this and decided the listing platform still remains relevant. Actions have been taken to decrease these costs in the new year. The once-off costs incurred in F2019 will not be repeated in F2020.
5 Head office lease commitments	Jasco entered into a sale and leaseback transaction in 2012 following the 2011 acquisition of Spescom Limited (including its Midrand building). Although the rental rate was market-related at the outset, the annual escalations have increased the current rental cost well in excess of going market rates.	Jasco has entered into discussions with the owner of the property to renegotiate the terms of the lease. Various options will be considered in the new financial year, including the possible purchase of the property to ensure annual savings.
6 Carrier Solutions' ongoing decline in equipment and services business volumes	A major telecommunications operator changed its technology, which resulted in the loss of significant business to Jasco. In response, we further added to our services capacity as a systems integrator. However, the margins in this business have been under increasing pressure from OEM suppliers.	Low-margin services have now been terminated. The Carrier Solutions business was restructured in the last quarter, with the remaining business incorporated in Webb Industries (Carrier RF), under one management team.
7 Poor performance in Power & Renewables	This business unit continued to incur losses in F2019, although lower than the previous year.	The goodwill balance of R3.0 million was impaired in full and the deferred taxation asset of R2.7 million was derecognised at 30 June 2019. A new business model is currently being implemented. This should enable the business to become profitable.

INTERVIEW WITH OUR CHAIRMAN

In tough market conditions, Jasco continued to focus on the factors under its control and the effective implementation of corrective action and a robust strategy.

The market conditions in South Africa continued to be extremely challenging. As outlined in the CEO's review, as a business Jasco continued to focus on the factors under its control and the effective implementation of corrective action and a robust strategy.

These measures had a short-term impact on results, but as a board and management, we believe this was necessary to ensure a more stable platform going forward.

Q Following a number of scandals in the corporate environment, how do you believe governance should be improved in corporate South Africa?

A Although corporate governance is regulated in South Africa, this does not always prevent human failure. As outlined in an article in the *Harvard Business Review* by McKinsey & Company MD Dominic Barton, the way in which directors govern, manage and lead corporations should change. The focus of directors should be on long-term value and directors must realise that serving the interests of all major stakeholders will not have a negative effect on the maximisation of corporate value.

What also particularly resonates with me and the rest of the board is the view that boards should govern a company like owners.

For us at Jasco, we truly believe this. We have had some board members who have been in place for a few years. And although that is often frowned upon, for us it has supported the view that directors have to govern like owners, with the same passion for success and intolerance for unethical behaviour as you would have for your own business. Some of our directors are active key shareholders.

We also believe that the internal audit function is often overlooked. This should be risk-based and the auditors should provide the board with an assessment at least annually regarding the systems of internal control, as well as to the audit committee on the effectiveness of internal financial controls.

Jasco's internal audit function is currently in a tender process under the guidance of the audit and risk committee. While this is progressing, we have relied on our external auditors until a new internal audit function is finalised.

Q What have you as a board done to ensure good governance at Jasco?

A As outlined in the first answer, we guide the group as a board with zero tolerance for poor governance. As the chairperson I have personally been in business for many years and on several boards. This experience, together with other esteemed board members and several new members appointed during the year, have ensured strong independence.

We have rigorous board meetings where differing views are welcomed and debated. We also demand high levels of competence, responsibility and accountability from the management team.

During the year, we appointed a new audit and risk chair, Danie du Plessis, a retired audit partner, to strengthen the audit and risk committee. He has already added significant value to the company. We are planning to make further changes on the audit and risk committee soon.

We also implemented a new risk and governance tool that allows increased visibility into the group and business unit risks and mitigation measures. It also allows for an independent and automated evaluation process of the directors' performance.

Q You have been the chairman for a number of years, with some board members also having had long tenures. How are you ensuring that the board remains independent?

A Our time on the board and passion for Jasco have made us strong allies to management without ever compromising our critical approach to how the group is managed. We believe a board has to be both supportive and tough on management, which is not something that is linked to time spent on a board. In fact, too many changes on boards can be very disruptive to management and shareholders.

During the year, we have made important changes to our board, with the appointment of Danie du Plessis as the audit and risk committee chair. We also appointed Pete da Silva as alternate director to Joe Madungandaba. Pete was previously the company's CEO and brings a wealth of knowledge and in-depth understanding of the company. We continue to have more independent non-executive directors than non-executive directors. As I represent a shareholder of Jasco, Pumla Radebe acts as our lead independent director in line with King IV requirements.

We also have an annual board review, which evaluates how we are operating as a board, with a particular focus on our independence of judgement.

Q Can you provide examples of how the board and group have applied good governance during the year?

A We have continued to report on King IV in its entirety by way of a comprehensive King IV table. This is released with the integrated annual report and deals with every single recommendation of King IV, and whether this has been applied accordingly by the board. We report on each element of King IV in line with the apply and explain principle, and further provide explanations for principles which were partially adhered to.

Additionally, the appointment of an external company secretary increases the independence of the company secretary and the individual providing corporate governance services.

We have also appointed a new independent non-executive director as the chair of the audit and risk committee; and the appointment of the chair of the social and ethics committee as the lead independent non-executive board member.

Q Your executive management team has voluntarily given up incentives. What is your view as a board on effective incentivisation to ensure management and stakeholder alignment?

A We believe incentivisation should be directly linked to performance and not only to effort. Unfortunately, in the current market conditions this is a difficult balance to strike, as poor performance is often a product of external dynamics rather than ineffective management.

However, we have been blessed with a management team that is focused on the long-term and committed to share the hardship of shareholders when company performance is impacted.

During the year, businesses that have performed and met their targets will receive incentives. Unfortunately, due to the economic and market conditions not all areas will qualify. Both the CEO and CFO did not receive any incentives this year, as they fully understand the need for the business to deliver sustainable returns for the shareholders. They still remain passionate and committed to the company.

Going forward, the remuneration committee is currently reviewing both short-term and long-term incentives to gain a better understanding of the latest trends, whilst taking affordability into account in these tough economic times.

Q What improvements do you believe could still be put in place in terms of the board and governance at the group?

A Looking forward, the intention is to strengthen the board by appointing another audit and risk committee member, who will be an independent non-executive director.

In the coming year, we will also complete an external assessment of the board to supplement the self-assessments conducted to date.

Due to the ongoing challenging market and economic conditions, the board will continue to proactively engage with management to review and hone the company's strategy. The board and management engage on the strategy of the company twice a year.

Q Your new CEO took over last year. How have you as a board worked with him and the rest of management to ensure the correct strategy is in place?

A Mark has been with the group for ten years and has been a crucial member of management during that time. His transition has therefore been smooth. Mark is a very results-driven individual, which is exactly what the group needs in these demanding and fast-changing markets. As we outline on pages 26 and 27, our business operates in sectors that are increasingly at the forefront of transformation. The world is becoming faster and it is key to remain ahead.

Mark and his team have had some difficult challenges to deal with during the year. They also made some hard decisions to address underperforming areas and to ensure focus on the company's key strategies.

The board worked very closely with Mark and the executive team since last year as we jointly navigated the challenges from the delayed release of the company's results in F2018, the short voluntary suspension of the shares and the arbitration with the minority shareholders of Reflex Solutions.

The board also engaged with management to evaluate the strategy to bolster our business model to ensure we adapt to the changing times and economic climate. We will continue to do so to ensure the company delivers sustainable returns and navigate these challenging economic times.

Q Jasco has been a similar size for a number of years. Several small cap companies have chosen to delist. Has Jasco not considered delisting?

A Yes, in fact, we deliberated this in detail during the year, and have concluded after robust discussions with key shareholders and the board that we will remain listed for now.

We believe there is value to unlock for existing shareholders. However, the company's balance sheet needs to be stabilised before the listing platform can be used for the company's growth plans.

In addition, as a listed group, capital can more easily be raised either through cash or shares. Being listed also offers more liquidity and an increased ability to existing and/or future shareholders to exit their investments.

Lastly, the listing provides existing and/or future shareholders with a vehicle to exit their non-listed assets that strategically fit the company.

Appreciation

I thank my fellow board members for another interesting and value-adding, albeit challenging, year. Our new board members have added value to those with important corporate memory.

Our management team has had a challenging year and have made some tough, but necessary, choices. I thank them all, especially our CEO Mark van Vuuren for his leadership during his first year at the helm.

To all the Jasco stakeholders, thank you for continuing to believe in the group, even when the market and country sentiment is so negative. I believe the group is on the right path and we will continue to refine our strategy to ensure relevance in changing markets.

I look forward to continuing to work with the talented members of the board and management in the coming year.

Dr ATM Mokgokong
Chairman

11 October 2019

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

"Failure and setbacks are ingredients for a great success story" – unknown

Jasco has the perseverance, tenacity and grit to succeed.

When reflecting on my first year as the CEO, I have to admit that it has been one of the most challenging of my career so far.

As a group we had a particularly difficult time since I started in July 2018, with new auditors, the delay in releasing the F2018 results, the subsequent five-week voluntary suspension of the Jasco shares and the arbitration with our minority shareholders in Reflex Solutions. These challenges also impacted negatively on the group's profitability, as once-off costs of R9.1 million were incurred this year in dealing with these matters.

However, it is pleasing to note that we have addressed all these challenges, with a smooth audit this year and the successful conclusion of the arbitration with Reflex minorities. The ruling was in Jasco's favour, which reinforced our control position and confirmed that our shareholding rights remain in force.

Business performance

The challenging economic conditions continued, with a particularly difficult second half. As a result, our group revenue of R1.14 billion was flat, EBITDA from operations excluding head office costs increased by 4% to R118.9 million. Further investment in our new portfolio offering resulted in our depreciation and amortisation charge increasing by 25.0% to R38.5 million.

I have also taken the time this year to critically review all parts of the business and determined that further corrective action was needed.

The loss-making regions of Middle East and East Africa have been evaluated for potential closure after the 2019 financial year. The business units of Carrier Solutions, Power & Renewables and Security & Fire required restructuring and have either been incorporated into other larger businesses or have been right-sized and made fit for purpose. These corrective actions were crucial, but resulted in impairments to loans and goodwill and deferred tax asset reversals, which had a negative impact of R14.1 million on profitability.

Accordingly, the improvement in EBITDA from operations before head office costs was offset by the increased investment in our new portfolio offering, impairments to loans and goodwill, reversal of deferred tax assets and head office once-off and extraordinary costs. These resulted in the group reporting an earnings loss.

Our goal to reduce debt levels and interest costs was not met during the year due to the stated reasons.

At group level, our focus is now on returning to profitability and stabilising our balance sheet. Debt levels and interest costs are too high and are negatively impacting our gearing ratio and profitability. This is being addressed by disposing of non-core assets where proceeds will be used to reduce debt levels and associated annual interest costs.

Strategy update

Detailed feedback against the group's strategic goals is provided in a scorecard format on page 28. However, I would like to address a few pertinent points here.

A binding offer to purchase the Electrical Manufacturers business has been received. In line with our strategy to exit non-core, low-growth businesses, the disposal of this business will go through the relevant approval and regulatory processes to ensure a successful sale. We plan to pay down debt and improve the income statement with lower interest charges.

Minority equity stakes have been bought out in the Fire and Newtelco businesses. This has enabled us to combine and integrate the Security, Fire and Technical Services businesses into one Security & Fire business unit. We have already seen the benefit of positioning this combination to the market through a 17.2% growth in revenue. Secondly, our carrier neutral data centre business, NewTelco, has now been integrated into the Networks offering. The only minority shareholdings that remain in the group are Reflex Solutions and RAMM Technologies. We will continue to review these.

To further reduce head office costs during the coming year, the Midrand property lease needs to be addressed. A plan to purchase the property from the current landlord has been tabled and should result in 20% annual savings on rental costs. Finding another buyer for the property and exiting the lease are also currently under evaluation.

A project to simplify the operational and legal structure of the group has already commenced. It is expected to reduce the number of legal entities from 27 to ten over the next 18 months and will result in a leaner, more efficient and tax-effective group.

Addressing under-performing businesses has had some successes. DataVoice showed a significant turnaround in PBIT, with a swing from a loss of R7.8 million last year to a profit of R9.9 million this year. Power & Renewables reduced its PBIT loss from R10.3 million to a loss of R4.5 million and is on track with its turnaround. Security & Fire also reduced its PBIT loss from R11.5 million to a loss of R9.5 million. The restructuring has been completed and a positive order book has already materialised.

Remaining focused on key growth segments that assist the group with continuing to evolve our portfolio into a smart solutions provider of choice is imperative to ensure future relevance. Refer to pages 26 to 27 for our positioning and future plans.

We already have a smart cloud offering for contact centres and unified communication markets. This year we passed the 10 000 extensions active mark on our unified communication platform. This coming year we will bring smart solutions for solar lease to own (LtO) or power purchase agreement (PPA) solutions, digital billboards and cloud workforce management to market. Please refer to pages 25 and 49 for more information.

Employee and business transformation

I am pleased to announce that the group has achieved its strategic goal of being certified as an employer of choice. This will allow us to continually measure ourselves against best in class companies to attract and retain quality employees. This is a crucial competitive advantage within the technology industry.

In addition, we also continued to invest significant people time and money in implementing our talent management framework. This is on track for completion at the end of June 2020 and will result in motivated and engaged employees.

During F2018 we re-implemented our employee satisfaction measurement tool. This now forms the basis for measuring our key performance indicators, with a base score of 71%. We have set a target of 75%.

In addition, R6.9 million was invested in training and development within the group, with 59% of employees receiving training and development. As a group we have also embarked on using new technologies and platforms to upskill and develop our people. We now have more than 70 employees registered with Udemy, a leading online training and development business with the world's largest selection of courses.

Our 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. We continue to address all five pillars of the codes to improve our level.

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

Outlook

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

Our key focus areas for the next 12 months are:

1. Stabilise our balance sheet by disposing of non-core assets and reducing debt.
2. Improve earnings by addressing the head office property lease and underperforming business units to meet profitability targets.
3. 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.
4. Continue to focus on effective people engagement, development and retention through further investment in the online training platform and complete our SAGE 300 people implementation.
5. Reduce and optimise our legal and operational structure.

Appreciation

I would like to thank the board for their advice, guidance and support during the past year. To Warren, our CFO, and my management team, thank you for your dedication and continuous efforts throughout the year. To our employees, I really appreciate your hard work and ongoing commitment.

Finally, I know one thing for sure – everyone at Jasco has perseverance, tenacity and grit. I can confidently say that the Jasco team, including the board, management and our employees, will work tirelessly until we have achieved our goals.

Mark Janse van Vuuren
CEO

11 October 2019

REPORT FROM THE CHIEF FINANCIAL OFFICER

The 2019 financial year was a year of introspection and critical review of the strategic objectives of the company. Trading conditions remained difficult.

The business units were restructured as follows:

- ICT-Carriers – Webb Industries, Hi-Sites and Carrier Solutions
- ICT-Enterprise – Enterprise Communications and DataVoice, Broadcast, Networks (NewTelco and property technology management PTM), Reflex and RAMM
- Security & Fire – Security, Technical Services and Jasco Fire
- Power & Renewables – Ferrotech (Power) and Renewable Energy
- Electrical Manufacturers – no change

Our main achievements and disappointments were:

Achievements

- Group gross margin up to 34.4% from 31.4%;
- EBITDA from operations up by 4% to R118.9 million;
- The improved cash generation from operations of R79.5 million (2018: R55.2 million);
- The improved performance from DataVoice on new projects in the Middle East;
- The reduction in the net forex loss of R1.4 million versus a R4.0 million loss in the prior year;
- The expected disposal of Electrical Manufacturers for net asset value;
- Customer satisfactory score (NPS) was 44% up from 33%; and
- Employer of choice certification achieved.

Disappointments

- The closure of East Africa and 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 de-recognition 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 of R42.0 million was included for 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	• 17.2% 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 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 units operating profit before depreciation and amortisation 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: 93.9 million) and the operating margin was 8.2% . Refer to the Operational Reviews on page 42 for more detail.

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 of R1.6 million (2018: R4.1 million) 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 it was disposed of after the 2019 financial year end. Accordingly, all loan balances at 30 June 2019 were impaired in full.

The taxation charge of R7.9 million compares to R12.8 million in F2018 on de-recognition of deferred taxation on assessed losses at subsidiary level in this financial year. The effective tax rate differs from the standard rate due to the higher level of non-deductible expenses, which result 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 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 226.2 million shares due to the increase in the number of the 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 includes 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);
- Customer-related intangibles of R24.4 million (2018: R30.0 million).

Goodwill decreased from R86.7 million in F2018 to R82.1 million due to 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. Refer to note 10 of the Annual Financial Statements.

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 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 an increase in 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, 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 service level agreement (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 shareholders interest in a partly owned subsidiary, of R4.0 million was paid. Total cash flow from operating activities was a R42.4 million inflow compared to the R16.6 million inflow 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 saw 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.

Key internal initiatives

Reducing debt levels and the interest charge

The priority is to continue to reduce the corporate bond and working capital loan over the next financial year from the cash generation we expect going forward due to higher profitability levels from the business units.

The board has reviewed the target gearing ratios and maintained the maximum level of long-term debt target at 50% of equity. The gearing percentage is currently 81.4% (up from 56.5%) due to the R20 million increase in the working capital loan and 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 and the R4.4 million loan has been fully impaired.

Working capital management

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

Finance teams

The finance team was far better prepared for the F2019 audit and worked well with the PwC team. The timeframe was delayed by two weeks due to the Reflex arbitration process and the late receipt of their financial information.

New acquisitions

The integration of RAMM into the group commenced in the second half of this financial year and the company was IFRS ready for the F2019 audit. The financial control environment, systems and processes will receive particular focus from the financial management team.

Tax matters

There are no material tax matters to report.

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. This is subject to all required shareholder and regulatory approvals. The process is only expected to conclude in November 2019. 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 and working capital loan from the Bank of China were both extended subsequent to year end, to January 2021 and February 2021 respectively.

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 Note 2 to the Annual Financial Statements.

Litigation, claims and other contingencies

The Reflex arbitration concluded in July 2019 in favour of Jasco. Once-off legal costs of R2.9 million were incurred in this year.

Going concern

Following a detailed review and assessment of the going concern of Jasco Electronics Holdings and its subsidiaries, the directors are of the opinion that the going concern assumption is appropriate for the Jasco group of companies.

Dividend proposal

A dividend is not proposed due to the loss reported for the financial year.

Appreciation

My sincere thanks to our CEO, Mark, all my colleagues and the board for their continued support during these most challenging times.

Warren Prinsloo
CFO

11 October 2019

ICT-Carrier

29% of group revenue (2018: 30%)

Business description

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

Purpose

Deliver quality products with excellent customer service to telecommunications operators and systems integrators.

Strategy

To continue growing the brand and market position through product innovation and diversification.

Market dynamics and operating context

- The Land Mobile Radio (LMR) landscape has changed with the advent of Push to Talk (PTT) radios that use cellular networks, with a resultant decline in base station infrastructure. To counter the effect of declining sales, we have increased our focus on our security product portfolio. This has produced positive results, with an 18% increase in sales in this business during the year.
- The local demand for masts and towers continues to decrease and the expected uptake in demand from neighbouring countries has not yet materialised.
- Continued expansion into fibre infrastructure in Outside Plant (OSP) is expected in the future as more spend is allocated by the telecommunications operators across the Southern African market.
- Focus by operators on driving down costs has led to lower margins in In-Building Systems (IBS). To improve and protect future margins, the portfolio is being reviewed with the intention to expand and diversify our offering and provide more options to the market.
- The rollout of 5G infrastructure in two to three years is expected to create huge opportunity for the kitting business. This is also expected to open up opportunities for small site solutions, such as street poles, which will give us the opportunity to expand our footprint in the market.

Material risks and mitigation

Risks

Depressed economy and market conditions continue for a prolonged period.

Delays in infrastructure spend from a large telecommunications operator extended for a long period.

Mitigation

Constantly identify new market opportunities and innovative ways to address the market demands, while still protecting our margins.

Several new product innovations are currently in development and will be included in our portfolio in the near future.

Performance against strategy – year under review

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 our services capacity. However, the margins in the service area have been under increasing pressure from original equipment manufacturers (OEMs). It was decided to exit the low-margin services business and these contracts have now been terminated.

The reduction in revenue from Carrier Solutions was mainly offset by good growth in Webb Industries. This growth came from increased spending by a large telecommunications operator on their network expansion during the first half. This resulted in Webb Industries exceeding the R300 million revenue mark for the first time.

Operating profit declined by 19.0% to R43.0 million from R53.1 million following the significant revenue decline in Carrier Solutions. Corrective action was taken as the business was restructured, right-sized and integrated into Webb Industries under one management team. Excluding Carrier Solutions, Webb Industries showed a 3% growth in their profitability.

In line with our strategy, the Carrier business will continue to position itself for niche growth areas of 5G and fibre open access networks. New business models which align to smart cities will be evaluated, developed and brought to the market in the future.

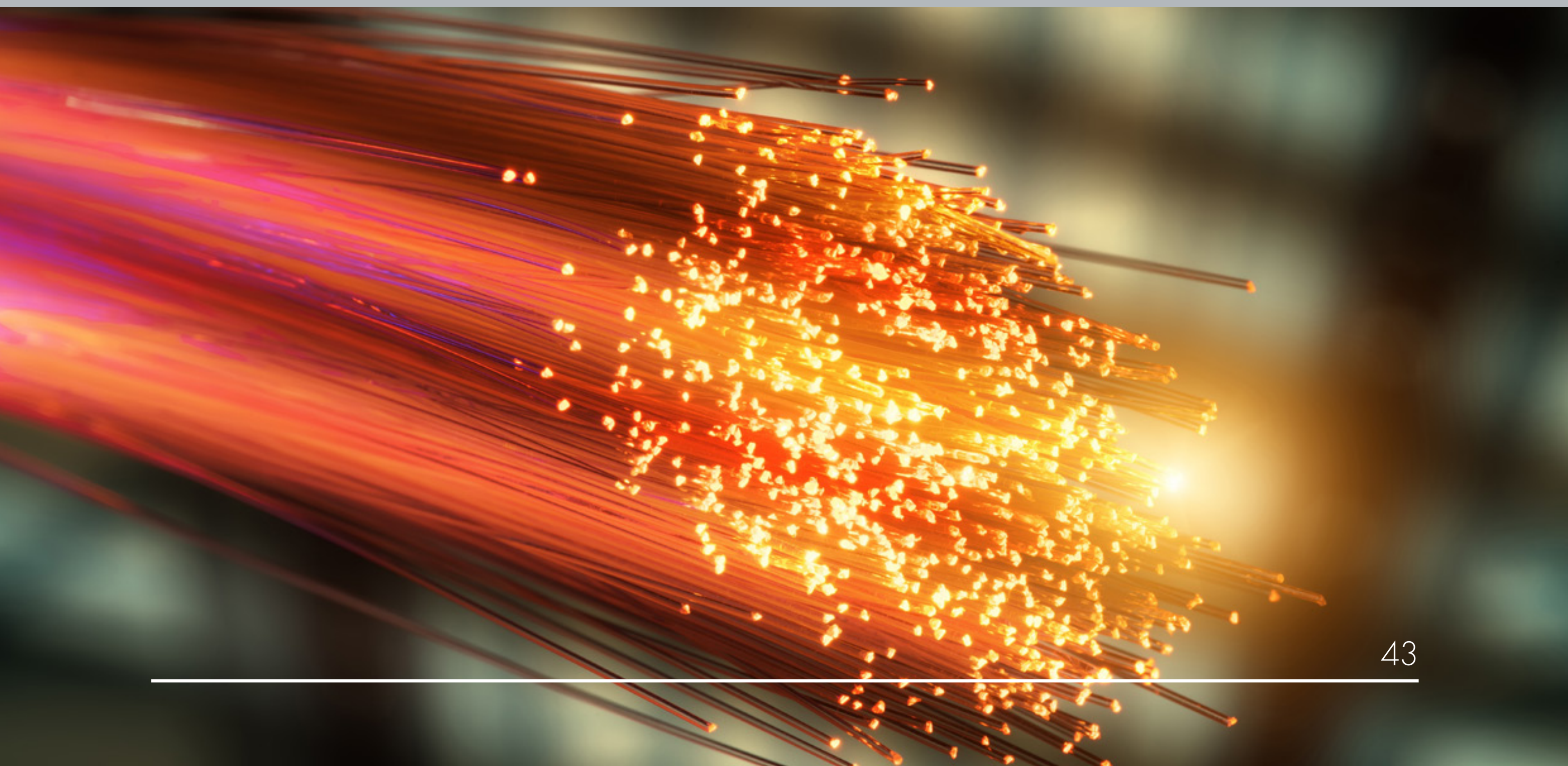
Outlook

Short-term

In the short-term, the slowdown in the second half was a concern. Due to the general state of the economy and uncertainty around when the infrastructure spending patterns will improve, the business does not expect a quick turnaround. A strong focus on sales and introducing new innovative products to market and proactive cost containment will assist in protecting the future revenue and profitability streams.

Medium- to long-term

In the medium- to long-term, increasing demand for more capacity and the need to upgrade existing networks to cater for IoT and 5G will stimulate growth for the business.



ICT-Enterprise

46% of group revenue (2018: 46%)

Business description

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 (i.e. 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.

Purpose

- To offer market-leading solutions and services to enhance our customers' businesses.

Strategy

- Grow the business and become more profitable through delivery of improved value propositions.
- Continually review and enhance the portfolio to enable and optimise integration into smart ecosystems.
- Develop and expand our systems integration, advanced analytics and business consulting capabilities.
- Develop and expand our managed service offerings delivered through annuity revenue models.
- Increase value and differentiation in the market and improve operational efficiencies across all business functions.

Market dynamics and operating context

- The trend to move business applications into the cloud continues. In the contact centre space we will be expanding our current cloud offering to include workforce management (WFM) and quality management (QM).
- The pace of digitisation to improve customer experiences is increasing. We will continue to focus on expanding our integration and business consulting capabilities to deliver on these growing demands.
- In line with this trend, digital transformation strategies have been a major driving force in IT spend, with an increasing shift from capex to opex expenditure. IT infrastructure outsourcing will grow further, offering us the opportunity to expand and grow our offerings.
- Managed services continue to grow, although customers are shifting their focus from service levels to business outcomes. This has a significant impact on service providers' accountabilities and risks. However, it also creates the opportunity for Jasco to strengthen its customer engagement model and expand its consulting capabilities while improving its managed services offering.
- The increasing adoption of pay-on-consumption service models shifts commercial risk from the customer to the service provider. Providers have to invest upfront in platforms and infrastructure and only generate revenue when customers start consuming the service.
- Internet of things (IoT) adoption is on the increase, but not without its challenges. The IDC recently predicted that spending in South Africa will reach $3 billion (R46 billion) by 2023, but more than 30% of implemented projects will fail to deliver a return on investment to local organisations. RAMM Technology's successes in deploying real-time asset tracking and management solutions position us strongly to reap the benefits of the expected increased spend.
- The broadcast industry continues to be disrupted. While television and radio revenues continue to grow, streaming services, such as DSTV's Showmax, Netflix and Amazon Prime Video, are impacting traditional broadcasting. The digital revolution has transformed the industry and poses a threat to the traditional community TV stations, public broadcasters and subscription TV services, as well as traditional television and pay-TV.

Risks

Retention and development of scarce skills.

ICT products are being commoditised and gross margins are under downward pressure.

Declining revenue and market share due to the ICT portfolio falling behind and not keeping up with the latest technology trends and changes in the market.

Mitigation

Continued focus on graduate development programmes to maintain and grow skills levels. Select use of retention agreements to retain key employees.

Ongoing focus on expanding our systems integration and business consulting capabilities.

Develop new business models to deliver solutions as annuity service offerings.

Continued improvement of our portfolio review.

Performance against strategy – year under review

Revenue was down 0.3% from R546.2 million last year to R544.3 million. This was mainly due to increases in the Communications, IT and the 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 pleasingly increased from R329.1 million to R371.7 million.

Operating profit increased compared to last year by 10.7% from R49.4 million to R54.7 million. This was mainly due to 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.

Outlook

Short-term

- Increased sales focus in coastal regions to regain lost market position in our Communications business.
- Target additional large municipalities with our IoT solid waste, water and fleet management solutions after the success with a key municipality.
- Expand our solutions portfolio with new cloud and service-based offerings in the communications and media space and aggressively introduce these to the marketplace. These will include workforce and quality management solutions for contact centres and digital billboards.

Medium- to long-term

- De-risk the business from increasing commoditisation and dependencies on specific OEMs through solutions portfolio diversification, increased value-add and expanded strategic partnerships.
- Develop managed services capabilities based on business outcomes and business consulting.
- Expand and standardise our systems integration and business consulting capabilities across all business areas. This includes the ability to integrate our solutions into complex customer environments and smart ecosystem networks, as well as the ability to provide outcomes-based business consulting for the customer's digital transformation initiatives.
- Positioning of our evolving IoT portfolio to achieve maximum benefit from the expected increase in market opportunities by targeting markets with the highest growth potential and best fit for our skills set.
- Use our smart solutions architecture framework to guide and drive our ongoing portfolio transformation initiatives.

Security & Fire

7% of group revenue (2018: 6%)

Business description

Security & Fire offers design, installation and maintenance of smart technology solutions to address the safety of buildings and people. Our offering ranges from access control, surveillance systems, fire detection and fire suppression to a suite of smart building solutions.

Purpose

Delivering security and fire solutions that assist our customers to manage risks related to physical security and safety of people and assets.

Strategy

To create value-added partnerships with our customers that allow us to understand their risks, identify the right solutions to mitigate these risks and to design, plan and implement solutions that meet their requirements.

Market dynamics and operating context

- Greater focus is being placed by society on the safety of employees in the workplace, particularly in government, state-owned enterprises and corporate facilities to ensure compliance with regulatory requirements. We have increased our emphasis on regulatory compliance in delivering our solutions.
- The security and fire market is highly competitive, driving equipment prices down and applying huge pressure on margins. The opportunity for Jasco is to introduce smarter and more cost-effective solutions to remain competitive.
- Introducing smarter solutions will require specialist skills related to design, integration and implementation management, which are scarce in the market and are at a premium.
- There is an increased trend to deploy security and fire products in internet protocol (IP) network configurations as integrated solutions. Applications are also increasingly being moved into the cloud, which supports Jasco's portfolio strategy.

Risks

Loss of certified specialist skills.

Penalties and cost overruns due to inefficient project execution.

Mitigation

Retention bonuses, continuous training and development.

Expanding the project management capacity and streamline project execution methodology.

Performance against strategy – year under review

Following a business restructuring, the order book grew significantly after combining the Security, Fire and Technical Services businesses in July 2018.

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 also reviewed and obsolete stock was written off.

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

Outlook

Short-term

Although the challenging market conditions will prevail in F2020, the business has a healthy project order book after the restructuring. Focus will now be placed in the short-term on project execution to successfully deliver on project timelines and profitability targets. Improving operational efficiency and appropriate resourcing are receiving attention.

Medium- to long-term

Increased brand awareness, leveraging the group's national footprint and evolving the business solutions into an integrated smart building offering will be key focus areas.

Power & Renewables

1% of group revenue (2018: 1%)

Business description

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

Purpose

To manage business risk caused by power outages through the implementation of our power assurance and renewable solar PV solutions. Through our renewable offerings, to assist customers to combat global warming and reduce dependence on fossil fuels.

Strategy

Develop and deploy innovative power assurance and solar PV solutions by using annuity service business models, thereby reducing the need for customers to incur high capital expenditure.

Market dynamics and operating context

- The requirement for alternative energy supply options continues to be driven by double-digit annual tariff increases by Eskom and local municipalities.
- The threat of ongoing load shedding/power outages remains very real. However, the market is extremely competitive and cost conscious, with customers unwilling to pay relatively high prices for power assurance. The depreciation of the Rand is also driving up input costs. Developing funded solutions models will assist to capitalise on this opportunity by becoming more competitive, while still protecting our margins.
- The Small Scale Embedded Generation (SSEG) solar PV market of less than 1 MW voltage is experiencing double-digit growth rates per annum. This is expected to continue for at least five years. However, due to the ongoing tough economic conditions and political uncertainty, there have been delays in spending in this market by large corporates. This is one of the main drivers of our business model.
- The South African market continues to experience a decrease in the cost of energy storage solutions and deploying this technology to complement renewable energy generation is becoming more feasible. This will assist renewable energy consumers to become less dependent on grid supply through hybrid solutions. This creates an opportunity for Jasco to incorporate the latest energy storage technologies in our portfolio.

Risks

Access to viable funding options.

Customers unwilling or unable to enter into long-term contracts.

Losing key skills.

Mitigation

Different funding options are pursued, including accessing existing renewable energy funds where possible, partnering with equity investors and attracting investment through off-take agreements.

Demonstrate ongoing cost savings through viable business cases.

Focused training and retention schemes.

Performance against strategy – year under review

Revenue declined by 14.5% from R11.6 million to R9.9 million due to the slow uptake in solar PV sales based on customer reluctance to incur large capital investments. This resulted in us 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 due to the completion of the restructuring and improved cost containment.

In line with Jasco's strategy of transforming this 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.

Outlook

Short-term

- Expand the delivery capacity and skills base of the business.
- Target higher tariff grid-supply areas with PPA and LtO offerings.
- Improve the reliability of the power assurance product portfolio to meet customer demands by delivering alternative, value for money products and solutions.
- Focus on large-scale power assurance opportunities.
- Migrate from the low value end of the market and cross-sell to existing group customers.

Medium- to long-term

Our focus will be on expanding our renewable energy offering to include the latest energy storage solutions to enable broader market opportunities and to develop and deliver on our strategy of offering power assurance as a managed service business model.

Electrical Manufacturers

17% of group revenue (2018: 17%)

Business description

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

Purpose

We support our customers by providing superior products and services of exceptional value which assist them to achieve a competitive advantage in their markets.

Strategy

Continue the diversification of our customer base to reduce reliance on a large customer.

Market dynamics and operating context

- The South African industry continues to experience a downturn, with cheap, relatively low added-value products forcing widespread restructuring of businesses to survive.
- As a result, a number of local companies have relocated their manufacturing facilities to low-cost production countries and have themselves become importers.
- Competitiveness in South Africa is also negatively impacted by the rising cost of raw materials, proximity to markets, a relatively small local and regional market and the increased cost of electricity.
- Consumer preferences are increasingly impacting the market. Environmentally-friendly products that are energy efficient, as well as consumer safety and protection, are becoming big drivers.
- The official launch earlier this year of the African Continental Free Trade Agreement (AfCFTA) provides access to a continent-wide market of 1.2 billion people worth $2.5 trillion. The agreement decreases duties on 90% of goods and is expected to open up new markets for South African manufacturers in particular. It may create opportunities in support of our customer diversification strategy.

Risks

Lack of customer diversification.

Continued negative growth in the manufacturing sector and the South African economy.

Mitigation

The diversification of the customer base continued, with two new customers added in F2019.

Continue to improve production efficiencies and cost cutting measures.

Performance against strategy – year under review

Revenue decreased by 3.4% to R196.6 million from last year's R203.5 million. This was a pleasing result considering a 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).

Outlook

Short-term

The short-term consumer market outlook is expected to remain strained. The following initiatives will help to counter the impact on the business:

- Continue to drive the customer and product diversification strategy by focusing on small to medium companies that will provide additional volume at improved product margins.
- Continue with cost saving initiatives by optimising operational structures to reduce input costs and overheads and improve profitability.
- Further efficiency improvement initiatives in factory production will be pursued through higher levels of automation.
- Savings in electricity consumption will be achieved through an ongoing energy-efficient machine replacement policy. Additional savings are also expected from having more cost-effective long-term supply contracts in place.

Medium- to long-term

In the medium and longer-term, increased volumes are expected from the diversification into other markets, such as the motor accessory industry and fibre ducting sectors. In addition, opportunities will also be assessed in the food packaging, medical products, retail, leisure and recreation sectors.

The business unit is in the process of being sold as announced on the Stock Exchange News Service on 4 October 2019.

HOW WE LINK VALUE TO REWARDS

This remuneration review is based on the principles, guidance and requirements of the King report on Corporate Governance (King IV), the Companies Act and the JSE Listings Requirements

The remuneration committee strives to ensure fair and equitable remuneration practices and policies throughout Jasco. Remuneration is linked to high performance values and value creation in line with our strategic objectives.

This remuneration review is structured around three sections:

Section 1 – background statement

The remuneration committee consists of three members:

- Shaheen Bawa, Chairman
- Pumla Radebe, Member
- Joe Madungandaba, Member

The CEO, CFO and Group Executive Human Resources attend the respective meetings by invitation from the chairman.

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

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

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

Focus of the committee

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

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

Key focus areas in F2019

1. Short- and long-term incentives

   Short-term incentives:

   In line with the group's policy, the short-term incentives were reviewed and new key performance indicators (KPIs) set for the group CEO and CFO at the start of the new financial year. Refer to pages 53 and 54 in terms of the F2019 key performance indicators for both the CEO and CFO, as well as the exco team.

Long-term incentive reviews:

The remuneration committee reviewed the most appropriate incentives, with a specific evaluation of the Jasco Share Trust Scheme concluded. As outlined on page 59, as this has not met expectations, it was decided to terminate this scheme in the next financial year.

2. Review of benefits

The committee also reviewed the group's benefit schemes and evaluated current brokers within the market. The group offers life, disability, severe illness, spousal life, trauma, educational and funeral benefits as part of its benefit schemes.

During the year under review, the Elite Umbrella Fund administered by Sanlam was sold to the Sygnia Group. As a result, the group's retirement funds moved across to the Sygnia Group portfolios.

3. Review of grading module

The committee reviewed the group's grading module. After due consideration, a decision was taken that the Paterson grading system remains the most optimal system for the group.

4. Advice sought

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

Advisory services from PE Corporate Survey, PwC, Webber Wentzel and Shepstone Wylie Attorneys.

The committee considered their advice for the group's total salary increase and incentive payments, as well as specific awards for the senior management team. They also reviewed, rewarded and made recommendations in terms of the Jasco Share Trust Scheme.

Key focus areas for F2020

Focus areas will include:

- A review of the remuneration and reward strategy and policy to benchmark against best practice in line with Jasco's focus of becoming an employer of choice;
- Evaluation of the job grading model to ensure best practice within the marketplace and to have clearly-defined job grades across all employment levels, especially management layers;
- Benchmarking the long-term incentive programme against best practice within similar industries and sizes of organisations within South Africa;
- The winding down of the Jasco Share Incentive Trust; and
- Analysis of the group benefits schemes and structures in line with our employer of choice certification.

Key performance indicators for the CEO, CFO and executive committee

Chief executive officer (CEO)

The CEO has multiple years of experience within the ICT sector. He has been with Jasco since 2008.

Key performance areas	Performance
Leadership	The board reviews the performance of the CEO each year. This was completed and it was found that the CEO displays strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, the CEO did not receive any performance-based short-term incentive.
B-BBEE	The group maintained a level 4 B-BBEE contributor status in F2019.
Safety, health, environment and quality (SHEQ)	No fatalities or major injuries were reported. A comprehensive SHEQ audit was conducted to ensure compliance to all health and safety requirements.
Client focus	Jasco's latest Net Promoter Score (NPS) was 44% (2018: 33%)
Group strategic development	Three focus areas for F2019 were: • the improvement of EPS; • transformation within the group; and • working towards becoming an employer of choice.
Stakeholder communication and development	Regular communication with all key stakeholders continued in F2019. Positive informal feedback was received from shareholders, customers and suppliers.

Chief financial officer (CFO)

The CFO is a qualified chartered accountant with experience in finance, management, governance and strategy. He joined the group in 2006.

Key performance area	Performance
Leadership	The annual assessment of the CFO was conducted. This confirmed that he displays strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, the CFO did not receive any performance-based short-term incentive.
B-BBEE	The group maintained a level 4 B-BBEE contributor status in F2019.
External and internal compliance management	There were no adverse audit findings.
Unqualified annual financial statements (AFS)	Unqualified AFS were delivered, as required by the JSE Listings Requirements.
Stakeholder communication and development	Regular communication with all key stakeholders continued in F2019. Positive informal feedback was received from shareholders, customers and suppliers.

Executive committee (exco)

The exco members are individuals who have a combination of experience and skills in management, strategy, human resources, governance, finance, SHEQ, marketing and information technology.

Key performance area	Performance
Leadership	Positive leadership skills were displayed in the year under review following the group's restructure.
Group financial performance	The targeted EPS was not achieved. Accordingly, no performance-based short-term incentives were paid.
B-BBEE	The group maintained a level 4 B-BBEE contributor status in F2019.
SHEQ	A comprehensive SHEQ audit was conducted to ensure compliance with all health and safety requirements.
Compliance and legislation	Internal, external and International Organisation for Standardisation (ISO) audits were successfully conducted.
Socio-economic development (SED)	An SED plan was implemented, with a particular focus on education. The group exceeds the requirement of spending 1% of net profit after tax on SED initiatives.
Stakeholder relationships	Jasco's latest Net Promoter Score (NPS) was 44% (2018: 33%) compared to the national average of 33%.
Teamwork	The exco team focused on executing the group's strategic and operational plans. The employee climate survey was conducted and a 71% baseline was achieved. A target level of 75% within the next two years has been set.

Section 2 – remuneration policies and principles for shareholders' vote at the AGM in November 2019

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

Remuneration committee

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

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

The remuneration committee's responsibilities are to:

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

Remuneration and reward policy

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

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

Jasco therefore aligns the objectives of incentives with the organisation's performance-driven culture, business targets and strategic objectives. Remuneration as a management process is fully integrated with other human resources processes, including performance and talent management.

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

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

Elements of remuneration and reward

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

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

Key principles underpinning our remuneration policy and processes:

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

Key principles

Elements of remuneration

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

Reward element	Instruments	Objectives	Characteristics	Participants
Guaranteed pay – including benefits	• Cost-to-company remuneration • Retirement fund • Healthcare • Risk benefits, including group life, income protection and funeral cover • Leave benefits • Employee wellness and assistance programme	• Attraction and retention • Reward individual performance • Drive long-term strategic objectives and targets • Competitiveness/ market-related benchmarks	• Fixed • Benchmarked to the median of the industry and market	All permanent salaried employees
Short-term incentives	• Annual incentives	• Attraction and retention • Reward individual and group performance • Drive short-term objectives and targets	• Not guaranteed • Non-variable • 8% to 40% of cost-to-company	All permanent salaried employees

Reward element	Instruments	Objectives	Characteristics	Participants
Long-term incentives	• Share option schemes • Phantom share schemes (two- to four-year vesting periods)	• Drive long-term strategic objectives and targets • Retention of key and critical employees • Reward individual and group performance	• Variable • 20% to 30% of cost-to-company	Key executives
Retention scheme payments	Annual incentive during any period	Retention of key and critical employees	Based on a value determined by guaranteed remuneration as a ratio for the basis of the payment of the retention value	High-performing employees who fulfil key and critical roles and performing employees in scarce skills roles

1. Guaranteed remuneration, including benefits

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

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

There is some flexibility when deciding on a healthcare provider. The group has two well-known healthcare providers for employees to choose from. Membership of a medical aid is compulsory either as a dependent or main member of the preferred provider.

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

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

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

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

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

2. Short-term incentives

Short-term incentives depend on the company's performance. It is generally paid on an annual basis and is based on the achievement of key performance indicators (KPIs). KPIs are set annually and are designed to drive both financial and non-financial strategic targets and objectives. The KPIs of executives and prescribed officers include financial indicators such as revenue, profit before interest and tax, earnings per share and return on assets managed, as well as strategic indicators such as the roll-out and implementation of company strategy and objectives. Refer to page 53 and 54 for detailed KPIs of the CEO, CFO and the executive committee members.

Executive performance measures for short-term incentives

Financial measures	
Revenue	All executives
Profit before interest and tax	All executives
Earnings per share	All group executives
Return on assets managed	Financial executives
Strategic measures	
Delivery on company strategy	Set individually for each executive
Other measures	Special projects or job-specific requirements within a financial year

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

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

3. Long-term incentives

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

This trust was designed to provide participants with long-term incentives and to drive long-term strategic growth. Each participant receives an allocation of shares or options and is rewarded for the growth in the value of the shares. Vesting periods are two to four years and options lapse after five years. Refer to page 57 for long-term incentive information.

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

Retention scheme payments

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

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

Non-executive directors

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

Contracts of employment

Permanent employees have employment contracts that comply with the labour law requirements of the country of employment. All employees have a retirement age of 65, which we believe is reflective of working conditions and market benchmarking at senior and executive levels.

Notice periods of employees	
Employees	1 to 2 months
Business unit management	2 to 3 months
Executive management	3 months
CEO and CFO	6 months

Section 3 – Application of the remuneration policy

Remuneration for the year

1. **Guaranteed remuneration, including benefits**

   Against challenging market and economic conditions in South Africa, increases were lower than in previous years. The average increase for permanent employees was below 4%, which was less than the 6% budgeted and lower than the industry average.

   For our employees governed by the Metal and Engineering Industries Bargaining Council, the average increase of 6.5% was awarded in line with the council agreement.

2. **Short-term incentives**

   During the year, the group's earnings and profitability did not meet the expected level. Accordingly, no short-term performance-based incentives were paid to group executives.

   To quality for short-term incentives, each individual business unit must meet certain minimum financial performance criteria to be considered for an incentive payment at the end of the financial year. Due to the current economic and market conditions, only two business units met the minimum criteria in F2018 and qualified for incentives. During the year under review, two business units may qualify for incentives in F2019.

3. **Long-term incentives**

   During the year under review, there were no share allocations to key individuals.

   As previously reported, the share-based incentive scheme was reviewed and the board determined that the cost to the company far outweighed the benefits to the participants on an after-tax basis. No further allocations were made in F2019 and the existing scheme will be wound down.

Remuneration

Executive directors and prescribed officers

The table below reflects a summary of the remuneration earned by the executive directors during F2019:

Rand	Guaranteed remuneration	Short-term incentives	Long-term share-based incentives	Total
Executive directors				
M Janse van Vuuren	3 346 891	–	76 274	3 423 165
WA Prinsloo	3 341 666	–	336 401	3 678 067
TS Petje	2 066 464	–	39 001	2 105 465
S Samuels (Resigned effective 1 July 2019)	1 630 343	–	–	1 630 343
Total	10 385 364	–	451 676	10 837 040

The table below reflects a summary of the shares and options issued to executive directors and prescribed officers:

Participant	Nature	Issue date	Lapse date	Number of shares/ options issued	Number of shares/ options outstanding	Exercise price
WA Prinsloo	Shares	13 June 2016	N/A*	834 881	834 881	81 cents
	Shares	2 June 2015	N/A*	3 253 830	1 626 915	55 cents
	Shares	5 February 2014	N/A*	750 000	187 500	72 cents
M Janse van Vuuren	Options	28 June 2016	28 June 2021	735 546	735 546	81 cents
	Options	2 June 2015	2 June 2020	1 021 642	1 021 642	55 cents
	Options	5 February 2014	30 June 2019	637 000	637 000	72 cents
TS Petje	Options	3 October 2016	3 October 2021	465 702	465 702	93 cents

* No lapse date

Non-executive directors

The following table depicts the remuneration of the non-executive directors for the current year, as well as the proposed fees for the 2020 calendar year. The proposed increases for 2020 are in line with inflation.

Name	Role	2019 Financial year Rand	2019 Calendar year Rand	Proposed 2020 Calendar year Rand
Dr ATM Mokgokong	Chairman and nominations committee chairman	489 282	503 533	533 745
MJ Madungandaba	Deputy chairman, nominations committee member and investment committee chairman	475 060	488 896	518 230
DH du Plessis (Jan 2019 to June 2019)	Audit and risk committee chairman	193 317	386 634	409 832
MSC Bawa	Remuneration committee chairman, social and ethics member and investment committee member	368 717	379 456	402 223
P Radebe	Lead independent non-executive, social and ethics committee chairman, audit and risk committee member, remuneration committee member	368 717	379 456	402 223
T Zondi	Audit and risk committee member and investment committee member	285 410	293 723	311 346
AMF Da Silva	Remuneration committee member and investment committee member	285 410	146 862	–
JF Farrant (July 2018 to Dec 2018)	Audit and risk chairman, remuneration committee member	182 375	retired	retired
Total		2 648 288	2 578 560	2 577 599

HOW WE COMPLY

In line with the Companies Act and the JSE Listings Requirements, the board selects and appoints the group company secretary. With effect from 1 June 2019, the company outsourced its company secretarial function to Mdyesha Ndema Attorneys (lead attorney Mande Ndema) as the group company secretary. Please refer to our website www.jasco.co.za for his CV.

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

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

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

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

Corporate governance and regulatory summary

King IV

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

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

Ethics

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

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

Number to call
+27 800 747 748

Email
jasco@tip-offs.com

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

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

Internal control

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

The audit and risk committee is in the process of appointing a new internal audit partner.

Insider trading

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

Delegation of authority

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

The board and directors

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

Declarations of interest are confirmed at each board and committee meeting and are recorded in the minutes. The board members also ensure that they have sufficient time to devote to their responsibilities to Jasco.

Jasco has a unitary board structure, comprising:

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

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

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

Board evaluation

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

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

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

Appointments to the board

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

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

Mr. Danie du Plessis was appointed as chairman of the audit and risk committee, Mrs. Samantha Samuels resigned as an executive director and Mr. Pete da Silva was appointed as an alternate non-executive director.

Independence of directors

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

The board is currently in the process of appointing another independent non-executive director to further strengthen the audit and risk committee.

Retirement and re-election of directors

All directors are appointed in accordance with Jasco's memorandum of incorporation and are subject to retirement by rotation and re-election by shareholders at least once every three years. Consequently, Mrs Pumla Radebe and Ms Thandeka Zondi will retire by rotation. Being eligible for re-election, they offer themselves for re-election to the board.

Directors' remuneration

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

Information on directors' remuneration appears on page 60.

Risk management

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

The risk and opportunity register is monitored through a detailed process that involves rating the risk and categories with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis. Refer to pages 29 to 31 for the key risks.

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

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

Board meetings

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

An agenda and supporting papers are distributed to all directors prior to each board meeting to allow members sufficient time to prepare for the meeting. Appropriate explanations and motivations are provided for items requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of the directors.

In terms of good governance, the directors may conduct unrestricted inspections of all the group's property, information and records.

Board committees

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

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

The board has five committees through which it operates:

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

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

Audit and risk committee

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

Meetings are held quarterly. Eight meetings were held in the year under review.

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

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

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

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

Social and ethics committee

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

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

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

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

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

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

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

Remuneration committee

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

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

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

Nominations committee

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

The committee consists of two non-executive directors as members and is chaired by the chairman of the board. Meetings are attended by the group CEO on invitation. The committee met once during the year under review.

The purpose of this committee is to:

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

Investment committee

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

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

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

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

The committee also approves smaller projects within its mandate. The committee meets only when required. The investment committee met twice during the year under review to discuss the strategy update and the disposal of Electrical Manufacturers.

F2019 meeting attendance

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

	Board (including budget)	Audit and risk committee	Social and ethics committee	Remuneration committee	Nominations committee	Investment committee
Number of meetings held	6	9	4	2	1	2
Chairman						
ATM Mokgokong	6	N/A	N/A	N/A	1	N/A
Deputy chairman						
MJ Madungandaba	5	N/A	N/A	2	1	2
Independent non-executive directors						
JC Farrant^	5	5	N/A	2	N/A	1
T Zondi	5	9	N/A	N/A	N/A	1
P Radebe	6	9	4	N/A	N/A	N/A
S Bawa	5	N/A	2	2	N/A	2
DH du Plessis*	1	4	N/A	N/A	N/A	N/A
Executive directors						
M Janse van Vuuren	6	by invite	by invite	by invite	by invite	by invite
WA Prinsloo	6	by invite	N/A	by invite	by invite	by invite
TS Petje	6	N/A	4	N/A	N/A	N/A
SM Samuels	6	N/A	4	by invite	N/A	N/A
Non-executive directors						
AMF da Silva°	6	N/A	N/A	2	by invite	2

* Appointed 20 December 2018
^ Retired 20 December 2018
° Alternate non-executive director

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	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 FINANCIAL POSITION

at 30 June 2019

	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

for the year ended 30 June 2019

	Share Capital R'000	Treasury shares R'000	Non-distri-butable reserves R'000	Retained loss R'000	Total parent share holders' equity R'000	Non-con-trolling 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

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2019

	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/(utilised in) 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

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

Notice is hereby given that the 31st annual general meeting of shareholders for the year ended 30 June 2019 will be held in the company's auditorium, Jasco Office Park, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand on Tuesday, 26 November 2019 at 14:00 to consider, and if deemed fit, to pass with or without modification, the following resolutions as set out in this notice.

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

- receive notice of the annual general meeting (the posting record date) is Friday, 4 October 2019; and
- attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 15 November 2019.

Presentation of audited annual financial statements

The annual financial statements of the company and the group, including the reports of the directors, group audit and risk committee and the independent auditors, for the year ended 30 June 2019, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act (abbreviated versions have been included in the Integrated Annual Report, with the full annual statements available on our website).

Presentation of group social and ethics committee report

A report of the members of the group social and ethics committee for the year ended 30 June 2019, as included in the Integrated Annual Report, will be presented to shareholders as required in terms of Regulation 43 of the Companies Regulations, 2011.

Resolutions for consideration and adoption

1. To re-elect Ms T Zondi and Mrs P Radebe. Brief resumes for these directors appear on our website

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

1.1 Ordinary resolution number 1: Re-election of Ms T Zondi as a director

"RESOLVED that Ms T Zondi, who retires by rotation in terms of the MoI of the company and is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company with effect from 26 November 2019."

1.2 Ordinary resolution number 2: Re-election of Mrs P Radebe as a director

"RESOLVED that Mrs P Radebe, who retires by rotation in terms of the MoI of the company and is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company with effect from 26 November 2019."

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

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

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

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

Brief CVs for Mr D du Plessis, Ms T Zondi and Mrs P Radebe appear on the website.

Mr D du Plessis (Chairman);

Ms T Zondi (member); and

Mrs P Radebe (member)."

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

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

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

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

Mrs P Radebe (chairman);

Mr S Bawa (member); and

Mr TS Petje (member)."

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

4. Ordinary resolution number 5: Reappointment of independent external auditors

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

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

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

5. Approval of the remuneration policy

"RESOLVED that through a non-binding advisory vote that the company's remuneration policy and its implementation, as set out in the remuneration report contained on pages 55 to 60 of this report, be and is hereby approved.

5.1 Ordinary resolution number 6: Approval of the company's remuneration policy is hereby approved

5.2 Ordinary resolution number 7: Approval of the company's remuneration implementation report is hereby approved.

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

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

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

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

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

- the restrictions set out below, particularly that the number of shares it is authorised to issue be limited to 29.95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of this notice of AGM, excluding treasury shares; and
- the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 68 681 098 ordinary shares (which represent 29.95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to this ordinary resolution 7 or pursuant to ordinary resolution 8.

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

(a) a maximum amount of 68 681 098 ordinary shares, which represent 29.95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, being placed at the disposal and under the control of the directors;

(b) the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 68 681 098 ordinary shares, which represent 29.95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to this ordinary resolution 7 or pursuant to ordinary resolution 8;

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

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

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

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

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

- allot and issue 11 465 960 shares or options (which number represents up to 5% of the company's equity shares at the date of this notice) in respect of all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the capital of the company purchased by subsidiaries of the company; and
- issue shares for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the following limitations:
  - The securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
  - Any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties.
  - The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 5% (five percent) of the number of issued ordinary shares.
  - This general authority is valid until the earlier of the company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given.
  - An announcement giving full details will be released when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue.
  - In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares.
  - Whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

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

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

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

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

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

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

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

To approve the remuneration of non-executive directors for the period 1 January 2020 until 31 December 2020.

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

"RESOLVED as a special resolution in terms of the Companies Act, No 71 of 2008, as amended, that the remuneration of non-executive directors for the period 1 January 2020 until 31 December 2020 be and is hereby set out as follows:

	Current Rand	Proposed Rand
Chairman of the board	503 533	533 745
Deputy chairman of the board	488 896	518 230
Audit and risk committee chairman	386 634	409 832
Social and ethics committee chairman	379 456	402 223
Remuneration committee chairman	379 456	402 223
Member of a sub-committee	293 723	311 346
Member of the board	206 430	218 816 "

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explanatory Note:

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

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

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

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

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

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

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

Litigation statement

Other than disclosed or accounted for in the Annual Financial Statements, the directors of the company, whose names appear on pages 59 and 60 of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 12 months preceding the date of this notice of annual general meeting.

Material changes

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

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

- directors and management – refer to inside front cover of the Integrated Annual Report;
- major shareholders of the company – refer to the Annual Financial Statements;
- directors' interest in the company's shares – refer to the Annual Financial Statements
- share capital of the company – refer to the Annual Financial Statements.

Identification, voting and proxies

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

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

A form of proxy is attached for the convenience of any certificated or dematerialised Jasco shareholders with own-name registrations who cannot attend the annual general meeting, but who wishes to be represented thereat. To be valid, completed forms of proxy must be received by the transfer secretaries of the company, Link Market Services South Africa (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, by no later than 14:00, 22 November 2019.

All beneficial owners of Jasco shares who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their CSDP, broker or nominee to issue them with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration and who are entitled to attend and vote at the annual general meeting do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the annual general meeting be entitled to lodge the form of proxy in respect of the annual general meeting, in accordance with the instructions therein with the chairman of the annual general meeting.

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

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

By order of the board

Mdyesha Ndema Attorneys
Group Company Secretary
Midrand

11 October 2019

FORM OF PROXY

Jasco Electronics Holdings Limited

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

For use ONLY by certificated shareholders and own-name dematerialised shareholders at the annual general meeting of Jasco shareholders to be held in the company's boardroom, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand, at 14:00 on 26 November 2019 or such later time that may be applicable ("the annual general meeting" or "AGM").

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

I/We ____ (Please print name in full)

of ____ (address)

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

1. ____ or failing him/her,
2. ____ or failing him/her,
3. the chairman of the annual general meeting, as my/our proxy to attend, speak and vote on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the resolutions or to abstain from voting in respect of the shares in the issued capital of Jasco registered in my/our name/s, in accordance with the following instruction (refer to note 2):

	In favour	Against	Own discretion	Abstain
As ordinary resolutions				
1. To elect or re-elect directors 1.1 To elect Ms T Zondi who retires by rotation and is eligible and available for re-election				
1.2 To elect Mrs P Radebe who retires by rotation and is eligible and available for re-election				
2. To elect group audit and risk committee members				
3. To elect group social and ethics committee members				
4. To reappoint PwC Inc. as independent auditors of the company and the group and to note Mr B Humpherys as the designated audit partner until the next annual general meeting				
5. To endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the remuneration report contained in the integrated annual report				
5.1 To approve the company's remuneration policy				
5.2 To approve the company's remuneration implementation report				
6. To place the authorised but unissued shares under the directors' control				
7. General authority to issue shares, and to sell treasury shares for cash				
8. To authorise directors and/or the company secretary to implement the resolutions set out in the notice convening the annual general meeting				
As special resolutions:				
1. To approve the remuneration to be paid to the non-executive directors for the period 1 January 2020 until 31 December 2020				
2. To authorise financial assistance to related and inter-related companies				
3. To provide general authority to acquire ("repurchase") shares.				

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

Signed at ________________________________ on ____________________ 2019

Signature ____

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

Please read the notes overleaf.

Notes to the form of proxy

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

1. A Jasco shareholder may insert the name of a proxy or the names of two alternative proxies of the Jasco shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the Jasco shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Jasco shareholder or his/her proxy is not obliged to use all the votes exercisable by the Jasco shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. The date must be filled in on this form of proxy when it is signed.
4. The completion and lodging of this form of proxy will not preclude the relevant Jasco shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of Jasco or waived by the chairman of the annual general meeting of Jasco shareholders.
6. Any alterations or corrections made to this form of proxy must be initialed by the signatory/(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Jasco.
8. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to and received by the transfer secretaries, Link Market Services South Africa (Pty) Limited, at 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 or the company secretary at Corner of Alexandra Avenue and 2nd Street, Halfway House, Midrand, 1632 (PO Box 860, Wendywood, 2144), by no later than 14:00 on Friday, 22 November 2019, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 14:00 on Tuesday, 26 November 2019, provided that should the transfer secretaries or the company secretary receive a Jasco shareholder's form of proxy less than 48 (forty-eight) hours before the annual general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the AGM before the appointed proxy exercises any of such Jasco shareholder's rights at the AGM (or any adjournment of the general meeting).
9. Documentary evidence of all meeting participants, including proxies, must be attached to this proxy, unless previously recorded by the company secretary. CSDPs or brokers registered, voting on behalf or at the instruction of the form beneficial owners of shares registered, are requested that they identify the beneficial owners in the register on whose behalf they are voting and return a copy of the instruction of such owner to the company secretary or to the Transfer Secretaries, Link Market Services.
10. The chairman of the annual general meeting may accept or reject any form of proxy, in her/his absolute discretion, if it is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the transfer secretaries of Jasco.
12. Dematerialised shareholders, other than with own-name registration, must NOT complete this form of proxy and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders.
13. The directors have not made any provision for the electronic participation at the AGM.

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JascoGroup

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@Jasco_SA

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