THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretation commencing on page 4 of this document apply *mutatis mutandis* throughout this document including this cover page, **except where the context indicates a contrary intention.**

Action required by certificated and dematerialised shareholders:

This Circular is issued in compliance with the Listings Requirements of the JSE Limited, for the purpose of providing information to the public with regard to the Company.

This document is important and should be read with particular attention to the section of this Circular entitled: "Action required by shareholders", which commences on page 2.

If you are in any doubt as to what action you should take, please consult your broker, banker, legal advisor, CSDP or other professional advisor immediately.

If you have disposed of all your Jasco shares, this Circular should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Jasco does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Jasco shares to notify such beneficial owner of the transactions set out in this Circular.

INSPIRE.INNOVATE.

JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number: 1987/003293/06)
Share Code: JSC
ISIN: ZAE000003794
("Jasco" or "the Company")

CIRCULAR TO JASCO SHAREHOLDERS

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regarding the:

- **the Disposal of the Electrical Manufacturers Division of Jasco Trading Proprietary Limited (a wholly-owned subsidiary of Jasco, to African Zaibatsu Proprietary for a maximum expected Disposal Consideration of R65 million; and**
- **the approval of the non-executive directors' fees for the period January 2020 to December 2020.**

and incorporating:

- **a notice convening a general shareholders' meeting; and**
- **a form of proxy *(yellow)* for use by certificated and own-name dematerialised shareholders only.**

shareholders are referred to paragraph 17 of this document, which outlines the directors' responsibility statement in regard to this document.

Joint Corporate Advisor and Sponsor

GRINDROD BANK

Auditors and Reporting Accountants of Jasco, Jasco Trading and EM

pwc

Legal Advisors

RASHAAD SUJEE legal

Corporate Advisor

SAMUELKENNEDY INVESTMENTS (PTY) LTD

Date of issue: Thursday, 19 December 2019

This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Jasco and the Corporate Adviser and Sponsor whose addresses are set out in the "Corporate information and advisors" section of this Circular and will be available in electronic form Wednesday, 18 December 2019 to Tuesday, 21 January 2020 as well as from the Company's website (www.jasco.co.za).

CORPORATE INFORMATION AND ADVISORS

Registered office of Jasco

Corner Alexandra Avenue and 2nd Street
Midrand, 1685
(PO Box 860, Wendywood, 2144)
Date and place of incorporation:
20 July 1987 – Pretoria, South Africa

Transfer Secretaries

Link Market Services Proprietary Limited

(Registration number 2000/007239/07)
13th Floor,
19 Ameshoff Street, Braamfontein,
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Joint Corporate Advisor and Sponsor to Jasco

Grindrod Bank Limited

(Registration number 1994/007994/06)
4th Floor, Grindrod Tower
8A Protea Place
Sandton, 2146
(PO Box 78011, Sandton, 2146)

Corporate Advisor to Jasco

Samuelkennedy Investments Proprietary Limited

(Registration number 2003/016302/07)
Erf 3 Panther Road,
Boskruin, 2154
(PO Box 2908, Rivonia, 2128)

Company Secretary

Mdyesha Ndema Attorneys

(Practice number #48453)
Spaces, Design Quarter, Leslie Road,
Fourways, Johannesburg 2191
(Postnet Suite 1, Private Bag X75, Bryanston, 2011)

Auditors and Reporting Accountants to Jasco

PricewaterhouseCoopers Inc.

(Registration number 1998/0120551/21)
Waterfall City, 4 Lisbon Lane, Jukskei View
Midrand, 2090
(Private Bag X36 Sunninghill, 2157)

Legal Advisor to Jasco

Rashaad Sujee Legal

(LPC Firm number 27979)
Orion Street,
Kensington,
Johannesburg, 2094
(PO Box 809, Crown Mines, 2025)

Directors of Jasco:

Executive:

M Janse van Vuuren (Chief Executive Officer)

WA Prinsloo (Chief Financial Officer)

T Petje (Business Development Director)

Non-Executive:

Dr ATM Mokgokong (Chairperson)

MJ Madungandaba (Deputy Chairperson)

P Radebe (Lead Independent)#

DH du Plessis#

MSC Bawa#

T Zondi#

AMF da Silva (Alternate director)

Independent

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The definitions and interpretations commencing on page 4 of this document have been used in this section.

ACTION REQUIRED BY SHAREHOLDERS

The "Definitions and Interpretations" commencing on page 4 of this Circular apply *mutatis mutandis* to the following section on "Action required by shareholders."

Please take careful note of the following provisions regarding the action required by shareholders:

This Circular contains important information regarding the Disposal and matters relating thereto.

Shareholders should not construe anything in this Circular as legal, business or tax advice. Shareholders who are in any doubt as to what action to take should consult their CSDP, broker, banker accountant or other professional adviser immediately.

1. If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, accountant or other professional adviser immediately.
2. If you have disposed of all of your shares, please forward this Circular to the purchaser of such shares or the broker, CSDP, banker or other agent through whom such disposal was effected.
3. This Circular contains information relating to the Disposal. You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

General meeting

Shareholders are invited to attend the general meeting to be held at the registered office of Jasco namely, Corner Alexandra Avenue and 2nd Street, Midrand, 1685, South Africa on Tuesday, 21 January 2020 at 14h00.

The notice convening the general meeting is attached to this Circular.

HOLDERS OF CERTIFICATED SHARES AND HOLDERS OF DEMATERIALISED SHARES WITH OWN-NAME REGISTRATION

1. You are entitled to attend or be represented by proxy at the general meeting.
2. If you are unable or do not wish to attend the general meeting, and wish to be represented thereat, you must complete and return the attached form of proxy *(yellow)* in accordance with the instructions there in so as to be received by the transfer secretaries, Link Market Services South Africa Proprietary Limited, at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) (or email to meetfax@linkmarketservices.co.za) by 14h00 on Friday, 17 January 2020 or handed to the chairman of the general meeting before your appointed proxy exercises any of your rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive your form of proxy less than 48 hours before the general meeting, you will need to procure that a copy of your form of proxy is handed to the chairman of the general meeting before your proxy exercises any of your rights at the general meeting (or any adjournment of the general meeting).

HOLDERS OF DEMATERIALISED SHARES OTHER THAN WITH OWN-NAME REGISTRATION

1. You must not complete the attached form of proxy.
2. If you wish to attend or be represented by someone other than your CSDP or broker at the general meeting, you must advise your CSDP or broker timeously in order for them to issue you with the necessary letter of representation to enable you to attend or be represented at the general meeting. Should you not wish to attend the general meeting in person or be represented at the general meeting by someone other than your CSDP or broker, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the general meeting.
3. If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker immediately. Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the Custody Agreement governing the relationship between yourself and your CSDP or broker and provide them with your instructions.

IMPORTANT DATES AND TIMES RELATING TO THE DISPOSAL

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this section.

	2019
Record date to determine which shareholders are eligible to receive this Circular	Friday, 6 December
Posting of this Circular including notice of general meeting to shareholders	**Thursday, 19 December**
	2020
Last day to trade in Jasco ordinary shares in order to be recorded in the register to vote at the general meeting	Tuesday, 7 January
Voting record date to vote at the general meeting	Friday, 10 January
Last day to lodge forms of proxy in respect of general meeting by 14h00 on	Friday, 17 January
General meeting to be convened at 14h00 on	**Tuesday, 21 January**
Publication of results of general meeting on SENS	**Wednesday, 22 January**

Notes:

1. The above dates and times may be subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. Unless otherwise indicated, all times are South African times.
3. Any Form of Proxy *(yellow)* not delivered by 14h00 on Friday, 17 January 2020 may be handed to the chairman of the general meeting immediately before the appointed proxy exercises any of the shareholder rights at the general meeting.
4. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid.

DEFINITIONS AND INTERPRETATIONS

In this document including its attachments, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following expressions bear the meanings assigned to them below:

"**Assumed Liabilities**"	the Assumed Liabilities, means the liabilities of EM, that will be assumed by AZC as part of the Disposal, including trade and other payables (excluding the portion of trade payables to related parties), Employee and other provisions and interest-bearing liabilities (finance leases);
"**AZC**"	African Zaibatsu Corporation Proprietary Limited (registration number 2019/044983/07), a private company incorporated in South African, the sole shareholder and director being Mr Sizwe Kotane (ID number 8401065676084);
"**BEE**"	Black Economic Empowerment;
"**Board**" or "**the Directors**"	the Board of Directors of Jasco, as reflected on the corporate information page on the inside front cover;
"**Broker**"	any person registered as a broking member (equities) in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"**Business day**"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"**CEO**"	Chief Executive Officer;
"**Certificated shares**"	Jasco shares, represented by a share certificate or other document(s) of title, which are not dematerialised shares;
"**Certificated shareholders**"	holders of certificated shares;
"**Circular**"	this bound document, dated Thursday, 19 December 2019, including the annexures hereto;
"**Closing Date**"	subject to the fulfilment or waiver of the conditions precedent, the second business day after the Disposal Consideration has been determined, expected to 2 May 2020;
"**Commission**" or "**CIPC**"	the Companies and Intellectual Property Commission, established in terms of section 185 of the Act, or its successor body;
"**Companies Act**" or **Act**"	the Companies Act 2008, (Act No. 71 of 2008), as amended;
"**CSDP**"	Central Securities Depository Participant, being a participant as defined in section 1 of the Financial Markets Act;
"**dematerialisation**"	the process by which certificated shares are converted to electronic form as uncertificated ordinary shares and recorded in a sub-register;
"**dematerialised shareholders**"	shareholders who hold dematerialised shares;
"**dematerialised shares**"	shares that have been dematerialised;
"**Disposal**"	the disposal of Jasco Trading Proprietary Limited's 100% interest in the electrical manufacturers division to AZC, for the Disposal Consideration;
"**Disposal Agreement**"	the transaction agreement between Jasco, Jasco Trading Proprietary Limited and AZC (dated 26 September 2019), the first addendum thereto (dated 4 October 2019) and the second addendum thereto (dated 28 November 2019);

"**Disposal Consideration**"	the Disposal Consideration payable by AZC in respect of EM, will be the value of the Sale Assets less the Assumed Liabilities as at the effective date of the transaction, expected to be a maximum aggregate amount of R65 million;
"**Effective Date**"	the effective date of the Disposal Agreement will fall on the last day of the month in which the last of the condition's precedent have been fulfilled or waived, as the case may be, currently expected to be on or about 31 March 2020;
"**EM**"	The electrical manufacturers division of Jasco Trading;
"**Financials Markets Act**"	the Financials Markets Act, 2014 (Act no. 19 of 2012), as amended;
"**General meeting**" or "**shareholders meeting**"	the meeting of shareholders to be held at Corner Alexandra Avenue and 2nd Street, Midrand, 1685, at 14h00, on Tuesday, 21 January 2020, to consider and if deemed fit, approve the resolutions necessary to implement the Disposal;
"**Government**"	the Government of South Africa;
"**Jasco**" or "**the company**"	Jasco Electronics Holdings Limited, (registration number 1987/003293/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the main Board of the stock exchange operated by the JSE;
"**Jasco Corporate Bond**"	The listed corporate bond, as part of Jasco's Domestic Medium Term Note Programme, issued on 30 January 2015, which bears interest at the three-month JIBAR plus 3.25%. Interest is repaid quarterly and the entire capital plus any accrued interest is repayable on 31 January 2021. These instruments are senior unsecured floating rate notes;
"**Jasco group**"	Jasco and its subsidiaries and associates;
"**Jasco Trading**"	Jasco Trading Proprietary Limited, (registration number 1981/005693/07), a wholly-owned subsidiary of Jasco;
"**Jasco shareholders**" or "**shareholders**"	all registered holders of Jasco issued ordinary shares;
"**Jasco shares**" or "**ordinary shares**" or "**shares**"	the ordinary shares in the capital of the company of no par value;
"**ICT**"	information and communications technology;
"**Income Tax Act**"	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
"**JSE**"	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"**Last practicable date**"	Monday, 9 December 2019, being the last practicable date prior to the finalisation of this document;
"**Listings Requirements**"	the listings requirements of the JSE;
"**MOI**"	the Memorandum of Incorporation of Jasco;
"**Notice of shareholders' meeting**"	the notice convening the shareholders' meeting which is attached to and forms part of this Circular;
"**Own-name dematerialised shareholders**"	dematerialised shareholders who have elected to have own-name registration;
"**Parties**"	Jasco Trading, AZC and Jasco;
"**R**" or "**Rand**" or "**cents**"	South African rand and cents, the lawful currency of South Africa;
"**Register**"	Jasco's securities register, including all sub-registers;
"**Repayment Period**"	the repayment period of 24 months from the Closing Date for the repayment of R5 000 000 of the Purchase Consideration;

“**Reporting accountants**” or “**auditors**”	PricewaterhouseCoopers Incorporated, the reporting accountants and auditors of Jasco, Jasco Trading and EM;
“**Sale Assets**”	the Sale Assets consists of the following: • Book Debts: all trade and other debtors, all contracts in respect of or relating to EM in existence as at the effective date; • Contracts: all contracts in respect of or relating to EM in existence as at the effective date and which shall include without limitation the material contracts, lease agreements, credit agreements, unexecuted or partially executed orders and tenders (whether they are awaiting adjudication or in respect of which contracts have been awarded); • Fixed Assets: the tangible and intangible assets owned and used by EM in connection with the Business as at the effective date; • Intellectual Property: all right, title and interest in and to any copyright, provisional or complete patents, registered or pending designs, licences, registered or unregistered trademarks and trading names, registered domain names and any information or technical know-how owned or used in connection with the Business and its operation as at the effective date. The name “Jasco” is not being sold as part of the Disposal and is excluded from all Intellectual Property; • Stock: all of the inventory of EM in relation to the Disposal as at the effective date, including the stock of raw materials, work-in-progress and finished products, as well as consumable stores, packing materials, spare parts and stock-in-transit (being stock purchased by EM prior to the effective date but not yet delivered;
“**SENS**”	the Stock Exchange News Service, the news service operated by the JSE;
“**Shareholders**”	certificated shareholders and dematerialised shareholders;
“**South Africa**”	the Republic of South Africa;
“**Strate**”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act, which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“**Subsidiary**”	a subsidiary company, as defined in paragraph 3 of the Act;
“**Takeover Regulations**”	the regulations made by the Minister in terms of sections 120 and 223 of the Act;
“**Transfer secretaries**” or “**Link**”	Link Market Services Proprietary Limited (registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa;
“**VAT**”	Value-Added Tax;
“**Voting record date**”	the last day for shareholders to be recorded in the register in order to vote at the general meeting, being close of business on Friday, 10 January 2020;
“**VWAP**”	volume weighted average price; and
“**Working Capital Facility**”	the working capital facility of R150 million from the Bank of China Limited Johannesburg Branch, which was raised on 13 May 2017. The working capital facility is secured by a cession of the debtors of the major subsidiaries of the group and bears interest at the three-month JIBAR plus 330 basis points, which is payable on a quarterly basis. The capital is repayable in one instalment by 27 February 2021 (2018: 27 February 2020).

JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number: 1987/003293/06)
Share Code: JSC
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("Jasco" or "the Company")

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In an announcement released on SENS on Friday, 4 October 2019, shareholders were advised that Jasco Trading, had entered into a Disposal Agreement with AZC. In terms of the Disposal Agreement AZC will acquire from Jasco Trading's 100% of EM for the maximum Disposal Consideration of R65 million. The salient terms of the Disposal Agreement are set out in this Circular.

The purpose of this Circular is to provide shareholders with the information on the Disposal, which constitutes a category 1 transaction in terms of the Listings Requirements and to convene a general meeting of shareholders at which shareholders can consider and vote on the resolutions required to implement the Disposal.

2. BACKGROUND AND RATIONALE FOR THE DISPOSAL

Jasco has previously investigated exiting or restructuring EM into more focused areas, such as plastics and metal pressings, to reduce input costs from a cost of sales and overhead perspective to improve profitability levels. In 2018 the decision was made to focus on additional customer diversification to reduce the reliance on major appliance manufacturers and improve margins before further consideration will be given to a possible disposal.

The EM business continued to come under pressure from its largest customer in the appliance white goods market. The more profitable product lines in the wiring harness space were lost to competitors due to unsustainably low pricing levels. This had a negative impact on the gross margin product mix.

The Disposal of EM remains in line with the management of Jasco's continued focus on exiting from non-core and low value-adding businesses. In addition to this, the Disposal is anticipated to yield the following benefits to the Jasco Group:

- utilisation of the proceeds from the Disposal to redeem the Jasco Corporate Bond and reduce the Working Capital Facility thereby strengthening Jasco's balance sheet;
- a reduction of Jasco's interest cost expense and the resultant improvement of cash flows; and
- free up significant executive management time and resources to focus on the core operations of Jasco.

3. BACKGROUND TO AZC

AZC is a 100% black-owned and 100% black youth-owned South African company that invests in and through active management, adds value to businesses that are aligned strategically to the African continent's developmental objectives. AZC's primary investment focus is on businesses within the Industrial Sector characterised by the predictable cash flows, potential for growth and a strong management team.

4. BACKGROUND TO EM

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

EM is primarily a manufacturer of componentry for the Domestic appliance industry in South Africa. Other products, which are offered by EM, include branded (Just Chlor) swimming pool chlorinators and accessories. EM is also a manufacturer of componentry for the appliance industry, but its scope extends to the large as well as small appliance industry. The main product lines are electrical cord-sets, metal pressings and assembled electrical products, which form part of the newly acquired Snapper Electrical Range as well as various plastic moulded componentry that are contract manufactured.

EM essentially has two distinct departments, namely: Domestic and Poolcare. The automotive business was sold during 2014 to Lumen International.

- Domestic: This department is concerned with the manufacture and assembly of wiring harnesses and plastic moulded componentry for the large appliance manufacturers in South Africa. This department is also responsible for the manufacture of plastic componentry used in the manufacture of the "Snapper" and associated domestic electrical connectors and extenders. These products are then distributed to the component's operation for assembly and distribution.
- Poolcare: This department is concerned with the manufacture and distribution of domestic swimming pool products. The "Just Chlor" pool chlorinator is the primary product associated with this department.

5. STRUCTURE AND SALIENT TERMS OF THE DISPOSAL

5.1 Disposal Agreement

In terms of the Disposal Agreement Jasco will sell to AZC, EM, the business of contract manufacturing components for predominantly the domestic appliance industry in South Africa conducted as a going concern under the name and style of "Jasco Electrical Manufacturers", comprising the Sale Assets and the Assumed Liabilities;

5.1.1 Sale Assets and Assumed Liabilities

The value of the Sale Assets as at 30 June 2019 was R100.1 million and the value of the Assumed Liabilities at the same date was R 38.6 million. The net amount of Sale Assets less Assumed Liabilities was R61.5 million. The Disposal excludes Cash and cash equivalents (amounting to R15.4 million) and amounts owing by group companies (amounting to R178.1 million) which will be retained by Jasco.

5.2 Employees of EM

Section 197 of the Labour Relations Act, 1995 ("LRA") applies to the Disposal Agreement. Accordingly, with effect from the Effective Date the employment of each employee will be transferred to AZC and continue in force with AZC as the new employer in terms of the LRA. All the rights and obligations as at the Effective Date between Jasco and each employee will continue in force as if they had been rights and obligations between AZC and each Employee

The transfer of the contracts of employment will not interrupt any of the employees' continuity of employment and each employee's contract of employment continues with AZC as if with Jasco, and no retrenchments of the employees are contemplated by AZC.

5.3 Payment of Disposal Consideration

The Disposal Consideration payable for EM:

5.3.1 The Disposal Consideration payable by AZC in respect of EM, will be the value of the Sale Assets less the Assumed Liabilities as at the effective date of the transaction. It is expected to be a maximum aggregate amount of R65 million.

5.3.2 The final Disposal Consideration will be determined based on the financial statements of EM for the period from 30 June 2019 to the Effective Date (the "Effective Date financial statements") and will consist of the aggregate value of the Sale Assets less the Assumed Liabilities. The Effective Date financial statements will be prepared and audited by no later than 60 days after the Effective Date.

5.3.3 The Disposal Consideration will be settled as follows:

5.3.3.1 AZC will pay the Disposal Consideration, less R5 million on the Closing Date;

5.3.3.2 Within 24 months after the Closing Date, AZC will pay the R5 million together with interest thereon at a rate of 5% calculated per annum from the Closing Date.

5.3.4 AZC has partnered with the Industrial Development Corporation of South Africa Limited ("IDC") as a preferred funding partner to fund the Disposal Consideration.

5.3.5 The proceeds from the Disposal will be applied towards reducing the Jasco Corporate Bond and the Working Capital Facility.

6. CONDITIONS PRECEDENT TO THE DISPOSAL

6.1 The conclusion of the Disposal is subject to the fulfilment of the following conditions precedent by no later than the dates set out below, or such later date as is agreed in writing by the parties:

6.1.1 By no later than 26 March 2020, the approval of the requisite majority of Jasco shareholders at a properly convened general meeting, by means of written resolution;

6.1.2 By no later than 26 March 2020, any third party consents or waivers that may be necessary to be able to give effect to the Disposal Agreement have been obtained;

6.1.3 By no later than 26 March 2020, the funding agreements between AZC and the IDC, in respect of the funding of the Disposal, are executed and become unconditional in accordance with their terms;

6.1.4 By no later than 26 March 2020, the approval, insofar as it may be necessary, of the Competition Authorities to the transaction set out in the Disposal Agreement, which approval must either be unconditional, or subject to conditions that are acceptable to all the parties.

The Disposal Agreement further contains legal warranties and indemnities which are considered normal in respect of a transaction of this nature.

7. *PRO FORMA* FINANCIAL EFFECTS

The preparation of the *pro forma* financial effects is the responsibility of the directors of Jasco.

The table below, and Annexure 4 set out the *pro forma* financial effects ("*pro forma* financial effects") of the Disposal on Jasco. The *pro forma* financial effects are prepared for illustrative purposes only and may not fairly represent Jasco's results, financial position and changes in equity after the Disposal for the purposes of the *pro forma* financial effects, it has been assumed that the Disposal took place with effect from 1 July 2018 for the statement of comprehensive income and 30 June 2019 for the statement of financial position.

The summary *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited, published financial statements of Jasco for the year ended 30 June 2019. The reporting accountants' reasonable assurance report on the *pro forma* financial effects is set out in Annexure 5 to this Circular.

	Before (cents) Note 1	*Pro forma* After the Disposal (cents) Note 2	Change (%)
Basic earnings per share	(12.9)	(13.1)	1,6%
Headline earnings per share	(10.7)	(12.8)	19,7%
Diluted earnings per share	(12.9)	(13.8)	1,6%
Diluted headline earnings per share	(10.7)	(12.8)	19,7%
Net asset value per share	64.5	65.1	0,8%
Net tangible asset value per share	(9.0)	(8.1)	10,1%
Number of shares in issue	229 319 191		229 319 191
Weighted average number of shares	226 280 586		226 280 586

Notes:

1. The "Before" column has been extracted, without adjustment, from Jasco's published audited final results for the year ended 30 June 2019.
2. The "After" column reflects the impact of the *pro forma* adjustments on Jasco as a consequence of the Disposal. The effects of the Disposal are calculated on the assumption that the initial Disposal Consideration of R60 million will be utilised to reduce the Jasco Corporate Bond and the Working Capital Facility.
3. For the purposes of calculating the net asset value per share and net tangible asset value per share, the effect of the Disposal is done on the basis that it was effective 30 June 2019. For the purposes of calculating the basic, diluted, headline and diluted headline earnings per share, the effect of the Disposal is done on the basis that it was effective 1 July 2018.
4. The detailed notes and assumptions to the *pro forma* financial effects are presented in Annexure 4 and the *pro forma* financial effects should be read in conjunction with the Jasco *pro forma* statement of financial position and the *pro forma* income statement contained therein. The Independent Reporting Accountant's assurance report on the *pro forma* financial effects and *pro forma* financial information is contained in Annexure 4.

8. HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of EM for the three financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 has been extracted from the audited financial statements of Jasco Trading is included in Annexure 1 to this circular.

A strategic overview and commentary on the Historical Financial Information of EM for the three financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 is included in Annexure 1 of this circular and is the responsibility of the Directors.

9. ESTIMATED EXPENSES

There have been no preliminary expenses incurred by Jasco or Jasco Trading in the three years immediately preceding the date of the Circular. It is estimated that Jasco's expenses relating to the Disposal will amount to approximately R2.76 million. The expenses (excluding VAT) relating to the Disposal are detailed below.

Nature of expense	Party	R
JSE documentation inspection fee	JSE Limited	49 912
Printing, publication and distribution	Ince	58 342
Joint corporate advisor and sponsor	Grindrod Bank Limited	750 000
Reporting accountants and auditors	PwC	1 750 000
Legal fees	Rashaad Sujee Legal	50 000
Corporate advisor	Samuelkennedy Investments	100 000
Total		**2 758 254**

10. VENDOR INFORMATION

Details of the Vendors of material assets acquired by Jasco, or by any subsidiaries of Jasco, during the three years preceding the publication of this Circular is detailed in Annexure 7.

11. **MATERIAL CONTRACTS**

Other than as set out in Annexure 7 to this Circular, neither Jasco nor any of its subsidiaries or associated entities have entered into any restrictive funding arrangements or contracts that are not carried on in the ordinary course of business, or proposed to be carried on, by the group, either in the two years prior to the date of this Circular or containing an obligation or settlement that is material to Jasco or its subsidiaries or associated entities as at the date of this Circular.

12. **MATERIAL LOANS AND BORROWINGS**

Details of the material loans and borrowings of the Jasco group are set out in Annexure 6 of this Circular.

13. **MATERIAL CHANGES**

Other than the proposed Disposal, there have been no material changes in the financial or trading position of Jasco and its subsidiaries since the end of the last financial period for which the audited financial results for the year ended 30 June 2019 have been published.

Other than the proposed Disposal, there have been no other material change in the financial or trading position of EM since the financial year ended 30 June 2019, as covered by the report of historical financial information set out in Annexure 1, and the last practicable date.

14. **LITIGATION AND LEGAL PROCEEDINGS STATEMENT**

At the last practicable date there were no legal or arbitration proceedings (including proceedings which are pending or threatened) of which the Jasco directors are aware, which may have or have had during the 12 months preceding the date of this circular, a material effect on the Company and the Jasco Group's financial position, other than the matter below.

Jasco, the majority shareholder in Reflex Solutions Proprietary Limited ("Reflex") were in dispute regarding the validity of the cancellation by the minority shareholders of the sale and shareholders' agreements entered into between Jasco and Reflex in 2017. The matter was taken to arbitration, which process was concluded on 17 July 2019.

The arbitrator found in favour of Jasco and ruled that the attempted cancellation by the minority shareholders of the sale of shares and shareholders' agreement was invalid and that the agreements entered into between Jasco, and Reflex as well as Jasco's majority interest in Reflex, remains in full force and effect. The parties accepted the outcome of the arbitration and waive their respective rights to appeal or review the arbitration award, on 31 July 2019.

15. **MAJOR JASCO SHAREHOLDERS**

Insofar as is known to the directors of Jasco, on the last practicable date, the shareholders directly or indirectly beneficially interested in 5% or more of the issued capital of Jasco are as set out in the table below:

Name	**Number of shares beneficially held**	**Percentage shareholding**
Community Investment Holdings Proprietary Limited ("CIH")*	71 406 918	31,14
Goldsol II Proprietary Limited	50 000 000	21,80
TMM Holdings Proprietary Limited	24 513 956	10,69
Total	**145 920 874**	**63,63**

* On 30 May 2018 AfroCentric Investment Corporation Limited sold its entire 44 263 793 ordinary shares in the issued share capital of Jasco to CIH for a purchase consideration of R32 million.

There is currently no controlling shareholder of the company. There has not been a change in the controlling shareholder of the company or the trading objects of the Company during the five years preceding the date of this Circular.

16. SALIENT INFORMATION ON JASCO

16.1 Nature of Jasco's business

Jasco is a South African company that delivers technologies across Information & Communication Technology ("ICT") Security & Fire and Power & Renewables. Jasco has been listed on the securities exchange operated by the JSE Limited, since 1987. Jasco is a distributor, reseller, systems integrator and service provider that delivers innovative solutions.

Over the past year Jasco decided to divest and exit the Middle East and East Africa. This will enable the group to focus on and become market leaders in its home markets before expanding into new territories. Jasco will now focus specifically on South Africa and Southern Africa.

Jasco has a wide range of products, services and solutions that focus predominantly on the three key sectors of ICT, security & fire and power & renewables.

ICT SOLUTIONS

ICT-Carrier

ICT-Carrier contributed 29% of group revenue during the year ended 30 June 2019. It 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.

ICT-Enterprise

ICT-Enterprise contributed 46% of group revenue during the year ended 30 June 2019. 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.

SECURITY AND FIRE

Security and Fire contributed 7% of group revenue during the year ended 30 June 2019. Security and 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.

POWER AND RENEWABLES

Power and Renewables contributed 1% of group revenue during the year ended 30 June 2019. Power and 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.

16.2 Opinion of directors as to the prospects of the business

16.2.1 Market outlook and group prospects

The group continues to operate against difficult economic and market conditions in all its markets. Economic growth is in its longest declining cycle since 1945. The outlook remains bleak, with growth predicted at around 0.6% for the 2019 calendar year. The South African unemployment rate is at the highest level in 16 years at 29%. The recent interest rate cut should provide some relief to consumers.

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. The education system continues to battle to provide sufficient graduates in key areas such as science, technology, engineering and mathematics. The government has indicated that it plans to spend billions on infrastructure as part of its economic stimulus plan.

To counter South Africa's low growth environment, Jasco will continue to execute its strategy and focus on the following key areas for the next 12 months:

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

16.3 Directors' Remuneration

16.3.1 Non-executive directors

The following table depicts the remuneration of the non-executive directors for the year ended 30 June 2019:

Non-executive directors	**2019 Rand**
Dr ATM Mokgokong	489 282
MJ Madungandaba	475 060
JC Farrant**	182 375
DH du Plessis**	193 317
MS Bawa	368 717
P Radebe	368 717
T Zondi	285 410
AMF da Silva*	285 410
Total	**2 648 286**

* Mr AMF (Pete) da Silva resigned as CEO of Jasco with effect from 1 July 2018 and remained on the board as a non-executive director. With effect from 15 July 2019, his status as non-executive director changed to acting as an alternate non-executive director to Mr JM Madungandaba.

** Mr DH du Plessis was appointed with effect from 1 January 2019 to replace Mr JC Farrant who retired at the AGM held on 20 December 2018.

16.3.2 Executive directors and prescribed officers

The table below outlines the remuneration earned by the executive directors and prescribed officers for the year ended 30 June 2019.

Executive directors (paid by Jasco Trading)	**Basic salary**	**Expense allowance**	**Other benefits**	**Provident fund**	**Share-based payment**	**Total**
M Janse van Vuuren	2 680 334	12 600	216 593	437 364	76 274	3 423 165
W Prinsloo	2 570 324	12 600	703 670	55 071	336 401	3 678 067
T Petje	1 620 166	12 600	137 810	295 888	39 001	2 105 465
S Samuels*	1 389 021	12 600	62 841	165 881	–	1 630 343
Total	**8 259 845**	**50 400**	**1 120 914**	**954 204**	**451 676**	**10 837 040**

* S Samuels resigned with effect from 15 July 2019.

There will be no variation in the remuneration to be received by any of the directors as a consequence of the Disposal.

The company's remuneration committee considers and recommends fees for non-executive directors after taking into account duties performed and market trends. Non-executive directors receive a fixed remuneration for their services based on their participation in Board meetings and other committees. Non-executive directors do not receive incentive bonus payments nor do they participate in the group's Share Incentive Scheme.

As at the last practicable date, no contracts exist as regards the provision of any secretarial, technical services or restraint payments payable by Jasco or any of its subsidiaries of a material nature.

16.3.3 **Long-term incentives**

No share options were issued during the year ended 30 June 2019. The table below outlines the shares and options issued to executive directors:

Participant	Nature	Issue date	Lapse date	Number of shares/ options issued	Number of shares/ options outstand-ing	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	735 536	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

16.4 **Directors' interest in Jasco shares**

As at 30 June 2019, the directors and their associates (as defined in terms of the Listing Requirements), including directors who have resigned in the last 18 months, had the following direct and indirect beneficial interest in the share capital of the company:

Ordinary shares	% shareholding	2019	2018
Direct – Beneficial			
JC Farrant*	0,00	–	150 000
MSC Bawa	0,02	50 509	50 509
AMF da Silva*	0,47	1 070 500	520 500
WA Prinsloo	0,01	25 000	25 000
Indirect – Beneficial			
MJ Madungandaba	18,27	41 896 865	41 896 865
ATM Mokgokong	13,4	30 757 914	30 757 914
MSC Bawa	1,65	3 781 887	3 781 887
Indirect – Non-Beneficial			
JC Farrant*	0,00	–	5 500
Total		**77 582 675**	**77 188 175**

Options	2019	2018
Direct – Beneficial		
M Janse van Vuuren	2 394 488	2 394 488
TS Petje	465 702	465 702
Total	**2 860 190**	5 024 183

* Mr John Farrant retired as director of the board at the 2018 annual general meeting.

Mr AMF (Pete) da Silva resigned as CEO of Jasco with effect from 1 July 2018 and remained on the board as a non-executive director. With effect from 15 July 2019, his status as non-executive director changed to acting as an alternate non-executive director to Mr JM Madungandaba.

Mark Janse van Vuuren was appointed as CEO with effect from 15 July 2019.

As at the last practical date of this Circular, no material changes to these holdings have occurred.

16.5 Directors' interests in transactions

None of the directors of Jasco, including directors who have resigned in the 18 months prior to this Circular, have any material direct or indirect beneficial interest in any transaction that was effected by the Jasco group during the current, immediately preceding financial year or earlier financial year, which remains in any respect outstanding or unperformed.

17. RESPONSIBILITY STATEMENT

The directors, whose names are set out in the corporate information section of this Circular, collectively and individually,

- have considered all statements of fact and opinion in this Circular;
- collectively and individually accept full responsibility for the accuracy of the information provided;
- certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by law and the Listings Requirements; and
- confirm that this Circular contains all information required by law and the Listings Requirements.

18. WORKING CAPITAL STATEMENT

The Board has considered the effects of the Disposal and is of the opinion that:

- the Jasco group will be able to in the ordinary course of business pay its debts for a period of 12 months after the date of this Circular;
- the assets of the Jasco group will be in excess of the liabilities of the Jasco group for a period of 12 months after the date of this Circular. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Jasco group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular; and
- the working capital of the Jasco group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular.

19. OPINIONS AND RECOMMENDATIONS

The Board has considered the terms and conditions of the Disposal and is of the opinion that it is in the best interest of all of Jasco's key stakeholders and will be to the long-term benefit of shareholders. Accordingly, the board recommends that shareholders vote in favour of the resolutions relating to the Disposal at the general meeting.

All the directors of Jasco who own Jasco shares in their own right and are entitled to vote, intend to vote in favour of the resolutions relating to the Disposal.

It is recommended that shareholders consult their professional advisers regarding the action to be taken in relation to the Disposal.

20. CONSENTS

The corporate advisor, joint corporate advisor and sponsor, legal advisor, transfer secretaries and independent reporting accountants to Jasco have given and have not, prior to the last practicable date, withdrawn their written consents to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular.

The independent reporting accountants have consented in writing to the inclusion of their report in this Circular in the form and context in which it appears and have not withdrawn such consents prior to the publication of this Circular.

21. **GENERAL MEETING**

The general meeting is scheduled to be held at Corner Alexandra Avenue and 2nd Street, Midrand, at 14h00 on Tuesday, 21 January 2020 for the purposes of considering and if deemed fit, passing with or without modification, the resolutions required for the Disposal. A notice convening the general meeting to approve the Disposal and a form of proxy *(yellow)*, for use by certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the general meeting, form part of this Circular.

In terms of the Listings Requirements, a 50% majority of votes of all shareholders present or represented by proxy at the general meeting must be obtained in respect of the ordinary resolutions to approve the Disposal.

22. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered offices of Jasco and the joint corporate advisors and sponsor during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular, up to the date of the general meeting:

- the Memorandum of Incorporation of Jasco and its major subsidiaries;
- the audited consolidated financial statements of Jasco for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017;
- the Annual Integrated Report for the financial year ended 30 June 2019;
- the *pro forma* financial effects and statements of comprehensive income and financial position for the year ended 30 June 2019 prepared in terms of IFRS as set out in Annexure 4 of this Circular;
- the Independent Reporting Accountants' reasonable assurance report on the *pro forma* financial effects and statements of comprehensive income and financial position as set out in Annexure 5 to this Circular;
- the historical financial information of EM for the three years ended 30 June 2019, 30 June 2018 and 30 June 2017 as set out in Annexure 1 of this Circular;
- the Independent Reporting Accountants' Reports relating to the historical financial information of EM for the three years ended 30 June 2019, 30 June 2018 and 30 June 2017, as set out in Annexures 2 and 3 of this Circular;
- the Disposal Agreement; and addendums thereto;
- all material contracts;
- copies of service agreements with directors, managers, secretaries, underwriters, vendors and promoters entered into during the last years three years;
- written consents of the independent reporting accountants, legal advisor, transfer secretaries and corporate advisor and sponsor to the inclusion of their names in this Circular in the context and form in which they appear; and
- a signed copy of this Circular.

By order of the Board

JASCO ELECTRONICS HOLDINGS LIMITED

Warren Prinsloo
Chief Financial Officer

Midrand
19 December 2019

Registered office

Corner Alexandra Avenue and 2nd Street
Midrand
1685
(PO Box 860, Wendywood, 2144)

HISTORICAL FINANCIAL INFORMATION OF EM FOR THE THREE YEARS ENDED 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

STRATEGIC OVERVIEW AND COMMENTARY ON THE HISTORICAL FINANCIAL INFORMATION OF EM FOR THE THREE YEARS ENDED 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

Strategic overview

EM division was established in 1982. EM manufactures large volumes of plastic injection moulded and petal pressed components in various sizes. The division has a wide range of in-house manufactured products, including electrical plugs, adaptors, extensions and salt water chlorinators. It has a special focus on the large home appliance market in South Africa.

EM essentially has two distinct departments, namely: Domestic and Pool-care. The automotive business was sold during 2014 to Lumen International.

Domestic: This department is concerned with the manufacture and assembly of wiring harnesses and plastic moulded componentry for the large appliance manufacturers in South Africa. This department also manufactures plastic componentry used in the manufacture of the “Snapper” and associated domestic electrical connectors and extenders. These products are then distributed to the component’s operation for assembly and distribution.

Pool-care: This department is concerned with the manufacture and distribution of domestic swimming pool products. The “Just Chlor” pool chlorinator is the primary product associated with this department.

EM also runs an in-house tooling facility that specialise in the design, manufacture and repair of steel moulds that are used in the injection moulding production process. This provides the business with a unique competitive advantage.

Our vision, purpose and values forms the foundation of our business and enabled us to establish sound customer and suppliers’ relationships over a number of years.

Operating results

	July 2018 – June 2019: Audited R’000	July 2017 – June 2018: Reviewed R’000	July 2016 – June 2017: Reviewed R’000
Revenue	**196 641**	**203 530**	**190 795**
Cost of sales	(151 876)	(157 416)	(146 230)
Other income	1 174	1 505	636
Selling and distribution cost	(1 151)	(893)	(2 206)
Administrative expenses	(20 595)	(20 335)	(17 978)
Operating expenses	(14 618)	(13 233)	(11 742)
Operating profit	**9 575**	**13 158**	**13 275**
Finance income	84	101	120
Finance cost	(513)	(737)	(594)
Profit before taxation	**9 146**	**12 522**	**12 801**
Taxation	(2 176)	(3 315)	(5 255)
Profit for the year	**6 970**	**9 207**	**7 546**

Financial Position

	July 2018 – June 2019: Audited R'000	July 2017 – June 2018: Reviewed R'000	July 2016 – June 2017: Reviewed R'000
Current Assets	84 360	77 769	67 701
Current Liabilities	37 615	35 844	27 488
Total Assets	115 488	110 961	101 967
Total Liabilities	39 082	38 409	32 237
Net Asset Value	76 406	72 552	69 730

Year-on-Year commentary

In 2016 the business was awarded the contract to manufacture and assemble range of electrical wall sockets and switches for a multinational electrical product supplier. The contribution to Turnover in the year to June 2017 was in the region of R15 million.

The business also benefited from organic growth from one of its large appliance customers of approximately R13 million in the year.

In February 2018 the business commenced supplying an automotive parts manufacturer with products for the Automotive industry. Annual Turnover contribution is expected to remain in the region of approximately R3 million.

The business again saw year-on-year organic growth from one of its major appliance customers of approximately R12 million.

During the second and third quarters of calendar 2018 the business saw a drop in turnover on negative GDP growth and the resultant "technical recession".

In August 2018 the business commenced a contract to supply a major hot water heating appliance manufacturer with components for their "B" class of energy efficient geysers. Annual contribution to Turnover is currently in the region of R13 million.

In January 2019 the business was awarded a contract to supply components to one of its major washing machine appliance customers. The contribution to Turnover from this project is in the region of R8 million per annum.

Future Plans

EM will continue with its diversification strategy that it has implemented with good success in recent years and continue to broaden its customer base and product range. The technological refresh undertaken with the increasing automation of the production facilities will continue in an effort to keep production costs low, improve efficiencies and provide a safe working environment for staff.

As a well-established component manufacturer with an excellent track record the business is well-positioned to take advantage of the expected growth in demand for smart devices as IOT and the 4th Industrial revolution gains momentum in the next decade.

Historical Financial Information of EM for the three years ended 30 June 2019, 30 June 2018 and 30 June 2017

The historical information of the Electrical Manufacturers Division ("EM") set out below has been extracted from the audited financial statements of Jasco Trading Proprietary Limited. The financial statements were audited by PwC and reported on without qualification. The financial statements for 30 June 2019 and 2018 were audited by PwC (30 June 2017 by EY) and reported on without qualification. The aforementioned financial statements were approved by the directors of Jasco Trading Proprietary Limited. The extracted financial information is the responsibility of the Directors of Jasco Electronics Holdings Limited.

Background to EM

EM was established in March of 1982 and operated out of a building in Pinetown with an initial staff compliment of three operators cutting and terminating wires by hand. The EM factory is located at 23 Hagart Road, Durban and comprise of 6,750sqm. The lease for the property was renewed for a further period of three years from 1 September 2019.

Nature of business

Customers are offered a complete product and service solution to meet their business requirements. New products and processes are developed in conjunction with customers changing needs. EM's management team offer expertise on projects from inception to completion.

The production department include Cord Sets, Pressings, Assemblies and Plastic Moulding:

Cord Sets: This department is involved in assembling cable, connector and plug combinations for the small appliance manufacturers in South Africa.

Pressings: This department is involved in pressing metal connectors, terminals and components for the appliance and electrical industry in South Africa. This department also manufactures terminals for onward use in the EM operation.

Assemblies: This department is responsible for the assembly of all electrical adapters and extender products. The "Snapper" range of domestic electrical products is assembled in this department.

Plastic Moulding: This department is responsible for the moulding of various plastic accessories.

Review of Activities

Main business and operations

The manufacture of plastic moulded and electrical components for the large and small appliances industry.

Going Concern

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

The directors have reviewed the budget and cash flow forecasts for the next 12 months from the date of these historical financial statements and are satisfied that the division will continue as a going concern.

THE ELECTRICAL MANUFACTURERS DIVISION OF JASCO TRADING PROPRIETARY LIMITED ("EM")

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 JUNE 2019, 2018 AND 2017

	Notes	2019 R'000	2018 R'000	2017 R'000
Revenue	2	196 641	203 530	190 795
Cost of sales	3	(151 876)	(157 416)	(146 230)
Gross profit		**44 765**	**46 114**	**44 565**
Other income	4	1 174	1 505	636
Selling and distribution costs		(1 151)	(893)	(2 206)
Administration expenses		(20 595)	(20 335)	(17 978)
Operating expenses		(14 618)	(13 233)	(11 742)
Operating profit		**9 575**	**13 158**	**13 275**
Finance income	4	84	101	120
Finance costs	4	(513)	(737)	(594)
Profit before taxation	4	**9 146**	**12 522**	**12 801**
Taxation	5	(2 176)	(3 315)	(5 255)
Profit for the year		6 970	9 207	7 546
Other comprehensive income		–	–	–
Total comprehensive income for the year		6 970	9 207	7 546

THE ELECTRICAL MANUFACTURERS DIVISION OF JASCO TRADING PROPRIETARY LIMITED ("EM")

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

	Notes	2019 R'000	2018 R'000	2017 R'000
ASSETS				
Non-current assets		31 128	33 192	34 266
Plant and equipment	7	30 286	32 171	33 162
Intangible assets	8	842	1 021	1 104
Current assets		84 360	77 769	67 701
Inventories	9	41 818	38 062	27 403
Trade and other receivables	10	27 164	24 353	27 990
Cash and cash equivalents	11	15 378	15 354	12 308
Total Assets		115 488	110 961	101 967
EQUITY AND LIABILITIES				
EQUITY		76 406	72 552	69 730
Distribution to legal entity	12	(167 798)	(164 682)	(158 297)
Retained earnings		244 204	237 234	228 027
Non-current liabilities		1 467	2 565	4 749
Interest-bearing liabilities	13	1 467	2 565	4 749
Current liabilities		37 615	35 844	27 488
Trade and other payables	14	31 929	30 094	21 985
Provisions	15	3 024	2 801	2 650
Short-term borrowings	16	2 662	2 949	2 853
Total Equity and Liabilities		115 488	110 961	101 967

THE ELECTRICAL MANUFACTURERS DIVISION OF JASCO TRADING PROPRIETARY LIMITED ("EM")

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

	Note	Distribution to legal entity R'000	Retained earnings R'000	Total Equity R'000
Balance as at 30 June 2016		(159 641)	220 481	60 840
Distribution for the year	12	1 344	–	1 344
Total comprehensive income		–	7 546	7 546
Profit for the year			7 546	7 546
Other comprehensive income		–	–	–
Balance as at 30 June 2017		(158 297)	228 027	69 730
Distribution for the year	12	(6 385)	–	(6 385)
Total comprehensive income		–	9 207	9 207
Profit for the year		–	9 207	9 207
Other comprehensive income		–	–	–
Balance as at 30 June 2018		(164 682)	237 234	72 552
Distribution for the year	12	(3 116)	–	(3 116)
Total comprehensive income		–	6 970	6 970
Profit for the year		–	6 970	6 970
Other comprehensive income		–	–	–
Balance at 30 June 2019		(167 798)	244 204	76 406

THE ELECTRICAL MANUFACTURERS DIVISION OF JASCO TRADING PROPRIETARY LIMITED ("EM")

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

	Notes	2019 R'000	2018 R'000	2017 R'000
Cash flows from operating activities		10 319	17 872	9 343
Cash receipts from customers		195 035	208 791	189 181
Cash paid to suppliers and employees		(184 287)	(190 283)	(179 363)
Cash generated from operations	17.1	10 748	18 508	9 818
Interest received		84	101	120
Interest paid		(513)	(737)	(595)
Cash flows from investing activities		(2 056)	(2 278)	(3 922)
Purchase of plant and equipment	17.3	(2 068)	(2 340)	(4 001)
Proceeds on disposal of plant and equipment		12	62	79
Cash flows from financing activities		(8 239)	(12 548)	(6 988)
Increase in distribution to legal entity		(5 292)	(9 701)	(3 911)
Loans (repaid)/raised	13	(2 947)	(2 847)	(3 077)
Net increase/(decrease) in cash and cash equivalents		**24**	**3 046**	**(1 567)**
Cash and cash equivalents at beginning of year		15 354	12 308	13 875
Net cash and cash equivalents at end of year		**15 378**	**15 354**	**12 308**
Cash and cash equivalents	11	15 378	15 354	12 308
Net cash and cash equivalents at end of year		15 378	15 354	12 308

NOTES TO THE HISTORICAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation

Background information

The special purpose carve-out historical financial information of the Electrical Manufacturers Division ("EM" or "Electrical Manufacturers") consists of the division of Jasco Trading Proprietary Limited ("Jasco Trading"), a wholly-owned subsidiary of Jasco Electronics Holdings Limited ("Jasco") that manufactures plastic products, wire harnesses and metal pressings, with a special focus on the large and small home appliances market in South Africa.

Electrical Manufacturers historically did not exist as a reporting entity and no separate financial statements were presented for Electrical Manufacturers. For the purpose of presenting the historical performance of Electrical Manufacturers for the proposed disposal by Jasco, special purpose carve-out historical financial information for the years ended 30 June 2019, 2018 and 2017, has been prepared.

Statement of compliance

The historical financial information of Electrical Manufacturers are presented in accordance with, and comply with International Financial Reporting Standards ("IFRS") and interpretations of those standards as issued by the International Accounting Standards Board ("IASB") and effective at the time of preparing the historical financial information of Electrical Manufacturers, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

The special purpose carve-out historical financial information is prepared using the historical cost basis apart from foreign currency derivative contracts stated at fair value.

IFRS do not specifically provide for the preparation of special purpose carve-out historical financial information, and accordingly in preparing the special purpose carve-out historical financial information, certain accounting conventions commonly used in the preparation of special purposes carve-out historical financial information for inclusion in circulars, have been applied in accordance with IAS 8, which are discussed in more detail below. The special purpose carve-out historical financial information has consequently been prepared as the historic financial information recognised in the Jasco consolidated financial statements related to the Electrical Manufacturers ("predecessor accounting").

The special purpose carve-out historical financial information as of and for the years ended 30 June 2019, 2018 and 2017 has been prepared for the purposes of presenting the financial position, the results of operations, changes in equity and the cash flows of Electrical Manufacturers on a stand-alone basis.

The special purpose carve-out historical financial information is presented in South African Rands (ZAR), rounded to the nearest thousands. Electrical Manufacturers has a functional currency of ZAR.

The special purpose carve-out historical financial information was authorised for issue by the board of directors of Jasco on 9 December 2019.

Limitations inherent to carve-out

As the special purpose carve-out historical financial information of Electrical Manufacturers has been prepared on a carve-out basis, they may not be indicative of the future performance of the Electrical Manufacturers and do not necessarily reflect what its results of operations, financial position, changes in equity and cash flows would have been had Electrical Manufacturers operated as an independent entity during the periods presented.

The following principles were applied in the preparation of the special purpose carve-out historical financial information:

Equity

Share Capital and earnings per share:

As Electrical Manufacturers did not historically constitute a legal entity there is no issued share capital. The information on earnings per share for Electrical Manufacturers pursuant to IAS 33 has not been presented, as no capital structure has been presented in the special purpose carve-out historical financial information.

Retained earnings/distribution to legal entity

As a result of applying predecessor accounting, the distribution to Jasco is recognised at the carrying value of the net assets contributed to Electrical Manufacturers at the earliest comparative period presented. This distribution represents the retained earnings of the division included in the special purpose carve-out historical financial information of Electrical Manufacturers at the earliest comparative period presented.

Loan to shareholders/distribution to legal entity

Surplus funds held by Electrical Manufacturers have historically been provided to Jasco Trading head office division as an inter-divisional loan. The loan receivable by Electrical Manufacturers will not transfer as part of the proposed disposal; accordingly, the loans have been recognised in equity as a distribution to legal entity.

Cash and cash equivalents

The bank accounts of Jasco Trading that were used exclusively, and managed, by Electrical Manufacturers have been recognised as cash and cash equivalent in the special purpose carve-out historical financial information. The interest earned on these bank accounts has been recognised in the special purpose carve-out historical financial information.

Allocation of group shared services costs

Management and similar functions were primarily performed at a divisional level. Any group shared services costs that were incurred by Jasco Trading on behalf of Electrical Manufacturers were historically charged to Electrical Manufacturers. The shared services costs which were historically charged to Electrical Manufacturers are included in "Administrative expenses" and include costs incurred at group (including training costs, HR costs, marketing costs, risk and compliance-related costs and IT costs), as these services were centralised for companies in the Jasco group. These costs are allocated based on head-count, number of customers, hours budgeted, budgeted turnover and number of license users. No additional central costs exist that would require allocation to Electrical Manufacturers.

Taxation

Electrical Manufacturers has not historically filed separate tax returns. Rather the results of Electrical Manufacturers have historically been included in the tax computations and submissions for Jasco Trading (at the legal entity level). The taxation expense included in the special purpose carve-out historical financial information is calculated based on the stand-alone reporting entity historical tax computations that were consolidated into the Jasco Trading tax computation.

Deferred taxation has been calculated by comparing the tax bases of the assets and liabilities of Electrical Manufacturers to the carrying amounts recognised in special purpose carve-out historical financial information. The recoverability of deferred tax assets has been assessed by considering the financial results for Electrical Manufacturers.

Goodwill and intangible assets

Any goodwill and intangible assets that relates to Electrical Manufacturers has historically been allocated by Jasco Trading to the Electrical Manufacturers division's accounting records. The goodwill and trade name arose on the acquisition of Snapper brand and range of products in 2009. No additional goodwill and intangible assets related to Electrical Manufacturers was recognised in the Jasco group which would have required allocation to the special purpose carve-out historical financial information.

Intercompany and related party transactions and balances

Transactions and balances with Jasco Trading (excluding the Electrical Manufacturers division) and Jasco group companies have been disclosed as related party transactions and balances in the special purpose carve-out historical financial information.

Directors' remuneration has been excluded due to Electrical Manufacturers not constituting a legal entity for the historical reporting periods and not having a separate board of directors.

Segments

Segment reporting has not been included in the special purpose carve-out historical financial information because Electrical Manufacturers equity and debt instruments are not currently, or planned in the future to be, traded on a public market.

Subsequent events

Subsequent events have been considered from 30 June 2019 up to the date that the special purpose carve-out historical financial information was authorised for issuance.

Going concern

As at 30 June 2019, 2018 and 2017 the assets of Electrical Manufacturers exceed its liabilities. Management therefore has a reasonable expectation that the Electrical Manufacturers operations will have adequate resources to continue its operational existence for the foreseeable future. The special purpose carve-out historical financial information has therefore been prepared on a going concern basis.

1.2 **Principal accounting policies**

The principal accounting policies applied in the preparation of Electrical Manufacturers historical financial information are set out in the notes to the historical financial information. The accounting policies reflect those effective for Electrical Manufacturers at the time of the disposal transaction.

As such:

IFRS 15

Electrical Manufacturers adopted IFRS 15 from 1 July 2018 using the modified retrospective transition method and has therefore not restated the comparatives for 2018 and 2017 financial years. The impact of the standard was found to be immaterial upon adoption. In terms of IFRS 15 revenue is recognised based on the satisfaction of specifically identified performance obligations, when control of goods are transferred to a customer.

Accordingly, information relating to 30 June 2018 and 30 June 2017 does not reflect the requirements of IFRS 15 but rather those of IAS 18 Revenue.

Under IAS 18, the revenue recognition from sale of goods was substantially the same as revenue recognised from contracts with customers in accordance with IFRS 15. Although there has been a change in the presentation and disclosure of Electrical Manufacturers' revenue within note 2, no measurement change is relevant.

IFRS 9

Changes in accounting policies from the adoption of IFRS 9 have been applied retrospectively; however, the group has elected to not restate comparative information. The impact was assessed and the differences noted were immaterial.

Accordingly, information relating to 30 June 2018 and 30 June 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39. Upon adoption of IFRS 9, there were no material adjustments.

1.3 **New and amendments standards adopted by Electrical Manufacturers**

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

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

Manufacturers elected to adopt the new rules retrospectively without restating comparative information.

Adoption of IFRS 9

The adoption of IFRS 9 had the following impact on Electrical Manufacturers:

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

Impairment

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

Under IFRS 9, Electrical Manufacturers calculates the allowance for credit losses based on the ECLs for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses.

Electrical Manufacturers applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime ECLs for these assets.

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

	Measurement categories		**Carrying amount**		
	IAS 39	**IFRS 9**	**30 June 2018**	**1 July 2018**	**Difference**
Current assets					
Trade receivables (refer to note 10)	Loans and receivable	Amortised cost	22 285	22 285	–
Foreign currency contracts (refer to note 10)	FVTPL	FVTPL	120	120	–
Cash and cash equivalents (refer to note 11)	Loans and receivable	Amortised cost	15 354	15 354	–
Non-current liabilities					
Interest-bearing liabilities (refer to note 13)	Amortised cost	Amortised cost	2 565	2 565	–
Current liabilities					
Trade and other payables (refer to note 14)	Amortised cost	Amortised cost	27 726	27 726	–
Short-term borrowings (refer to note 16)	Amortised cost	Amortised cost	2 949	2 949	–

Transition to IFRS 9

Changes in accounting policies from the adoption of IFRS 9 have been applied retrospectively; however, Electrical Manufacturers has elected to not restate comparative information as the impact was assessed and considered to be immaterial. Accordingly, information relating to 30 June 2018 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

Adoption of IFRS 15

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

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

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

Although there has been a change in the presentation and disclosure of Electrical Manufacturers' revenue within note 2, no measurement change is relevant and therefore no impact on opening retained income.

1.4 **Revenue recognition**

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

Revenue from contracts with customers

It is Electrical Manufacturers' policy to recognise revenue from contract with customers when:

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

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

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

Disaggregation of revenue from contract with customers

Electrical Manufacturers' activities mainly comprise the sale of goods. Revenue from contracts with customers has been disaggregated by departments. Further details regarding the disaggregation of revenue from contracts with customers are provided below.

Sales of goods

Electrical Manufacturers sells a range of goods, which include cables, connectors, plugs, adapters, metal connectors and components for the appliance and electrical industry, to its customers and recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time as the sale and delivery are seen as one performance obligation. General payment terms are 30 to 90 days from invoice date.

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

ACCOUNTING POLICIES APPLIED UNTIL 30 JUNE 2018 – REVENUE RECOGNITION

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

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

1.5 **Cost of sales**

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

- Factory rental costs
- Depreciation of plant and equipment
- Freight and logistic costs

1.6 **Foreign currency translation**

Foreign currency transactions and balances

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

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

1.7 **Taxation**

Current and deferred taxes are recognised as income or expenses and are included in the statement of comprehensive income, except to the extent that it relates to items charged or credited in other comprehensive income or directly to equity.

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

1.7.1 ***Current tax assets and liabilities***

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

1.7.2 ***Deferred tax assets and liabilities***

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit/(loss) nor taxable profit/(loss); and/or

- in respect of taxable temporary differences relating to investments in subsidiaries, associates or joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates, and laws, that have been enacted or substantively enacted at the reporting date. The measurement of the deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which Electrical Manufacturers expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date.

The effect on deferred taxation of any changes in taxation rates is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited to other comprehensive income directly to equity.

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

1.7.3 *Value-added taxation*

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

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

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

1.8 Employee benefits

1.8.1 *Short-term employee benefits*

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

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

1.9 **Provisions, contingent liabilities and commitments**

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

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

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

1.10 **Plant and equipment**

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

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

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

Average rates used	
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	0% to 33,3%
Motor vehicles	25%
Leasehold improvements	20%
Leased assets	10% to 33,3%

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

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

1.11 **Impairment of non-financial assets**

Electrical Manufacturers assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Electrical Manufacturers estimates the asset's recoverable amount.

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

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

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

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

If such indication exists, Electrical Manufacturers estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

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

Goodwill

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

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

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

1.12 Inventories

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

Allowance is made for slow-moving and obsolete inventories.

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

1.13 Leases

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

Leases, whereby substantially all the risks and rewards of ownership are transferred to or from Electrical Manufacturers, are classified as finance leases. All other leases are classified as operating leases.

Leases of land and buildings are separately assessed for classification purposes.

1.13.1 ***Electrical Manufacturers as a lessee***

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

Electrical Manufacturers leases certain premises, office equipment and motor vehicles under operating leases.

1.14 **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally-generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

Trade names	6,7% to 10%

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

1.15 **Financial Instruments – Policies applied from 1 July 2018**

Financial instruments comprise loans receivable, trade and other receivables (excluding prepayments), cash and cash equivalents, as well as financial liabilities, consisting of borrowings and trade and other payables.

Recognition and derecognition

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

Measurement

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

At fair value through profit or loss

Foreign currency contracts

Electrical Manufacturers' only financial instruments carried at fair value through profit or loss were foreign currency contracts.

At amortised cost

Trade receivables

Trade receivables measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Electrical Manufacturers holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Electrical Manufacturers applies the simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance (ECL) for trade receivables unless they is a significant financing component. There were no significant trade receivables with financing component during the reporting period.

Other financial assets at amortised cost

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

Other financial assets at amortised cost include the following: other receivables and cash and other cash equivalents.

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

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

Financial Liabilities

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

Valuation techniques used to determine fair values

The fair value of financial assets carried at FVPL is determined using techniques as set out in note 21.1.

Impairment

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

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

Electrical Manufacturers applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

For all other financial assets at amortised cost, Electrical Manufacturers recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

(a) a review of overdue amounts;

(b) comparing the risk of default at the reporting date and at the date of initial recognition; and

(c) an assessment of relevant historical and forward-looking quantitative and qualitative information.

If the credit risk on the financial asset has not increased significantly since initial recognition, Electrical Manufacturers measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

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

Electrical Manufacturers considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay Electrical Manufacturers without taking into account any collateral held by Electrical Manufacturers or if the financial asset is more than 90 days past due unless

Electrical Manufacturers has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

Simplified approach:

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

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

Offset

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

Derecognition

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

ACCOUNTING POLICIES APPLIED UNTIL 30 JUNE 2018 – FINANCIAL INSTRUMENTS

Financial instruments

Initial recognition and classification

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

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

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

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

Subsequent measurement

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

Trade and other receivables

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

Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost.

Trade and other payables

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

Derivative financial instruments

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

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

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

Offset

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

Derecognition

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

1.16 Significant accounting judgement and estimates

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

The significant accounting estimates have been set out in the note to which it relates, these are:

Plant and Equipment (Note 7)	Estimates of useful life
	Estimates applied in assessment for impairment
Goodwill and Tradenames (Note 8)	Snapper impairment assessment
	Estimation of the recoverable amount
	Estimates used in determining the recoverable amount
Inventories (Note 9)	Determination of slow-moving and no-moving provisions
	Estimation of the net realisable value
	Estimates used in determining the net realisable value
Accounts receivable (Note 10)	Estimation of expected credit loss assessment
	Allowance for doubtful debts (changed from 1 July 2018)

In the process of applying Electrical Manufacturers' accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the historical financial information:

Impairment of non-financial assets

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

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

Impairment of financial assets

At each reporting date management assesses whether there are indicators of impairment of financial assets. If such evidence exists the estimated present value of the future cash flows of that asset is determined. Management's judgement is required when determining the expected future cash flows.

1.17 Standards and interpretations issued and not yet effective

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

Number	Name	Details of amendment	Effective date**
IAS 1	Presentation of Financial Statements	The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020

Number	Name	Details of amendment	Effective date**
IFRS 16	Leases	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a lease liability to pay rentals are recognised. Practical expedients are available for short-term and low value leases. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. Electrical Manufacturers expects that the most significant impact of the new standard will result from its current property lease. As at the reporting date, Electrical Manufacturers has a non-cancellable operating lease commitment of R1,4 million. For lease commitments (excluding short-term and low-value leases) Electrical Manufacturers will recognise lease liabilities, representing the present value of the future minimum lease payments discounted at a rate appropriate and after taking into account the lease term, value, economic environment and security over the asset applicable, on 1 July 2019, and corresponding right-of-use assets in respect of these leases, adjusted for prepayments recognised as at 30 June 2019. On adoption of IFRS 16 operating lease costs (other than short-term and low value lease) will no longer be recognised as part of cost of sales. Electrical Manufacturers looks at the nature of the assets for assessing what constitutes low-value assets. For the year ended 30 June 2019 Electrical Manufacturers has recognised lease expenses of R5,6 million. Due to the impact of reducing finance charges over the life of the lease, the impact on earnings will initially be dilutive, before being accretive in later periods. Therefore, Electrical Manufacturers expects that net profit after tax may decrease for 2020 as a result of adopting the new standards. Cash generated from operations will increase, as lease costs will no longer be included in this category of cash flows. Interest paid will increase, as it will include the interest portion of the lease liability repayments. This is expected to have a net positive impact on net cash generated from operating activities. Net cash used in financing activities will increase, as the capital portion of lease liability repayments will be included within repayment of borrowings.	1 January 2019

Number	Name	Details of amendment	Effective date**
		Electrical Manufacturers' activities as a lessor are not material and hence Electrical Manufacturers does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the next reporting period. Electrical Manufacturers will apply the standard using the modified retrospective approach on 1 July 2019 with optional practical expedients and will apply its election consistently to all of its leases. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. Right of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid lease expenses). Electrical Manufacturers has elected to apply the practical expedient to not reassess the lease definition.	

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

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

NOTES TO THE HISTORICAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

	2019 R'000	2018 R'000	2017 R'000
2. **REVENUE**			
2.1 **Revenue disclosed in terms of IAS 18**			
Sale of goods	196 641	203 530	190 795
Total revenue	196 641	203 530	190 795

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

	2019 R'000	2018 R'000	2017 R'000
2.2 **Current year revenue disclosure**			
Revenue from contracts with customers	196 641	–	–
Total revenue	196 641	–	–

Electrical Manufacturers derives revenue from the transfer of goods at a point in time in the following major revenue streams:

2.2.1 **Disaggregation of revenue from contracts with customers**

Revenue is disaggregated by departments as documented below:

	2019 R'000	2018 R'000	2017 R'000
Sale of goods			
Domestic – large appliances	144 578	–	–
Poolcare	7 533	–	–
Domestic – Electrical	33 938	–	–
Snapper	301	–	–
Domestic – Other	10 301	–	–
Revenue from contracts with customers	196 641	–	–
At a point in time	196 641	–	–

The amount of revenue recognised for 2019 would have been the same had IAS 18 been applied.

	2019 R'000	2018 R'000	2017 R'000
3. **COST OF SALES**			
Cost of inventory expensed	104 883	111 440	104 961
Cost of conversion	18 244	16 085	16 255
Labour cost	28 749	29 891	25 014
Slow moving stock	599	–	–
Total cost of sales	151 876	157 416	146 230

	2019 R'000	2018 R'000	2017 R'000
4. **PROFIT BEFORE TAXATION**			
The operating profit is stated after allowing for the following:			
Income			
Foreign exchange gains arising from financial instruments	1 162	1 477	635
– realised	1 131	1 354	627
– unrealised	31	123	8
Profit on disposal of plant and equipment	12	28	–
Total other income	1 174	1 505	635
Finance income	84	101	120
– bank interest	4	101	120
Expenditure			
Administration, managerial and secretarial fees paid	2 366	2 009	1 477
Amortisation of intangible assets (refer note 8)	179	83	82
Auditors' remuneration	480	270	385
Depreciation of plant and equipment (refer note 7)	5 191	3 939	4 538
Finance costs of other financial liabilities	513	737	594
Finance costs	–	–	150
– bank loans	–	–	150
Finance charges	513	737	444
– instalment sale agreements	513	77	444
Foreign exchange losses arising from financial instruments	1 866	1 526	1 128
– realised	1 865	1 440	1 124
– unrealised	1	86	4
Loss disposal of plant and equipment	351	117	175
Operating lease charges	246	237	119
– motor vehicles	246	237	119
Staff costs	48 702	46 767	42 847
5. **TAXATION**			
South African normal taxation			
Current	2 642	3 160	3 490
– current year charge	2 642	3 160	3 490
Deferred	(466)	155	1 765
– temporary differences	(466)	155	1 765
Total normal tax	2 176	3 315	5 255
Total taxation	2 176	3 315	5 255
The reconciliation of the effective rate of the tax charge to Electrical Manufacturers tax rate is as follows:			
Standard taxation rate	28.0%	28.0%	28.0%
Effective taxation rate	28.0%	28.0%	28.0%

6. HEADLINE EARNINGS

Reconciliation of headline earnings:

2019	Profit before tax and non-controlling interest R'000	Tax R'000	Headline earnings R'000
Profit for the year	9 146	(2 176)	6 970
Loss on disposal of plant and equipment	339		339
Headline earnings profit			7 309
2018			
Profit for the year	12 522	(3 315)	9 207
Loss on disposal of plant and equipment	89		89
Headline earnings profit			9 296
2017			
Profit for the year	12 801	(5 255)	7 546
Loss on disposal of plant and equipment	175		175
Headline earnings profit			7 721

7. PLANT AND EQUIPMENT

	Leasehold improve-ments R'000	Plant and machinery R'000	Furniture fixtures and office equipment R'000	Motor vehicles R'000	Leased assets R'000	Total plant and equipment R'000
2019						
Net book value						
– beginning of year	**875**	**18 449**	**2 936**	**45**	**9 866**	**32 171**
– cost	2 876	44 762	5 530	518	11 558	65 244
– accumulated depreciation	(2 001)	(26 313)	(2 594)	(473)	(1 692)	(33 073)
Current year movements	**(365)**	**8 725**	**(379)**	**–**	**(9 866)**	**(1 885)**
– additions	58	3 245	355	–	–	3 658
– net book value of disposals	–	(342)	(10)	–	–	(352)
– reclassification of plant and equipment	–	9 866	–		(9 866)	–
– depreciation	(423)	(4 044)	(724)	–	–	(5 191)
End of year	**510**	**27 174**	**2 557**	**45**	**–**	**30 286**
Made up as follows:						
– cost	2 934	57 683	5 780	518	–	66 915
– accumulated depreciation	(2 424)	(30 509)	(3 223)	(473)	–	(36 629)
Net book value	**510**	**27 174**	**2 557**	**45**	**–**	**30 286**
2018						
Net book value						
– beginning of year	**1 032**	**20 730**	**1 512**	**83**	**9 805**	**33 162**
– cost	2 641	44 953	3 739	672	10 799	62 804
– accumulated depreciation	(1 609)	(24 223)	(2 227)	(589)	(994)	(29 642)

	Leasehold improvements R'000	Plant and machinery R'000	Furniture fixtures and office equipment R'000	Motor vehicles R'000	Leased assets R'000	Total plant and equipment R'000
Current year movements	**(157)**	**(2 281)**	**1 424**	**(38)**	**61**	**(991)**
– additions	235	226	1 879	–	759	3 099
– net book value of disposals	–	(121)	(6)	(24)	–	(151)
– depreciation	(392)	(2 386)	(449)	(14)	(698)	(3 939)
End of year	**875**	**18 449**	**2 936**	**45**	**9 866**	**32 171**
Made up as follows:						
– cost	2 876	44 762	5 530	518	11 558	65 244
– accumulated depreciation	(2 001)	(26 313)	(2 594)	(473)	(1 692)	(33 073)
Net book value	**875**	**18 449**	**2 936**	**45**	**9 866**	**32 171**
2017						
Net book value – beginning of year	**1 214**	**20 866**	**1 610**	**248**	**3 850**	**27 788**
– cost	2 450	43 014	3 419	1 066	4 282	54 231
– accumulated depreciation	(1 236)	(22 148)	(1 809)	(818)	(432)	(26 443)
Current year movements	**(182)**	**(136)**	**(98)**	**(165)**	**5 955**	**5 374**
– additions	191	3 120	337	–	6 517	10 165
– net book value of disposals	–	(146)	(6)	(101)	–	(253)
– depreciation	(373)	(3 110)	(429)	(64)	(562)	(4 538)
End of year	**1 032**	**20 730**	**1 512**	**83**	**9 805**	**33 162**
Made up as follows:						
– cost	2 641	44 953	3 739	672	10 799	62 804
– accumulated depreciation	(1 609)	(24 223)	(2 227)	(589)	(994)	(29 642)
Net book value	**1 032**	**20 730**	**1 512**	**83**	**9 805**	**33 162**

Pledged as security

Motor vehicles and equipment with a net book value of R10 313 100 (2018: R9 929 982 and 2017: R9 804 679 are secured as per note 13.

8. INTANGIBLE ASSETS

	Goodwill R'000	Trade names R'000	Total intangible assets R'000
2019			
Net book value – beginning of year	**612**	**409**	**1 021**
– cost	612	1 051	1 663
– accumulated amortisation	–	(642)	(642)
Current year movements	**–**	**(179)**	**(179)**
– amortisation	–	(179)	(179)
End of year	612	230	842

	Goodwill R'000	Trade names R'000	Total intangible assets R'000
Made up as follows:			
– cost	612	1 051	1 663
– accumulated amortisation	–	(821)	(821)
Net book value	**612**	**230**	**842**
2018			
Net book value – beginning of year	**612**	**492**	**1 104**
– cost	612	1 051	1 663
– accumulated amortisation	–	(559)	(559)
Current year movements	**–**	**(83)**	**(83)**
– amortisation	–	(83)	(83)
End of year	**612**	**409**	**1 021**
Made up as follows:			
– cost	612	1 051	1 663
– accumulated amortisation	–	(642)	(642)
Net book value	**612**	**409**	**1 021**
2017			
Net book value – beginning of year	**612**	**574**	**1 186**
– cost	612	1 051	1 663
– accumulated amortisation and impairment	–	(477)	(477)
Current year movements	**–**	**(82)**	**(82)**
– amortisation	–	(82)	(82)
			–
End of year	**612**	**492**	**1 104**
Made up as follows:			–
– cost	612	1 051	1 663
– accumulated amortisation	–	(559)	(559)
Net book value	**612**	**492**	**1 104**

The goodwill and intangible assets reported in the historical financial information of Electrical Manufacturers relates to the goodwill and Tradename that were historically recognised by Electrical Manufacturers. The goodwill and Tradename was recognised as result of purchase of the "Snapper" brand by Electrical Manufacturers.

Electrical Manufacturers is considered a cash-generating unit as it is the smallest group of assets that independently generate cash flows. The goodwill relating to Electrical Manufacturers CGU is as follows:

	Carrying value		
	2019 R'000	**2018 R'000**	**2017 R'000**
Electrical Manufacturers	611	611	611
	611	**611**	**611**

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: 16.71%) (2017: 12.51%). Revenue growth assumptions after the first year was based on an inflationary increase. A long-term growth rate of 0,8% was assumed into perpetuity. Both revenue growth rates and long-term growth rates are based on management's approach to achieve conservative targets. The gross profit (GP) margins used in the value-in-use calculation is 17% (2018: 22% and 2017: 17%).

Sensitivity analysis

Management has performed a sensitivity analysis over the recoverable amount relating to the Electrical Manufacturers CGU. The sensitivity tests performed for a 1% change in growth rate, discount rate and operating margin percentage do have an impact on the net present value of the future cash flows. However these do not result in a change in the carrying value of the goodwill balance for Electrical Manufacturers.

With regard to the assessment of the value-in-use of the CGU 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 any impairment. Set out below is the change in the discounted cash flows of applying a 1% change in the key assumptions

	GP margin	**Growth rate**	**Discount rate**
Key assumption	(1%)	(1%)	(1%)
(Amounts in R'000)			
Change in recoverable amount – 2019	(12 021)	(7 290)	5 382
Change in recoverable amount – 2018	(12 876)	(7 813)	9 151
Change in recoverable amount – 2017	(12 245)	(7 654)	5 678

The change in assumption disclosed above will not result in any impairment.

Key assumptions

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

Impairment

For the years reported, there has been no goodwill impairment recognised.

	2019 R'000	2018 R'000	2017 R'000
9. **INVENTORIES**			
Raw materials	33 834	29 354	23 943
Finished goods and merchandise	7 984	8 708	3 460
– at lower of cost	8 961	9 086	3 838
– provision for slow moving stock	(977)	(378)	(378)
	41 818	**38 062**	**27 403**
Inventory expensed, included in cost of sales	105 208	112 042	105 989
– inventory expensed during the year	105 208	112 042	105 989
10. **TRADE AND OTHER RECEIVABLES**			
Financial instruments			
Trade receivables	25 021	22 285	26 326
– trade receivables	25 021	22 285	26 326
– loss allowance	–	–	–
Non-financial instruments			
Costs incurred to fulfil contracts	497	445	728
Other receivables	1 646	1 503	928
Financial assets at fair value through profit or loss			
Foreign currency contracts	–	120	8
	27 164	24 353	27 990

Trade receivables are non-interest bearing and generally between 30 – 90 day terms. Trade receivables have been ceded as security for the group's working capital loan.

There is no loss allowance recognised on other receivables as the loss allowance was considered immaterial.

	2019 R'000	2018 R'000	2017 R'000
The age analysis of these trade receivables is as follows:			
Overdue 30 – 60 days	4 219	4 618	5 868
Overdue 60 – 90 days	8	–	124
Overdue 90 – 120 days	89	–	13
Overdue 120 – longer	36	–	–
	4 352	4 618	5 793
Current	20 669	17 667	20 321
Net trade receivables	25 021	22 285	26 326
11. **CASH AND CASH EQUIVALENTS**			
Current accounts	15 377	15 352	12 306
Cash on hand	1	2	2
	15 378	15 354	12 308

Cash at banks earn interest at floating rates based on daily bank deposit rates.

	2019 R'000	2018 R'000	2017 R'000
Cash at bank			
Credit rating based on the latest Moody's domestic long-term issuer default ratings			
A1	(7)	107	2 283
AA	15 384	15 246	10 022
Other	1	1	3
	15 378	15 354	12 308

	2019 R'000	2018 R'000	2017 R'000

The fair value of the cash and cash equivalents approximates the carrying value. Electrical Manufacturers has a limited cession of R604 000 from Rand Mutual Bank Limited and a guarantee of R59 564 issued in favour of the Ethekwini Municipality.

12. **EQUITY**

12.1 **Distribution to legal entity**

	2019 R'000	2018 R'000	2017 R'000
Balance as at beginning of year	164 682	158 297	159 641
Distribution for the year	3 116	6 385	1 344
Balance as at end of year	167 798	164 682	158 297

13. **INTEREST-BEARING LIABILITIES**

	2019 R'000	2018 R'000	2017 R'000
Secured			
Principal amounts owing in respect of instalment sale agreements			
– gross minimum lease payments	4 642	6 251	8 046
– finance charges	(513)	(737)	(444)
Total	4 129	5 514	7 602
Current portion transferred to short-term borrowings (refer note 16)	(2 662)	(2 949)	(2 853)
– instalment sale agreements	(2 662)	(2 949)	(2 853)
Non-current	1 467	2 565	4 749

Particulars

The instalment sale agreements bear interest at the prime overdraft interest rate and are repayable in equal instalments over periods between one to three years. These liabilities are secured over motor vehicles and equipment with a net book value of R10 313 100 (2018: R9 929 982 and 2017: R9 804 679). Amortised cost approximates the fair value as market-related rates are used.

Reconciliation of liabilities arising from financing activities

	Instalment sale agreement	Total
Balance at 30 June 2018	5 514	5 514
New leases obtained – non-cash	1 562	1 562
Repayments	(3 460)	(3 460)
Capital repayments	(2 947)	(2 947)
Interest repayments	(513)	(513)
Interest charged	513	513
Balance at 30 June 2019	4 129	4 129
Current liabilities	2 662	2 662
Non-current liabilities	1 467	1 467

	2019 R'000	2018 R'000	2017 R'000
		Instalment sale agreement	**Total**
Balance at 30 June 2017		7 602	7 602
New leases obtained – non-cash		759	759
Repayments		(3 584)	(3 584)
Capital repayments		(2 847)	(2 847)
Interest repayments		(737)	(737)
Interest charged		737	737
Balance at 30 June 2018		5 514	5 514
Current liabilities		2 949	2 949
Non-current liabilities		2 565	2 565
		Instalment sale agreement	**Total**
Balance at 30 June 2016		4 525	4 525
New leases obtained – non-cash		6 164	6 164
Repayments		(3 531)	(3 531)
Capital repayments		(3 087)	(3 087)
Interest repayments		(444)	(444)
Interest charged		444	444
Balance at 30 June 2017		7 602	7 602
Current liabilities		2 853	2 853
Non-current liabilities		4 749	4 749
14. **TRADE AND OTHER PAYABLES**			
Financial instruments			
Trade payables	30 113	27 726	18 460
Non-financial instruments			
Accrued expenses	548	445	–
Deferred lease payments	185	1 197	1 864
VAT Payable	703	565	621
Other payables	380	161	883
	31 929	30 094	21 985

Trade payables are non-interest-bearing and are normally settled on 30 to 90 day terms.

Deferred lease payments relate to the straight-lining adjustments in respect of the rental of the division's premises.

Amortised cost approximates the fair value due to the short-term nature trade payables.

	2019 R'000	2018 R'000	2017 R'000
15. **PROVISIONS**			
Audit fees			
Beginning of year	289	401	370
Arising during the year	480	270	385
Utilised during the year	(290)	(382)	(354)
End of year	479	289	401
Bonus			
Beginning of year	–	–	4
Unused amount reversed	–	–	(4)
End of year	–	–	–
Leave pay			
Beginning of year	2 316	2 099	1 959
Arising during year	4 035	3 817	3 655
Utilised during year	(3 997)	(3 600)	(3 515)
End of year	2 354	2 316	2 099
Warranties			
Beginning of year	150	150	150
End of year	150	150	150
Other			
Beginning of year	46	–	10
Arising during year	183	46	–
Utilised during year	(188)	–	(10)
End of year	41	46	–
Total provisions			
Beginning of year	2 801	2 650	2 493
Arising during year	4 698	4 133	4 040
Utilised during year	(4 475)	(3 982)	(3 879)
End of year	3 024	2 801	2 650

The warranty provision is for product warranties given to customers on the sale of certain products.

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

16. **SHORT-TERM BORROWINGS**			
Short-term borrowings comprise:			
– current portion of non-current interest-bearing liabilities (refer note 13)	2 662	2 949	2 853
	2 662	2 949	2 853

Amortised cost approximates the fair value. The instalment sale agreement is initial recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

	2019 R'000	2018 R'000	2017 R'000
17. **NOTES TO THE STATEMENTS OF CASH FLOWS**			
17.1 **Reconciliation of profit before taxation to cash generated from operations:**			
Profit before income tax	9 146	12 522	12 801
Adjustments for:			
– amortisation of intangibles	179	83	82
– depreciation of plant and equipment	5 191	3 939	4 538
– provisions raised	4 698	4 133	4 036
– unrealised foreign exchange gains	(31)	(123)	(8)
– unrealised foreign exchange losses	1	86	4
– net loss on sale of plant and equipment	339	89	175
– net interest and dividend paid	429	636	474
Cash flows from operations before working capital changes	19 952	21 365	22 102
Working capital changes	(9 204)	(2 857)	(12 284)
– (increase)/decrease in inventories	(3 756)	(10 659)	2 193
– (increase)/decrease in trade and other receivables	(2 781)	3 756	(2 250)
– (decrease)/increase in trade and other payables	(2 667)	4 046	(12 227)
Cash generated from operations	10 748	18 508	9 818
17.2 **Taxation paid**			
Net taxation payable at beginning of year	–	–	–
Amounts charged per statement of comprehensive income, excluding deferred taxation	(2 642)	(3 160)	(3 490)
Paid on behalf of by group companies	2 642	3 160	3 490
Net taxation payable at end of year	–	–	–
Cash amounts paid	–	–	–
17.3 **Additions to plant and equipment**			
Plant and machinery	(3 246)	(226)	(3 120)
Furniture and office equipment	(354)	(1 879)	(337)
Leasehold improvements	(58)	(235)	(191)
Leased furniture and office equipment	–	(759)	(6 517)
	(3 658)	(3 099)	(10 165)
Less non-cash additions	1 590	759	6 164
Total additions	**(2 068)**	**(2 340)**	**(4 001)**

18. OPERATING LEASES

18.1 Operating lease commitments

Future minimum rentals for premises and office equipment under non-cancellable leases payable within:

	2019 R'000	2018 R'000	2017 R'000
– one year	1 402	5 915	5 477
– after one year, within five years	–	923	1 778
Total	**1 402**	**6 838**	**7 255**

19. **BORROWINGS**

Electrical Manufacturers borrowings are at the directors' discretion, subject to existing loan covenants of the Jasco group.

20. **RELATED PARTIES**

Electrical Manufacturers is a division of Jasco Trading Proprietary Limited, a wholly-owned subsidiary of Jasco Electronics Holdings Limited.

All purchasing and selling transactions with related parties are concluded at arm's length. Outstanding balances at year end are unsecured and settlement occurs in cash. There are no material outstanding balances at year end.

Distributions to the Jasco Trading legal entity are set out in note 12.

Administration, managerial and secretarial fees between the legal entity and the division are disclosed in note 4. This includes all the related party transactions for the division.

21. **FINANCIAL INSTRUMENTS**

Electrical Manufacturers' principal financial instruments, other than foreign currency contracts, comprise trade receivable, trade payable, interest-bearing liabilities, bank balances and cash. The main purpose of these financial instruments is to raise finance for Electrical Manufacturers' operations and capital projects. Electrical Manufacturers has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations.

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

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

	Amortised cost R'000	**Fair value through profit or loss R'000**
30 June 2019		
Current assets		
Trade receivables	25 021	–
Cash and cash equivalents	15 378	–
Current liabilities		
Trade payables	30 113	–

30 June 2018	**Loans and receivables R'000**	**Fair value through profit or loss R'000**
Current assets		
Trade receivables	22 285	–
Foreign currency contracts	–	120
Cash and cash equivalents	15 354	–

	Amortised cost R'000	**Fair value through profit or loss R'000**
Current liabilities		
Trade payables	27 726	–

	Loans and receivables R'000	Fair value through profit or loss R'000
30 June 2017		
Current assets		
Trade receivables	26 326	–
Foreign currency contracts	–	8
Cash and cash equivalents	12 308	–

	Amortised cost R'000	Fair value through profit or loss R'000
Current liabilities		
Trade payables	18 460	–

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

21.1 **Fair values**

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

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

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

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

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

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

At 30 June 2019, 2018 and 2017, Electrical Manufacturers' only financial instruments carried at fair value were foreign currency contracts. The fair value of foreign currency contracts is determined using foreign exchange rates as at the end of reporting period. These were classified as level 2 as the fair values are independently verified.

	2019 R'000	2018 R'000	2017 R'000
Foreign currency contracts asset	–	120	8

21.2 **Interest rate risk**

Electrical Manufacturers' exposure to market risk for changes in interest rates relates to Electrical Manufacturers' debt.

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

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

	Total R'000	Within 1 year R'000	1 to 2 years R'000
2019			
Variable rate			
Interest-bearing liabilities	(4 129)	(2 662)	(1 467)
Net cash and cash equivalents	15 378	15 378	–
	11 249	12 716	(1 467)
2018			
Variable rate			
Interest-bearing liabilities	(5 514)	(2 949)	(2 565)
Net cash and cash equivalents	15 354	15 354	–
	9 840	12 405	(2 565)
2017			
Variable rate			
Interest-bearing liabilities	(7 602)	(2 853)	(4 749)
Net cash and cash equivalents	12 308	12 308	–
	4 706	9 455	(4 749)

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

	Increase/(decrease) in basis points	2019 R'000	2018 R'000	2017 R'000
Profit before tax	+0,5%	56	49	24
	–0,5%	(56)	(49)	(24)

21.3 **Credit risk management**

Electrical Manufacturers' main exposure to credit risk arises from Electrical Manufacturers' normal credit sales to customers.

Credit risk arises:

- – Cash and cash equivalents
- – Trade receivable relating to credit sales to customers

Cash and cash equivalent

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

Trade receivables

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

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

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. Electrical Manufacturers measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

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

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

Electrical Manufacturers' consists mainly of large reputable customers with very low debtors' days. Based on the payment history of these customers, amounts due are usually received within 30 days. More than 50% of the balance relates to two major large appliance customers. The loss allowance calculated using the simplified approach resulted in a loss allowance of 0.4% of the debtors balance, this was considered to be immaterial. The loss allowance calculated was immaterial and therefore no loss allowance was recognised.

The forward-looking information has been assessed and the loss allowance calculated was 0.4% of the debtors balance, it has an immaterial impact on ECL. The loss allowance provision is determined as follows:

2019	**Trade receivables R'000**
Large customers	
– Gross receivables	25 021
– Less loss allowance	–
Net receivables	25 021

Trade receivables are written off when management believes there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due

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

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

21.4 **Liquidity management**

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

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

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

	Net balance R'000	**Future interest R'000**	**Total cash flow R'000**	**On demand R'000**	**Less than three months R'000**	**Three to 12 months R'000**	**12 to 24 months R'000**
2019							
Trade and other receivables	25 021	–	25 021	4 227	20 669	125	–
Net cash and cash equivalents	15 378	–	15 378	15 378	–	–	–
Interest-bearing loans	(4 129)	483	(4 612)	–	(731)	(2 079)	(1 801)
Trade and other payables	(30 113)	–	(30 113)	–	(30 113)	–	–
	6 157	483	5 674	19 605	(10 175)	(1 954)	(1 801)
2018							
Trade and other receivables	22 285	–	22 285	4 658	17 667	(40)	–
Net cash and cash equivalents	15 354	–	15 354	15 354	–	–	–
Interest-bearing loans	(5 514)	742	(6 256)	–	(892)	(2 534)	(2 830)
Trade and other payables	(27 726)	–	(27 726)	–	(27 726)	–	–
Derivative financial instruments	120	–	120	–	120	–	–
	4 519	742	3 777	20 012	(10 831)	(2 574)	(2 830)

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than three months R'000	Three to 12 months R'000	12 to 24 months R'000
2017							
Trade and other receivables	26 326	–	26 326	5 780	20 533	13	–
Net cash and cash equivalents	12 308	–	12 308	12 308	–	–	–
Interest-bearing loans	(7 602)	444	(8 046)	–	(713)	(2 140)	(5 193)
Trade and other payables	(18 834)	–	(18 834)	–	(18 834)	–	–
Derivative financial instruments	8	–	8	–	8	–	–
	12 206	444	11 762	18 088	994	(2 127)	(5 193)

Based on the table above the net shortfall above can be funded by the positive cash balance available at the end of each period.

22. **SUBSEQUENT EVENTS**

A binding offer was received for the disposal of Electrical Manufacturers, a division of Jasco Trading Proprietary Limited. In terms of the Disposal Agreement, Jasco will sell to African Zaibatsu Corporation Proprietary Limited, Electrical Manufacturers as a going concern.

REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EM

The Directors
Jasco Electronics Holdings Limited
Corner 2nd Street and Alexandra Avenue
Halfway house
Midrand
1685

Independent reporting accountant's audit report on the historical financial information
To the directors of Jasco Electronics Holdings Limited

Our opinion

Jasco Electronics Holdings Limited is issuing a circular (the "Circular") to its shareholders regarding the disposal of the Electrical Manufacturers division ("EM" or the "Division") of Jasco Trading Proprietary Limited ("Jasco Trading"), (the "Proposed Transaction").

In our opinion, the historical financial information as set out in Annexure 1 of the Circular (the "historical financial information') presents fairly, in all material respects, the financial position of EM as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 10 December 2019, we have audited EM's historical financial information, which comprises:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Reporting accountant's responsibilities for the audit of the historical financial information section of our report.

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

Independence

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

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Emphasis of Matter: Special purpose carve-out historical financial information

We draw attention to the fact that, as described in Annexure 1 of the Circular, EM has not operated as a separate entity. This special purpose carve-out historical financial information is therefore not necessarily indicative of EM's results of operations, financial position, changes in equity and cash flows that would have occurred if EM operated as a separate stand-alone entity during the year presented, or of future results of EM.

Other Matter

The historical financial information of EM as at 30 June 2018 and 30 June 2017, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 10 December 2019 expressed an unqualified conclusion.

Responsibilities of the directors for the historical financial information

The directors of Jasco Electronics Holdings Limited are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Jasco Electronics Holdings Limited complies with the requirements of the JSE Limited Listings Requirements.

The directors of Jasco Electronics Holdings Limited are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors of Jasco Electronics Holdings Limited are responsible for assessing the Division's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Division or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the historical financial information

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

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

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Jasco Electronics Holdings Limited.
- Conclude on the appropriateness of the directors of Jasco Electronics Holdings Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the historical financial information or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Division to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Herman Badenhorst Eksteen
Registered Auditor
Waterfall City
10 December 2019

REVIEW OF HISTORICAL FINANCIAL INFORMATION BY THE REPORTING ACCOUNTANT OF EM

The Directors
Jasco Electronics Holdings Limited
Corner 2nd Street and Alexandra Avenue
Halfway house
Midrand
1685

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ELECTRICAL MANUFACTURERS DIVISION

To the directors of Jasco Electronics Holdings Limited

Introduction

Jasco Electronics Holdings Limited (the "Company") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of the Electrical Manufacturers division ("EM" or the "Division" or the "Entity") of Jasco Trading Proprietary Limited ("Jasco Trading"), (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 10 December 2019, we have reviewed the accompanying statement of financial position of the EM as at 30 June 2018 and 30 June 2017 and the related statements of comprehensive income, changes in equity and cash flows for the 12 month period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "Historical Financial Information"), as presented in Annexure 1 to the Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Jasco Electronics Holdings Limited are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Jasco Electronics Holdings Limited complies with the requirements of the JSE Limited's Listings Requirements.

The directors of Jasco Electronics Holdings Limited are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors of Jasco Electronics Holdings Limited are responsible for assessing the Division's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Division or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of EM, do not present fairly, in all material respects, the financial position of EM as at 30 June 2018 and 30 June 2017, and its financial performance and its cash flows for the 12 months then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Herman Badenhorst Eksteen
Registered Auditor
Waterfall City
10 December 2019

PRO FORMA FINANCIAL INFORMATION

The tables below set out the *pro forma* financial information of Jasco based on the published audited Jasco annual group financial results for the year-ended 30 June 2019. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present Jasco's financial position, changes in equity, results of operations and cash flows; nor the effect and impact of the Disposal. For the purposes of the *pro forma* financial information, it has been assumed that the Disposal took place with effect from 1 July 2018 for the statement of comprehensive income and 30 June 2019 for the statement of financial position.

The *pro forma* statements of comprehensive income and financial position have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the published audited Jasco group annual financial results for the year ended 30 June 2019.

The directors of Jasco are responsible for the compilation, contents and preparation of the *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Jasco and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements

The *pro forma* statement of financial position as at 30 June 2019 and the *pro forma* income statement for the year then ended, should be read in conjunction with the Independent Reporting Accountant's assurance report thereon contained in Annexure 5 to this Circular.

Pro Forma statement of comprehensive income for Jasco for the year ended 30 June 2019

R'000	Before (Note 1)	EM *Pro Forma* (Note 2)	Profit/ (loss) on Disposal *Pro Forma* (Note 3)	Disposal Consi-deration (Note 4)	Other adjust-ments (Note 5)	Trans-action costs (Note 6&8)	*Pro forma* After the Disposal (Note 7)
Revenue	1 137 355	(196 641)	–	–	–	–	940 714
Cost of sales	(746 540)	151 876	–	–	–	–	(594 664)
Gross profit	390 815	(44 765)	–	–	–	–	346 050
Other income	20 603	(1 174)	3 971	–	–	–	23 400
Selling and distribution costs	(2 186)	1 151	–	–	–	–	(1 035)
Administrative expenses	(286 214)	20 595	–	–	(1 422)	–	(267 041)
Other expenses	(111 669)	14 618	–	–	–	(2 758)	(99 809)
Operating profit	11 349	(9 575)	3 971	–	(1 422)	(2 758)	1 564
Finance income	4 559	(84)	–	250	–	–	4 725
Finance costs	(25 754)	513	–	6 600	–	–	(18 641)
Equity accounted share of loss from associate	(1 623)	–	–	–	–	–	(1 623)
(Loss)/profit before taxation	(11 469)	(9 146)	3 971	6 850	(1 422)	(2 758)	(13 975)
Taxation	(7 906)	2 176	–	(532)	398		(5 864)
(Loss)/profit for the year	(19 375)	(6 970)	3 971	6 318	(1 024)	(2 758)	(19 839)
Other comprehensive loss	–	–	–	–	–	–	–
(this may subsequently be reclassified to profit or loss)							
Foreign currency translation reserve arising during the year*	–	–	–	–	–	–	–
Total comprehensive (loss)/income for the year	(19 375)	(6 970)	3 971	6 318	(1 024)	(2 758)	(19 839)
(Loss)/profit for the year attributable to:							
– non-controlling interests	9 762	–	–	–	–	–	9 762
– ordinary shareholders of the parent	(29 137)	(6 970)	3 971	6 318	(1 024)	(2 758)	(29 601)
	(19 375)	(6 970)	3 971	6 318	(1 024)	(2 758)	(19 839)

***Pro Forma* statement of comprehensive income for Jasco for the year ended 30 June 2019** *(continued)*

R'000	Before (Note 1)	EM *Pro Forma* (Note 2)	Profit/ (loss) on Disposal *Pro Forma* (Note 3)	Disposal Consi-deration (Note 4)	Other adjust-ments (Note 5)	Trans-action costs (Note 6&8)	*Pro forma* After the Disposal (Note 7)
Total comprehensive (loss)/income attributable to:							
– non-controlling interests	9 762	–	–	–	–	–	9 762
– ordinary shareholders of the parent	(29 137)	(6 970)	3 971	6 318	(1 024)	(2 758)	(29 601)
	(19 375)	(6 970)	3 971	6 318	(1 024)	(2 758)	(19 839)
* Foreign currency translation reserves do not attract any tax.							
Earnings per share (cents) basic	(12.9)	(3.1)	1.8	2.8	(0.5)	(1.2)	(13,1)
Diluted earnings per share (cents)	(12.9)	(3.1)	1.8	2.8	(0.5)	(1.2)	(13,1)
Net earnings attributable to equity holders of the parent	(29 137)	–	–	–	–	–	(29 137)
Headline earnings adjustments:	*4 966*	*(339)*	*(3 971)*	–	–	–	*656*
Profit on disposal of subsidiary – Jasco Electrical Manufacturers	–	–	(3 971)	–	–	–	(3 971)
Recycle FCTR on disposal of subsidiary	–	–	–	–	–	–	–
Impairment of goodwill	4 569						4 569
Net after-tax loss/(profit) on disposal of fixed assets	397	(339)	–	–	–	–	58
Headline earnings	(24 172)	(339)	(3 971)	–	–	–	(28 481)

Notes to the *pro forma* statement of comprehensive income for Jasco for the year ended 30 June 2019

1. The "Before" column has been extracted, without adjustment, from Jasco's published audited final results for the year ended 30 June 2019.
2. The "EM" column represents the disposal of EM and is based on the special purpose carve-out historical financial information of EM for the year ended 30 June 2019 included in Annexure 1 to this Circular.
3. The disposal of EM results in the recognition of a profit on disposal of EM calculated as follows:

	R in 000s
The Disposal Consideration	65 000
The Disposal of the EM Sale Assets and Assumed Liabilities (see the *pro forma* balance sheet)	(61 029)
Profit on Disposal of EM	**3 971**

4. The Disposal Consideration cash portion of R60 million is applied against the Jasco Corporate Bond (R45.8 million) and the Working Capital Facility (R14.2 million) with a weighted cost of debt of 11% with a resultant interest cost saving of R6.6 million (R5 million relates to the Jasco Corporate Bond and R1.6 million to the Working Capital Facility). R5 million of the Disposal Consideration is deferred until Closing date with interest accruing at 5% per annum amounting to interest income of R250 000. The taxation charge is calculated at 28% of the net interest impact excluding the portion of the interest paid related to the corporate bond of R45.8 million which is not a deductible expense for income taxation purposes.
5. Jasco anticipates that R1.4 million of central group costs will be allocated to EM for the year ended 30 June 2019, as a consequence of the Disposal.

Transactional related costs (non-deductible for tax purposes).	Rands
5.1 JSE fees	49 912
5.2 Ince printing, publication & distribution costs	58 342
5.3 Corporate advisor fees – Grindrod Bank	750 000
5.4 Corporate advisor fees – Samuelkennedy Investments	100 000
5.5 Legal fees – Rashaad Sujee Inc.	50 000
5.6 Reporting Accountants fees – PwC Inc.	1 750 000
	2 758 254

6. *The transaction costs column represents non-recurring transaction costs relating to the Disposal of R2.8 million.*
7. *All adjustments are recurring unless otherwise indicated.*

***Pro Forma* Statement of Financial Position for Jasco the year ended 30 June 2019**

R'000	Before (Note 1)	EM (Note 2)	Sale Assets and Assumed Liabilities adjustment (Note 3)	Disposal Consi-deration (Note 4)	Trans-action costs (Note 5)	*Pro forma* after the Disposal
ASSETS						
Non-current assets	258 203	(31 128)	–	–	–	227 075
Plant and equipment	83 393	(30 286)	–	–	–	53 107
Intangible assets	144 233	(842)	–	–	–	143 391
Investment in subsidiaries	–	–	–	–	–	–
Investment in joint ventures/associates	–	–	–	–	–	–
Deferred income tax	22 093	–	–	–	–	22 093
Other non-current contract assets	–	–	–	–	–	–
Other non-current asset	8 484	–	–	–	–	8 484
Current assets	399 823	(84 360)	15 378	5 000	(2 758)	333 082
Inventories	108 484	(41 818)	–	–	–	66 666
Contract assets	3 240	–	–	–	–	3 240
Trade and other receivables	208 581	(27 164)	–	5 000	–	186 417
Amounts owing by group companies	–	–	–	–	–	–
Taxation refundable	11 308	–	–	–	–	11 308
Short-term portion of other non-current assets	2 723	–	–	–	–	2 723
Cash and cash equivalents	65 487	(15 378)	15 378	–	(2 758)	62 729
Total assets	658 026	(115 489)	15 378	5 000	(2 758)	560 157

EQUITY AND LIABILITIES

R'000	Before (Note 1)	EM (Note 2)	Sale Assets and Assumed Liabilities adjustment (Note 3)	Disposal Consi-deration (Note 4)	Trans-action costs (Note 5)	*Pro forma* after the Disposal
Shareholders' equity	176 535	(76 406)	14 935	65 000	(2 758)	177 305
Share capital	281 283	–	–	–	–	281 283
Treasury shares	(3 203)	–	–	–	–	(3 203)
Non-distributable reserves	7 109	–	–	–	–	7 109
Distribution to parent		167 798	(167 798)			–
Retained loss	(139 174)	(244 204)	182 733	65 000	(2 758)	(138 404)
Equity attributable to equity holders of the parent	146 015	(76 406)	14 935	65 000	(2 758)	146 785
Non-controlling interests	30 520	–	–	–	–	30 520
Non-current liabilities	17 721	(1 467)	–	–	–	16 254
Interest-bearing liabilities	7 083	(1 467)	–	–	–	5 616
Contract liabilities	3 877	–	–	–	–	3 877
Deferred tax liability	6 761	–	–	–	–	6 761
Current liabilities	463 770	(37 615)	444	(60 000)	–	366 599
Trade and other payables	195 448	(31 485)	–	–	–	163 963
Provisions	19 355	(3 024)	–	–	–	16 331
Amounts owing to group companies	–	(444)	444	–	–	–
Taxation	5 240	–	–	–	–	5 240
Contract liabilities	41 674	–	–	–	–	41 674
Short-term borrowings	202 053	(2 662)	–	(60 000)	–	139 391
Total equity and liabilities	658 026	(115 488)	15 378	5 000	(2 758)	560 157
Net asset value per share	64.5					65.1
Net tangible asset value per share	(9.0)					(8.1)
Number of shares in issue (000's)	226 281					226 281
Total number of shares in issue (000's)	229 319					229 319

Notes to the pro forma statement of financial position of Jasco for the year ended 30 June 2019

1. *The "Before" column has been extracted, without adjustment, from Jasco's published audited results for the year ended 30 June 2019.*
2. *The "EM" column represents the disposal of the EM and is based on the special purpose carve-out historical financial information of EM for the year ended 30 June 2019 included in Annexure 1 to this Circular.*
3. *As per the Disposal terms only certain Assumed Liabilities and Sale Assets are being disposed with the EM business which excludes cash and cash equivalents, and intergroup debtors and creditors (including distribution to parent).*
4. *The Disposal Consideration cash portion of R60 million is applied against the Jasco Corporate Bond and the Working Capital Facility. R5 million of the Disposal Consideration is deferred until Closing Date.*
5. *The transaction costs column represents non-recurring transaction costs relating to the Disposal ofR2.8 million.*

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

10 December 2019

The Directors
Jasco Electronics Holdings Limited
Corner 2nd Street and Alexandra Avenue
Halfway house
Midrand
1685

Dear Sirs

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Jasco Electronics Holdings Limited (the "Company" or "Jasco") by the directors. The *pro forma* financial information, as set out on pages 9 to 10 and pages 62 to 68 of the Circular, consist of the *pro forma* statement of financial position as at 30 June 2019, the *pro forma* statement of comprehensive income for the year ended 30 June 2019 and related notes pursuant to the disposal of the electrical manufacturing division ("EM" or 'Division") of Jasco Trading Proprietary Limited ("Jasco Trading"), (the "Proposed Transaction"). The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in paragraph 7 and Annexure 4 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the Proposed Transaction. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 30 June 2019, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 4 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 4 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 7 and Annexure 4 of the Circular.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Brett Stephen Humphreys
Registered Auditor

Johannesburg

10 December 2019

Jasco Electronics Holdings Limited is responsible for their website and we do not accept responsibility for any changes that may have occurred to the reported subject matter information or criteria since they were initially presented on the website.

MATERIAL LOANS AND BORROWINGS

Details of the material loans and borrowings of the Jasco Group are set out below:

Interest-bearing liabilities of Jasco

	2019 R'000
Interest-bearing liabilities	
Secured	207 539
Corporate bond	45 783
Term loan: Working Capital Facility	145 650
Principal amounts owing in respect of finance lease agreements on furniture and office equipment	792
• Gross minimum lease payments	989
• Finance charges	(197)
Principal amounts owing in respect of instalment sale agreements	15 314
– Gross minimum lease payments	17 564
– Finance charges	(2 250)
Unsecured	98
Loans from non-controlling shareholders	98
Total	**207 637**
Current portion transferred to short-term borrowings	
• Finance lease agreements	(328)
• Instalment sale agreements	(8 793)
• Corporate bond and term loan	(45 783)
• Term loan	(145 650)
	7 083
Short-term borrowings	
• Short-term borrowings comprise:	
• Current portion of non-current interest-bearing liabilities*	200 554
• Insurance payment plan	781
• Bank overdrafts	718
	202 053

Amortised cost approximates the fair value.

Particulars

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

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

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

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

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

Under the Working Capital Facility, the group is required to comply with the following financial covenant conditions:

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

The Bank of China has condoned the breach of the loan covenants at 30 June 2019, subsequent to the year-end. However, due to the extension of the facility being received after 30 June 2019, the related borrowings was reclassified as a current liability at 30 June 2019. The Working Capital Facility has been extended until 27 February 2021 on which date one lump sum payment on the entire capital portion of this loan and any outstanding interest will be repaid to the Bank of China.

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

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

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

Included in other payables is an amount of R1.5 million payable to non-controlling interest of MV Fire Protection Proprietary Limited, R1 million of which has recently been paid and the remaining R500 000 to be paid within the next 12 months from operational cash flows.

MATERIAL CONTRACTS

The Jasco group entered into the following agreements, both of which were acquisitions, in the three years preceding the last practicable date of this circular:

1.1 **Acquisition of RAMM Technologies Proprietary Limited**

As announced on SENS on 23 February 2018, Jasco entered into a sale of shares agreement ("Transaction Agreement") with Sudant Investments CC, Mr. Lindsay Welham and Mr. Quinton Ramsay ("the Vendors") and Ramm Technologies Proprietary Limited ("Ramm"). In terms of the Transaction Agreement, Jasco acquired 51% of Ramm for a maximum aggregate purchase price of R30,6 million ("the Ramm Transaction").

Vendor details relating to the Ramm Transaction

Vendors*	Sudant Investments CC (Registration number: 1989/024298/23); Mr Lindsay Grant Welham (the sole owner of Sudant Investments CC); and Mr Quinton Allan Ramsay.
Addresses of Vendors	Mr Ramsay: 9 Saint Joseph Street, Hurlyvale, Edenvale, 1609 Mr Welham: 21 Lagoon Edge, Swellendam Road, Hermanus, 7200
Cash amount paid to each vendor	R26.01 million to M Welham via Sudant Investments CC R4.59 million to Mr Ramsay
Effective date	1 March 2018
Any restraint of trade measures	24-month restraint period applicable to the Vendors to not carry on and not have any involvement in any entity that carries on business in competition with Ramm in such countries in which Ramm is operational.

* None of the Vendors are related parties of Jasco,

The Ramm Transaction Agreement contained legal warranties and indemnities which are considered normal in respect of a transaction of this nature. The assets were acquired by the Vendors prior to the three years preceding this circular.

No promotor or director had any beneficial interest, direct or indirect, in the Ramm Transaction. The interest in Ramm has been transferred into the name of Jasco's wholly-owned subsidiary Jasco Trading Proprietary Limited. The assets have not been ceded or pledged as security.

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

Ramm	**R'000**
Assets	
Plant and Equipment	1 030
Cash and Cash Equivalents	3 200
Trade and other receivables	2 710
Inventories	1 456
Customer-related intangibles	20 811
	29 207
Liabilities	
Trade and other payables	434
Deferred tax liability	5 827
Interest-bearing liabilities	2 509
Taxation payable	124
	8 894

Ramm	R'000
Total identifiable net assets at fair value	20 313
Non-controlling interest	(9 953)
Goodwill/loss arising on acquisition	18 625
Purchase consideration	28 985

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

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

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

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

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

- An assumed discount rate of 21,7%
- An EBIT margin of 15%
- A growth rate of 5%

1.2 **Acquisition of Reflex Solutions Proprietary Limited**

As announced on SENS on 25 May 2017, Jasco entered into a sale of shares agreement ("Transaction Agreement") with Mr. Greg Wilson and Mr. David Robinson ("the Vendors") and Reflex Solutions Proprietary Limited ("Reflex"). In terms of the Transaction Agreement, Jasco acquired 51% of Reflex for a maximum aggregate purchase price of R39.78 million ("the Reflex Transaction").

Vendor details relating to the Reflex Transaction

Vendors*	Mr Gregory Michael Wilson, Mr David Edward Robinson
Addresses of Vendors	Mr Robinson: 2 Penny Place, Douglasdale, 2191 Mr Wilson: 8 Smit Road, Dunkeld West, 2196
Cash amount paid to each vendor	Total cash Consideration of R39 780 000, R32 838 000 (82.5%) paid to Mr Wilson and R6 942 000 (17.5%) paid to Mr Robinson
Effective date	1 May 2017
Any restraint of trade measures	24-month restraint period applicable to the Vendors to not carry on and not have any involvement in any entity that carries on business in competition with Ramm in such countries in which Ramm is operational.

* None of the Vendors are related parties of Jasco.

The Reflex Transaction Agreement contained legal warranties and indemnities which are considered normal in respect of a transaction of this nature. The assets were acquired by the Vendors prior to the three years preceding this circular.

No promotor or director had any beneficial interest, direct or indirect, in the Reflex Transaction. The interest in Reflex has been transferred into the name of Jasco's wholly owned subsidiary Jasco Trading Proprietary Limited. The assets have not been ceded or pledged as security.

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

Reflex	**R'000**
Assets	
Plant and Equipment	6 131
Cash and Cash Equivalents	5 641
Trade and other receivables	26 470
Inventories	2 639
Trade names	1 826
Customer-related intangibles	9 508
	52 215
Liabilities	
Trade and other payables	22 667
Deferred tax liability	3 487
Interest-bearing liabilities	8 300
Taxation payable	3 544
	37 998
Total identifiable net assets at fair value	14 217
Non-controlling interest	(6 966)
Goodwill/loss arising on acquisition	30 475
Purchase consideration	37 726

With effect from 1 May 2017, the group acquired 51% of the shares in Reflex Solutions Proprietary Limited for a maximum undiscounted purchase consideration of R39 780 000, discounted value being R37 726 373. Reflex Solutions is a comprehensive IT solutions provider, offering services ranging from network infrastructure and data centres to voice and data connectivity and a variety of customer support services.

Included in the consideration was a contingent consideration amount of R9 780 000 subject to an audited net profit after tax target being met in 2018. R30 million was settled on 5 July 2017.

The purchase consideration was discounted using an assumed discount rate of 10,5%.

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

- an assumed discount rate of 16,55%
- an EBIT margin of 15%
- a growth rate of 6%

In terms of the Reflex agreement, the Vendors provide warranties that Reflex's net asset value included in the balance sheet, as at the effective date, was R6 393 756.74 and that Reflex would generate a net profit after tax for the 14-month period from 1 May 2017 to 30 June 2018 in an amount of no less than R19 326 550.

JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number: 1987/003293/06)
Share Code: JSC
ISIN: ZAE000003794
("Jasco" or "the Company")

NOTICE OF SHAREHOLDERS' MEETING

The "Definitions and Interpretations" commencing on page 4 of the Circular to which this notice of general meeting of shareholders is attached and forms part apply *mutatis mutandis* to this notice of general meeting of shareholders.

Notice is hereby given that a general meeting of shareholders of Jasco will be held at the registered office namely, Corner Alexandra Avenue and 2nd Street, Midrand, on Tuesday, 21 January 2020 at 14h00 for the purpose of considering and, if deemed fit, passing with or without modification, the following special and ordinary resolutions set out below, which meeting is to be participated in and voted at by shareholders as at the record date of Friday, 10 January 2020. Accordingly, the last day to trade in order to be eligible to vote at the general meeting is Tuesday, 7 January 2020.

If you are in any doubt as to what action to take in regard to this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out at the conclusion of this notice.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL TRANSACTION

"RESOLVED THAT, the Disposal, details of which are fully disclosed in the Circular to which this notice forms part, be and is hereby approved."

In terms of the MOI of the Company, as read with the Act, for ordinary resolution number 1 to be adopted, it must be supported by at least 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER 2 – AUTHORISATION TO IMPLEMENT ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of ordinary resolution number 1."

In terms of the MOI of the Company, as read with the Act, for ordinary resolution number 2 to be adopted, it must be supported by at least 50% of the voting rights exercised on the resolution.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF 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, No 71 of 2008 is required to authorise the company to remunerate directors for their services as directors. Furthermore, in terms of King IV as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within a two-year period.

RESOLVED THAT 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	503 533
Deputy chairman of the board	488 896	488 896
Audit and Risk Committee chairman	386 634	386 634
Social and Ethics Committee chairman	379 456	379 456
Remuneration Committee chairman	379 456	379 456
Member of a sub-committee	293 723	293 723
Member of the board	206 430	206 430

The special resolution to approve the remuneration of non-executive directors for the period 1 January 2020 until 31 December 2020, was withdrawn at the annual general meeting of the company held on Tuesday, 26 November 2019, as the board decided that the remuneration of non-executive directors for the period 1 January 2020 until 31 December 2020 should not increase compared to that for the period 1 January 2019 to 31 December 2019.

The non-binding advisory resolutions to approve the remuneration policy of the company and the implementation thereof was approved

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

VOTING

On a show of hands, every Jasco shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of ordinary shares held), and on a poll, every Jasco shareholder present in person, by proxy or represented at the general meeting, shall have one vote for every ordinary share held. 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 general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

RECORD DATE

The record date in terms of section 59 of the Act for shareholders to be recorded in the Jasco shareholders' register in order to have been sent the Circular, to which this notice is attached, is Friday, 6 December 2019.

The record date in terms of section 59 of the Act for shareholders to be recorded in the Jasco shareholders' register in order to be able to attend, participate and vote at the general meeting is Friday, 10 January 2020.

IDENTIFICATION

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

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Shareholders are advised that no facilities for electronic participation in the shareholders' meeting will be made available.

PROXIES

A shareholder entitled to attend, participate in and vote at the general meeting is entitled to appoint one or more proxies to attend, participate in and vote at the general meeting in his or her stead. A proxy need not be a shareholder of the company. For the convenience of holders of certificated shares and holders of dematerialised shares with own-name registration, a form of proxy (*yellow*) is attached to the circular to which this notice of general meeting is attached. Duly completed forms of proxy must be lodged with and received by the transfer secretaries (at either the transfer secretaries' physical or postal address set out below) by 14h00 on Friday, 17 January 2020 or handed to the chairman of the general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive a shareholder's form of proxy less than 48 hours before the general meeting, such shareholder will also be required to furnish a copy of such form of proxy to the chairman of the general meeting before the appointed proxy exercises any of such shareholder's rights at the general meeting (or any adjournment of the general meeting).

Holders of dematerialised shares without own-name registration who wish to attend the general meeting in person should request their CSDP or broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or broker. Holders of dematerialised shares without own-name registration who do not wish to attend the general meeting but who wish to be represented at the general meeting should advise their CSDP or broker of their voting instructions and should not complete the form of proxy (*yellow*) attached to the circular to which this notice of general meeting is attached. Holders of dematerialised shares without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

By order of the Board

JASCO ELECTRONICS HOLDINGS LIMITED

Mdyesha Ndema Attorneys

Represented by **Mande Ndema**
Company Secretary

19 December 2019

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REF. JOB019763

JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number: 1987/003293/06)
Share Code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the Company**")

FORM OF PROXY – SHAREHOLDERS' MEETING

Unless otherwise stated or the context otherwise indicates, words and expressions used in this form of proxy shall bear the meanings ascribed to them in the Circular to which this form of proxy is attached.

For use at the general meeting to be held at **14h00 on Tuesday, 21 January 2020** at Corner Alexandra Avenue and 2nd Street, Midrand, 1685.

To be completed by holders of Certificated Shares and holders of Dematerialised Shares with own name registration only

If you are a holder of Dematerialised Shares without own-name registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (FULL NAMES IN BLOCK LETTERS)

of (address)

Telephone (work) Telephone (home)

Cellphone number

being the holder(s) of Certificated Shares or Dematerialised Shares with own-name registration

do hereby appoint (see notes 1 and 2):

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the general meeting,

as my/our proxy to attend, speak and vote at the general meeting (or any adjournment thereof).

I/We desire to vote as follows (see note 3):

	Number of votes (one vote per Ordinary Share)		
	For	**Against**	**Abstain**
Ordinary resolution number 1 Approval of the Disposal transaction			
Ordinary resolution number 2 Authorisation to implement ordinary resolutions			
Special resolution number 1 Approval of non-executive director's fees			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

If you return this form duly signed without any specific voting directions indicated in the appropriate spaces above, you will be deemed to authorise and direct the chairman of the general meeting, if your proxy is the chairman, to vote in favour of all the resolutions proposed at the general meeting. If the chairman is not your proxy, then the proxy will be entitled to vote or abstain from voting at the general meeting as he/she thinks fit.

My/our proxy may not delegate his/her authority to act on my/our behalf to any other person.

Signed at on 2020

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable)

Full name

Capacity

Signature

Please read the below summary of the rights contained in section 58 of the Companies Act and the below notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE ACT

In terms of section 58 of the Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3); and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to –
- the relevant shareholder; or
- the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

NOTES TO THE FORM OF PROXY

1. Each Jasco shareholder is entitled to appoint one (or more) proxies (none of whom need be Jasco shareholders) to participate, speak and vote in place of that Jasco shareholder at the general meeting.
2. 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 general meeting", but the Jasco shareholder must initial any such deletion. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Jasco shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Jasco shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the general meeting, if the chairman is the authorised proxy, to vote in favour of all the resolutions proposed at the general meeting, or, if the chairman is not so authorised, the proxy will be entitled to vote or abstain from voting at the general meeting as he/she deems fit, in respect of all the Jasco shareholder's votes exercisable at the general meeting. A Jasco shareholder is not obliged to use all the votes exercisable by him, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the relevant Jasco shareholder.
4. 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 at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) (or email to meetfax@linkmarketservices.co.za) by 14h00 on Friday, 17 January 2020 or handed to the chairman of the general meeting before the appointed proxy exercises any of the relevant Jasco shareholder's rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive a Jasco shareholder's form of proxy less than 48 hours before the general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the general meeting before the appointed proxy exercises any of such Jasco shareholder's rights at the general meeting (or any adjournment of the general meeting).
5. The completion and lodging or posting of this form of proxy will not preclude the relevant Jasco shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Jasco shareholder wish to do so.
6. The chairman of the general meeting may accept or reject any form of proxy, not completed and/or received, in accordance with these notes or with the Company's Memorandum of Incorporation.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or the transfer secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by the Company or either the transfer secretaries or waived by the chairman of the general meeting.
10. Where ordinary shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Jasco shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company or the transfer secretaries.
12. If you are a holder of dematerialised shares without own-name registration you must not complete this form of proxy but must instruct your CSDP or broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or broker.
13. This form of proxy shall be valid at any resumption of an adjourned general meeting to which it relates, although this form of proxy shall not be used at the resumption of an adjourned general meeting if it could not have been used at the general meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the general meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company or the transfer secretaries before the commencement of the general meeting or adjourned general meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Jasco shareholder.
16. In terms of section 58 of the Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the general meeting or any adjournment of the general meeting.
17. If the general meeting is adjourned or postponed, valid forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.