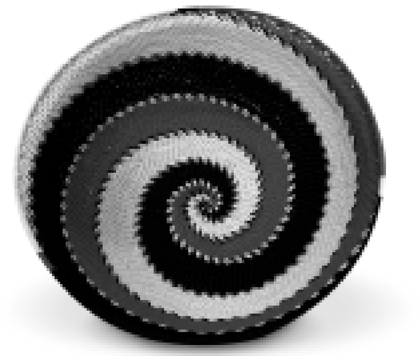
JASCO ELECTRONICS HOLDINGS LIMITED

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

Reviewed results for the year ended 28 February 2005



- ↗ **All operating divisions profitable**
- ↗ **Operating profit before interest increased by 141%**
- ↗ **EBITDA increased by 84% to R24,3 million**
- ↗ **Cash flow from operating activities up by 49% to 32,4 cents per share**
- ↗ **Comparative headline earnings up by 471%* to 24,0* cents per share**
- ↗ **Annual dividend of 6,0 cents per share declared**

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Summarised consolidated income statement

(R'000)		Note	Reviewed 28 February 2005	Audited 29 February 2004	% Increase/ (decrease)
Revenue			**248 832**	258 543	(3,8)
– from continuing operations			**248 750**	252 648	(1,5)
– from discontinuing operations			**82**	5 895	
Operating profit before interest			**15 132**	6 276	141,1
Net interest paid			**(3 268)**	(6 133)	(46,7)
Operating profit			**11 864**	143	
– from continuing operations			**13 413**	4 844	176,9
– from discontinuing operations			**(1 549)**	(4 701)	
Taxation			**5 629**	(3 327)	
Net profit after taxation			**6 235**	3 470	79,7
Loss from associated company			**–**	(2 251)	
Net income attributable to ordinary shareholders			**6 235**	1 219	411,5
Reconciliation of headline earnings					
Net income attributable to ordinary shareholders			**6 235**	1 219	411,5
Headline earnings adjustments			**5 044**	22 144	
– impairment of goodwill		1	**–**	17 100	
– amortisation of intangibles			**5 044**	5 044	
Headline earnings			**11 279**	23 363	(51,7)
Number of shares in issue	('000)		**69 214**	69 431	
Number of shares on which earnings per share is calculated	('000)		**69 214**	69 431	
Number of shares on which diluted earnings per share is calculated	('000)	2	**99 099**	99 316	
Ratio analysis					
Attributable earnings			**6 235**	1 219	
Earnings per share	(cents)		**9,0**	1,8	400,0
Diluted earnings per share	(cents)		**6,3**	1,2	
Headline earnings per share	(cents)		**16,3**	33,6	(51,5)
Diluted headline earnings per share	(cents)	2	**11,4**	23,5	
EBITDA			**24 270**	13 222	83,6
Net asset value per share	(cents)		**128,2**	119,6	7,2
Net tangible asset value per share	(cents)		**80,3**	64,6	24,3
Dividend per share – final	(cents)		**6,0**	–	
Debt: Equity	(%)			18,2	
Interest cover	(times)		**4,6**	1,0	360,0

Calculation of comparative headline earnings per share

			2005	2004	
Headline earnings (as above)			**11 279**	23 363	
Adjusted for			**5 331**	(20 427)	
– provision for liability no longer required		1	**–**	(17 100)	
– taxation		3	**5 331**	(3 327)	
Comparative headline earnings			**16 610**	2 936	
Comparative headline earnings per share	(cents)		**24,0**	4,2	471,4
Comparative diluted headline earnings per share	(cents)	2	**16,8**	3,0	

Notes:

1. The provision for liability no longer required and the impairment of goodwill in the prior year relates to the acquisition of the remaining 80% shareholding in Khululeka Telecommunications (Pty) Ltd. Full details are given in the 2004 Annual Report.
2. These shares relate to our BEE acquisition of Tasslelane (Pty) Ltd from Community Investment Holdings (Pty) Ltd and will only be issued in March 2008, provided certain profit targets have been met.
3. Notional taxation charged against the/(raised as a) deferred tax asset.

Summarised consolidated balance sheet

(R'000)	Reviewed 28 February 2005	Audited 29 February 2004
ASSETS		
Non-current assets	**55 396**	68 178
Plant and equipment	**10 819**	11 174
Intangibles	**33 157**	38 201
Deferred tax asset	**11 235**	16 567
Loans	**185**	2 236
Current assets	**74 436**	79 040
Inventories	**25 571**	22 229
Accounts receivable	**43 580**	54 211
Cash and cash equivalents	**5 285**	2 600
Total assets	**129 832**	147 218
EQUITY AND LIABILITIES		
Share capital and reserves	**88 702**	83 025
Non-current liabilities	**305**	590
Interest bearing liabilities	**6**	291
Non-interest bearing liabilities	**299**	299
Current liabilities	**40 825**	63 603
Interest bearing liabilities	**285**	17 380
Non-interest bearing liabilities	**40 540**	46 223
Total equity and liabilities	**129 832**	147 218

The contingent liability pertaining to the possible claim for a collapsed structure remains unchanged since reported in the 2004 annual financial statements. The directors believe that the possibility of an outflow of economic assets from the judgement against a dormant subsidiary, or a claim for work done by a sub-contractor in Botswana, are both so remote that these are no longer considered to be contingent liabilities.

Statement of changes in equity

(R'000)	Reviewed 28 February 2005	Audited 29 February 2004
Opening balance	**83 025**	54 456
Attributable income	**6 235**	1 219
Currency translation differences	**(93)**	(356)
Treasury shares	**(465)**	–
Dividends paid	**–**	(2 911)
Net shares issued	**–**	30 617
Closing balance	**88 702**	83 025

Summarised consolidated cash flow statement

(R'000)	28 February 2005	29 February 2004
Cash generated from operations	**25 713**	24 349
Net financing costs	**(3 268)**	(6 133)
Net taxation paid	**–**	(191)
Dividends paid	**–**	(2 911)
Cash flow from operating activities	**22 445**	15 114
Cash flow from investing activities	**(1 657)**	(26 080)
Cash flow from financing activities	**(459)**	(4 786)
Increase/(decrease) in cash resources	**20 329**	(15 752)

Summarised segmental report

(Operating divisions only)

(R'000)	Telecoms division	Manuf. division	Security division	Other (discont.)
2005				
Revenue	138 887	72 010	36 286	82
Operating profit/(loss)†	16 909	10 329	2 076	(1 442)
2004				
Revenue	154 640	62 419	31 351	5 895
Operating profit/(loss)†	12 178	9 452	983	(3 313)

† Operating profit/(loss) excludes interest paid or received and is stated before making adjustments for inter-group interest and administration fees.

Commentary

The results for the year ended 28 February 2005 reflect the ongoing turnaround in Jasco's profitability. All three operating divisions continued to show progress and earnings increased due to an improvement in operating efficiencies.

Telecommunications benefited from better trading conditions, Jasco's industry expertise and empowerment credentials, while Manufacturing's output grew as a result of buoyant consumer demand. The Security division doubled its profits, albeit off a low base, following the refocusing of its business to enable improved client delivery.

The increase in EBITDA margins to 9,8% (2004: 5,1%) and lower interest charges resulted in a significant increase in operating profit to R11,9 million (2004: R0,14 million). Sound working capital management turned these profits into cash. The result was the elimination of debt and an improvement in the balance sheet and net asset value.

Accounting policies and comparative headline earnings

This report was prepared using accounting policies that are in accordance with the Statements of Generally Accepted Accounting Practice (GAAP) and comply with AC127. These policies are consistent with those applied in the financial statements for the year ended 29 February 2004, except for the consolidation of the Jasco Employee Share Incentive Trust. This change is in line with the latest listings requirements of the JSE Securities Exchange South Africa. This first time consolidation of the Share Incentive Trust represents a change in accounting policy. However, due to the insignificance of the numbers involved, the comparative numbers have not been restated.

As explained in the 2004 year-end and interim results announcements, as well as in the 2004 Annual Report, Jasco's results should be read against the context of historic events that affect the reporting of the group's financials. In the interest of showing headline earnings which are comparable with those shown in the past, the concept of **comparative** headline earnings was introduced. Headline earnings for the year under review have accordingly been adjusted by adding back a notional deferred tax charge to the income statement of R5,3 million that is credited against the deferred tax asset in the balance sheet.

Results

Jasco ended the year with revenue from continuing operations of R248,8 million compared to R252,6 million in 2004. Turnover was impacted by the Rand strength, resulting in a decline in exports. However, operating profit before interest increased by 141,1% to R15,1 million (2004: R6,3 million), whilst operating profit amounted to R11,9 million compared to R0,14 million in 2004.

The GAAP treatment of the historical anomalies in Jasco's results (referred to above) results in a 51,5% reduction in headline earnings per share to 16,3 cents per share (2004: 33,6 cents). However, **comparative** headline earnings per share increased by 471,4%* to 24,0*cents (2004: 4,2* cents).

Net asset value per share increased by 7,2% to 128,2 cents and net tangible asset value per share improved by 24,3% to 80,3 cents per share.

Sound working capital management resulted in R22,4 million (or 32,4 cents per share) of cash being generated from operating activities. Consequently, Jasco was able to eliminate interest-bearing debt compared to gearing of 18,2% in 2004.

Operational review

All three operating divisions were profitable.

Telecommunications

The Telecommunications division focuses on the provision of specialised solutions, products and services to telecommunications networks. A number of products, designed and manufactured in-house, are combined with a range of products sourced on an exclusive basis from leading overseas suppliers.

This division consists of three operations, namely **Webb Industries**, which has been in operation for over 30 years, and the more recently established and acquired **Telesciences** and **Tasslelane** operations.

Revenue for the Telecommunications division reduced by 10,2% to R138,9 million (2004: R154,6 million). However, operating margin increased to 12,2% (2004: 7,9%) due to improving cost structures, better manufacturing efficiencies and a more optimal product mix. This division produced 57,7% of group operating profit from continuing operations.

The decline in revenue is attributable to a decline in exports flowing from the strengthening of the Rand and an increase in the price of local steel. These factors particularly affected Webb as 47% of its turnover came from exports. However, through management's continued focus on efficiencies and growth in the local market, Webb produced another solid performance, with strong cash generation.

Both the Telesciences and Tasslelane operations returned to profitability following improved operational efficiencies, cost cutting and the awarding of new contracts.

Jasco's BEE credentials are now entrenched, which has allowed it to tender for additional work it could not do before. This, together with its expertise in wireless telecommunications, has positioned Telecommunications well to tap into continued opportunities in this growing market.

Manufacturing

This division trades under the name of **Special Cables**. It manufactures a number of in-house products and focuses on component manufacture for the electrical and electronics industries.

Revenue increased by 15,4% to R72 million (2004: R62,4 million) due to the ongoing consumer demand for domestic appliances and automotives. The strong demand also led to significant cash generation. Operating margins remained robust, despite the effect of the strong Rand on exports. This division produced 35,2% of group operating profit from continuing operations.

Low interest rates, a solid economy and growth in the new emerging market will result in the Manufacturing division remaining a good performer for Jasco. The growth in export volumes to the EU, USA and South America of Jasco's Just-Chlor® pool chlorinator and related products continues.

Security

The security division trades under the name of **Multivid**. It is a specialist security systems house, providing stand-alone and integrated closed circuit television (CCTV), access control and alarm monitoring systems. The operation focuses on developing and providing full turnkey solutions engineered to meet customers' specific requirements. The diversified client base includes financial institutions, retailers, mines and local government.

The division embarked on a turnaround strategy in the latter part of 2002. The initial success of this turnaround continued during this period as several orders were secured and successfully completed. Revenue increased by 16%, with operating profit doubling to R2,1 million off last year's relatively low base of just under R1,0 million.

A dedicated drive to increase order inflow and improve operational efficiencies through restructuring, as well as an exciting new product range, augurs well for a continued improvement in profits for this division during the coming year.

Prospects

Jasco's consolidation phase and restructuring is now complete. Loss-makers have been turned around, cash flow significantly improved, debt eradicated and the balance sheet strengthened. In addition, Jasco ranks as a leading BEE company and was recently placed second in the listed general industrials category of the Top Empowerment Companies 2005 survey conducted by the Financial Mail and Empowerdex.

Prospects in all operating divisions remain positive. The Telecommunications division is especially well placed following the awarding of a material contract subsequent to year end. The group is set for continued organic growth, with the financial flexibility to optimise on relevant market opportunities, as they arise.

The board is optimistic that Jasco will continue to deliver improved results in the next year and thanks Jasco's stakeholders for their support during the past year.

Future changes to the executive team

Over the past five years group CEO, Dr Stuart Robertson has delivered against a clear mandate from the board to transform Jasco into a BEE entity with a sustainable growth platform. In 2003 he led the finalisation of Jasco's BEE transaction with Community Investment Holdings (CIH). He, together with the current executive team, also succeeded in achieving a turnaround of Jasco's profitability which is evident in the improved results and prospects set out in this report.

In compliance with Rule 3.59 of the JSE Listings Requirements, the Board announces that, having completed his mandate, Dr Robertson intends to step down later this year to pursue further opportunities within the CIH Group. Jasco remains committed to ongoing transformation and in due course intends to appoint a suitably qualified CEO. Pending such an appointment and a smooth handover, Dr Robertson will continue to support the current executive team led by Managing Director, Joe Madungandaba, and group COO, Martin Lotz. The executive team will also be strengthened by the appointment of a new group financial director.

The board thanks Dr Robertson for the passion, dedication and results-driven approach he applied in the fulfilment of his duties.

Report of the independent auditors

The financial information contained in this announcement has been reviewed by Jasco's auditors, Ernst & Young Chartered Accountants (SA). A copy of the unmodified review report is available for inspection at Jasco's registered office. No material events have occurred between the end of the financial year and the date of the review report.

Dividend

In view of the ongoing improvement in Jasco's results and the generation of cash, the directors have resolved to pay an annual dividend. The final dividend (No. 14) of 6,0 cents per share will be paid, in terms of STRATE, as follows:

Last day to trade (cum dividend)	Friday, 20 May 2005
Shares to commence trading (ex dividend)	Monday, 23 May 2005
Record date	Friday, 27 May 2005
Payment date	Monday, 30 May 2005

Shares may not be de-materialised or re-materialised between Monday, 23 May 2005 and Friday, 27 May 2005, both dates inclusive.

For and on behalf of the board

Dr ATM Mokgokong	**Dr SH Robertson**	**MH Lotz**
(Non-Executive Chairperson)	(Chief Executive Officer)	(Chief Operating Officer)

19 April 2005

Directors: Dr ATM Mokgokong (Chairperson), TB Rutstein (Deputy Chair), PS Chapwanya†, FE Emary, JC Farrant, Dr JM Matsipa, JA Sherry (Non–Executives)
Dr SH Robertson (CEO)#, MJ Madungandaba (MD)#, MH Lotz (COO)#
#(Executive directors) †(Zimbabwean)

Registered office: Woodmead Park, 8 Saddle Drive, Woodmead, 2157

Transfer secretaries: Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001

(* Excludes the effects derived from recognising a deferred tax asset)