Effects of recession continued to impact

Against this, all divisions remained profitable

Main impact seen in Telecommunications and Security

Positive contribution from electrical

M-TEC contributed R2,9 million

New acquisition, Lighting Structures, earnings enhancing

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

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

INTRODUCTION

Jasco Electronics Holdings Limited (Jasco or the "Company" or the "Group") has a diversified portfolio of four divisions operating in the growth sectors of Telecommunications, Domestic Products, Security and Electrical. Jasco specialises in integrated build, operate and maintenance solutions to the telecommunications and electronic security industry in Africa.

RESULTS OVERVIEW

As Jasco changed its year end from February to June during 2009, the results for the six months ended 31 December 2009 are compared to the six months ended 31 August 2008. However, to ensure like-for-like comparisons, the company is also providing stakeholders with the results for the six months ended 31 December 2008. The full summarised unaudited results are available at www.jasco.co.za.

As reported for the 16 months to 30 June 2009, the trading environment deteriorated dramatically from March 2009 onwards. Against this, all divisions remained profitable although results were negatively impacted due to significant delays in Security contracts, as well as the lack of fixed-line spend and the postponement of wireless African roll outs in Telecommunications.

Basis of preparation

The results comply with IAS 34 – Interim Financial Reporting and have been prepared using the Revised IAS 1 – Presentation of Financial Statements and IFRS 8 – Operating Segments.

With the exception of the adoption of IFRS 3 (revised) – Business Combinations, the accounting policies and methods of computation used in the preparation of this report are consistent with those used in the annual financial statements for the year ended 30 June 2009, which comply with International Financial Reporting Standards, the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

Financial review

Revenue for the six months ended 31 December 2009 increased by 6% to R264 million (6 months to 31 Aug 2008: R249 million). Operating profit decreased by 34% to R16,1 million (Aug 2008: R24,3 million), whilst earnings per share (EPS) and headline earnings per share (HEPS) decreased by 57% to 10,0 and 10,1 cents per share respectively (Aug 2008: EPS 23,4; HEPS 23,5 cents per share).

Comparative revenue for the six months to December 2009 of R264 million decreased by 18% (Dec 2008: R322 million), whilst operating profit for the same period declined by 51% from R32,6 million to R16,1 million. Profit attributable to ordinary shareholders declined by 28% to R11,2 million (Dec 2008: R15,6 million) following improved contributions from the investments in the WebbLeBLANC JV and associate M-TEC.

Cash generated from operations amounted to R5 million for the six months to December 2009 (Dec 2008: R50 million). The decrease was mainly due to a change in working capital movements. During the 16 months to June 2009, cash generation was exceptionally high due to advantage taken of payment extensions granted by creditors. The last six months were impacted by the change in year end which resulted in earlier payments to creditors before the December break.

Average working capital days of 32,1 days for the six months to December 2009 decreased from the 22,4 days for the 16-month period to 30 June 2009. This was due to the higher payments made to creditors during the last six months as debtors days reduced.

After accounting for financing costs and taxation paid, the repayments from the group's Transnet rental project, the net cash outflow in other investing activities, as well as the raising of a R30 million term loan, the group increased its cash resources by R27 million, decreasing the bank overdraft to R1 million. The term loan bears interest at JIBAR plus 5,62% and is repayable by September 2012 in equal quarterly instalments. The debt:equity ratio, including the R100 million redeemable preference shares issued to finance the acquisition of the group's share in M-TEC is 54%. Excluding the preference shares, the debt:equity ratio is 18%.

Operational review

As reported during September 2009, the market downturn was first felt within the durable goods industry, which impacted negatively on the Domestic Products division. During the six months under review, the position improved slightly, with this division increasing volumes and operating profit. However, the Security division saw 65% of its project pipeline cancelled or delayed and revenue for this period does not include any major contracts. Telecommunications maintained its position in the wireless arena in South Africa, but saw roll-out delays in the rest of Africa and a further decline in local expenditure on fixed line networks.

The group's associate, M-TEC, continued its turnaround during this period, turning the loss of R0,6 million incurred for the six months to December 2008 into a profit of R2,9 million. The acquisition of 51% of Lighting Structures further contributed to the profits of the Electrical division.

Telecommunications – 27,2% of segmental revenue and 43,7% of consolidated group revenue

On a comparative December 2008 to December 2009 basis, Telecommunications revenue declined by 11% to R175 million (Dec 2008: R197 million). Operating profit declined by 26% to R17,9 million (Dec 2008: R24,4 million).

The decrease was due to a continued decline in fixed line spend and slower wireless roll out in the rest of Africa.

Although Jasco's share of the loss in its new acquisition, Maringo, was lower than expected (R380 000), this start-up business negatively impacted margins by 1,4% during the period. Without this impact, the reported margin of 10,2% for December 2009 would have been 11,6% (Dec 2008: 12,4%).

Security – 8,0% of segmental revenue and 19,8% of consolidated group revenue

After a very strong performance during the 12 months to February 2009 on the back of a number of large projects executed, the effect of the recession was particularly felt during the last 10 months when the majority of anticipated projects were postponed indefinitely and the forward order book was negatively impacted. However, the business model that covers overheads through annuity and recurring income remained in place and the division managed to show a small profit.

Revenue for the six months to December 2009 decreased by 48% to R51 million (Dec 2008: R98 million). As a result of the lack of large contracts, operating profit decreased by 82% to R3,7 million (Dec 2008: R21,1 million), with the operating margin down to 7,3% (Dec 2008: 21,4%).

Domestic Products – 8,7% of segmental revenue and 21,5% of consolidated group revenue

The Domestic Products division first suffered from the economic downturn and now appears to be the first to show some positive momentum from the perceived economic turnaround in South Africa. Volumes increased from the six months ended 31 December 2008, even though revenue remained flat at R56 million (Dec 2008: R57 million) due to the overall decrease in commodity prices.

Operating profit increased slightly to R7,3 million (Dec 2008: R6,9 million), resulting in an improvement in operating margin to 13,1% (Dec 2008: 12,0%). This was achieved due to the continued effort by management to reduce costs and operate more efficiently.

Electrical – 56,2% of segmental revenue and 15,0% of consolidated group revenue

The recently acquired Lighting Structures business (see below) and the group's associate investment in M-TEC constitute the Electrical division.

A steady increase in volumes in the copper, fibre and aluminium products during the period under review, coupled with the cost reduction programmes implemented during the first half of calendar 2009, resulted in a further improvement in the contribution from M-TEC. Jasco's portion of M-TEC's after tax profit for the six months to December 2009 of R2,9 million therefore compares extremely favourably to the loss of R0,6 million for the six months ended December 2008.

With effect from 1 September 2009, Jasco acquired 51% of Lighting Structures (Pty) Ltd (Lighting Structures) for a total consideration of R7 million in cash. Lighting Structures has been in existence for over 20 years and designs, manufactures and installs lighting, broadcasting and telecommunications steel structures in Sub-Saharan Africa. This business broadens Jasco's Telecommunications offering to include monopole structures and adds new customers in the electrical field.

The remaining 49% equity interest is held by LeBLANC Communications South Africa, a subsidiary of LeBLANC International. LeBLANC International is also Jasco's JV partner in WebbLeBLANC.

Lighting Structures contributed R1,3 million of after tax profits to Jasco's earnings for the four month period to December 2009.

Subsequent events

No significant events have occurred in the period between the reporting date and the date of this announcement.

PROSPECTS

The group enters the next six months with all its divisions in a profitable position. The last six months have been an opportunity to invest in key people and to focus on efficiencies. This will assist Jasco in buffering the expected continuation of negative markets.

The group expects continued pressure over the short term in Telecommunications; however, to counter this management will focus on the reduction in overheads and tight cost management. The outlook over the longer term remains positive, as low penetration in Africa will necessitate spend on voice and data.

Although Security will continue to experience project delays due to market pressure, its business model will continue to cover overheads. Management has implemented a more formalised sales network to drive annuity and recurring income, as well as further cost-cutting and efficiency programmes without losing capacity for an eventual upturn. The group will also focus on expanding its product range and diversifying its service offering.

Domestic Products should continue to see an improvement. Although job cuts that occurred during 2009 will pressure consumers, a gradual increase is expected on the back of current lower interest rates.

In Electrical, Jasco will continue to focus on costs and efficiencies. The project flow appears more positive, with orders placed on M-TEC for the next 12 months under an existing aluminium overhead conductor contract.

Jasco has a focused medium to long term growth plan in place, with a clear strategy being driven by the senior management team to enhance organic growth and to bulk up. Although market visibility remains unclear, management is focused on taking pro-active action to protect profitability and grow the group.

For and on behalf of the Board

Dr ATM Mokgokong	**MH Lotz**	**WA Prinsloo**
(Non-executive Chairperson)	(Chief Executive Officer)	(Financial Director)

4 February 2010

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(R'000)		Note	**Unaudited 6 months ended 31 December 2009**	Unaudited 6 months ended 31 August 2008	% change	Audited 30 June 2009 16 months
Revenue			**264 009**	248 947	6,1	773 250
Turnover			**258 744**	247 598	4,5	760 203
Interest received			**5 265**	1 349		13 047
Operating profit before interest and taxation			**16 085**	24 318	(33,9)	65 913
Interest received			**5 265**	1 349	290,3	13 047
Interest paid			**(8 022)**	(5 408)	48,3	(25 337)
Share of income from joint venture			**2 486**	1 603	55,1	4 620
Share of income from associates			**2 536**	7 842	(67,7)	1 683
Net profit before taxation			**18 350**	29 704	(38,2)	59 926
Taxation			**(5 802)**	(8 630)	(32,8)	(22 423)
Profit for the period/year			**12 548**	21 074	(40,5)	37 503
Other comprehensive income			**–**	–		–
Total comprehensive income for the period/year			**12 548**	21 074	(40,5)	37 503
Profit and total comprehensive income attributable to:						
– minority shareholders			**1 319**	–		–
– equityholders of the parent			**11 229**	21 074		37 503
			12 548	21 074		37 503
Net earnings attributable to equityholders of the parent			**11 229**	21 074	(40,5)	37 503
Headline earnings adjustments			**70**	157		485
– loss on disposal of fixed assets			**(204)**	157		485
– transaction costs – acquisition of Lighting Structures			**274**	–		–
Headline earnings			**11 299**	21 231	(46,8)	37 988
Number of shares in issue	('000)		**114 509**	114 509		114 509
Treasury shares	('000)		**2 682**	2 769		2 913
Number of shares on which earnings per share is calculated	('000)	1	**111 827**	90 235		103 471
Dilutive shares – pref shares		1	**–**	7 649		2 890
Dilutive shares – CEO share incentive scheme		2	**4 991**	4 991		4 991
Number of shares on which diluted earnings per share is calculated	('000)		**116 818**	102 875		111 352
Ratio analysis						
Attributable earnings			**11 229**	21 074	(46,7)	37 503
Earnings per share	(cents)		**10,0**	23,4	(57,0)	36,2
Diluted earnings per share	(cents)		**9,6**	20,5	(53,1)	33,7
Headline earnings per share	(cents)		**10,1**	23,5	(57,1)	36,7
Diluted headline earnings per share	(cents)		**9,7**	20,6	(53,1)	34,1
EBITDA			**25 103**	37 157	(32,4)	81 719
Net asset value per share	(cents)		**244,7**	278,5	(12,2)	225,3
Net tangible asset value per share	(cents)		**198,1**	228,2	(12)	185,5
Dividend per share	(cents)					26,0
Debt:Equity	(%)		**54**	47	(13,2)	51
Interest cover	(times)		**7,7**	8,3	(8,0)	5,9

Note:

1. The weighted average number of shares increased from 68 404 120 shares in February 2008 after the issue of the 27 415 385 shares on the acquisition of M-TEC (1 June 2008) and the "conversion" of the 17 162 969 preference shares on 21 May 2008 (BEE transaction).
2. In terms of the Jasco Share Option Scheme as set out in the circular dated 31 May 2007, an additional 4 990 786 shares can be issued to the CEO provided certain profit targets are met.

SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(R'000)	**Unaudited 31 December 2009**	Unaudited 31 August 2008	Audited 30 June 2009
ASSETS			
Non-current assets	**357 630**	313 228	360 751
Plant and equipment	**27 506**	28 088	27 867
Investment in joint venture	**12 787**	8 534	11 551
Investment in associate	**221 932**	225 386	219 396
Intangibles	**52 091**	45 022	45 616
Deferred tax asset	**–**	5 444	1 957
Loans	**43 314**	754	54 364
Current assets	**145 627**	177 026	171 241
Inventories	**53 648**	75 923	61 791
Trade and other receivables	**87 929**	100 400	99 775
Taxation prepaid	**4 050**	703	9 451
Cash and cash equivalents	**–**	–	224
Total assets	**503 257**	490 254	531 992
EQUITY AND LIABILITIES			
Equity and reserves	**273 588**	250 905	258 008
Non-current liabilities	**137 733**	105 982	108 387
Interest bearing liabilities	**133 025**	105 982	101 530
Deferred tax	**4 708**	–	6 857
Current liabilities	**91 936**	133 367	165 597
Interest bearing liabilities	**10 609**	10 728	30 332
Non-interest bearing liabilities	**81 327**	109 677	135 229
Taxation	**–**	12 962	36
Total equity and liabilities	**503 257**	490 254	531 992

SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(R'000)	**Unaudited 6 months ended 31 December 2009**	Unaudited 6 months ended 31 August 2008	Audited 30 June 2009 16 months
Attributable to equity holders of the parent			
Opening balance	**258 008**	151 178	151 178
Issue of share capital	**–**	88 904	88 919
Treasury shares – Share Incentive Trust	**144**	(10)	(231)
Share based payment reserve	**870**	718	2 758
Total comprehensive income	**11 229**	21 074	37 503
– Profit for the period/year	**11 229**	21 074	37 503
– Other comprehensive income	**–**	–	–
Dividends paid	**–**	(10 959)	(22 119)
Closing balance	**270 251**	250 905	258 008
Minority interests			
Opening balance	**–**	–	–
Subsidiaries acquired during the year	**2 018**	–	–
Total comprehensive income	**1 319**	–	–
– Profit for the period/year	**1 319**	–	–
– Other comprehensive income	**–**	–	–
Closing balance	**3 337**	–	–
Total equity and reserves	**273 588**	250 905	258 008

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

(R'000)	**Unaudited 6 months ended 31 December 2009**	Unaudited 6 months ended 31 August 2008	Audited 30 June 2009 16 months
Cash generated from operations before working capital changes	**20 751**	28 648	76 912
Working capital changes	**(15 814)**	(28 653)	17 490
Cash generated from operations	**4 933**	(5)	94 402
Net financing costs	**(2 757)**	(4 059)	(12 290)
Net taxation paid	**(1 397)**	(5 997)	(30 881)
Dividends paid	**–**	(10 933)	(22 119)
Cash flow from operating activities	**779**	(20 994)	29 112
Cash flow from investing activities	**4 418**	(220 678)	(94 263)
Cash flow from financing activities	**22 193**	192 119	(1 824)
Increase/(decrease) in cash resources	**27 390**	(49 553)	(66 975)

SUMMARISED CONSOLIDATED SEGMENTAL REPORTS

for the six months ended 31 December 2009, 31 August 2008 and the financial year ended 30 June 2009

(R'000)	**Unaudited 31 December 2009**	Unaudited 31 August 2008	30 June 2009 Audited 16 months
Revenue			
Telecommunications	**175 199**	182 980	499 246
Security	**51 480**	47 524	210 620
Domestic Products	**55 877**	56 731	143 107
Electrical	**362 331**	278 372	814 355
Sub-total operating divisions	**644 887**	565 607	1 667 328
Other divisions	**5 265**	1 349	13 047
Adjustments*	**(386 143)**	(318 009)	(907 125)
Total	**264 009**	248 947	773 250
Operating profit/(loss)			
Telecommunications	**17 944**	26 022	66 394
Security	**3 737**	5 664	29 186
Domestic Products	**7 299**	5 295	13 489
Electrical	**18 282**	32 874	16 437
Sub-total operating divisions	**47 262**	69 855	125 506
Other divisions	**(8 742)**	(8 243)	(27 352)
Adjustments*	**(17 413)**	(27 849)	(25 936)
Total**	**21 107**	33 763	72 218

* The adjustments consist of inter-divisional elimination entries, as well as adjustments required to reconcile the segmental revenue and results to the amounts reported in the statement of comprehensive income.

** The total operating profit includes the equity accounted income from the joint venture (Telecommunications) and associates (Telecommunications and Electrical), presented after tax, but excludes interest paid or received and is stated before making adjustments for inter-group interest and administration fees.

Contingent liability

During 2007, SARS revised its assessment of income taxation for Jasco for the years ended 29 February 2004 and 28 February 2005 by R0,5 million and R1,0 million respectively. Based on professional advice received from two independent, non-related parties, the directors continue to believe that the reassessments are invalid, and continue to treat the matter conservatively as a contingent liability whilst objections are being raised.

Directors and Secretary Dr ATM Mokgokong (Chairperson), MJ Madungandaba (Deputy Chairperson), AMF da Silva, JC Farrant, Dr J Rothbart, JA Sherry (Non-executives), MH Lotz (CEO), WA Prinsloo (Financial Director), O Seiphemo (Marketing Director) (Executives), MN Sepuru (Company Secretary)
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Sponsor Grindrod Bank Ltd, 39 Rivonia Road, Cnr Helling Road, Sandton 2146
Further details can be found on the group's website: www.jasco.co.za

INCORPORATING: Webb Industries • WebbLeBLANC • Telesciences • Tasslelane Technologies • Tasslelane Services • RapidCloud • Maringo • Special Cables • T-Components • Multivid • Scafell • M-TEC • Lighting Structures

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