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" or "the group")

JASCO
INSPIRE.INNOVATE.

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2012 AND NOTICE OF ANNUAL GENERAL MEETING

REVENUE UP 28% HEADLINE EARNINGS UP 38% HEPS UP 20%

INTRODUCTION

The group is structured into the three verticals of Information and Communication Technology (ICT) Solutions, Industry Solutions and Energy Solutions.

ICT Solutions contains the telecommunications and information technology businesses of Jasco, Spescom, the newly-acquired ARC Telecoms, as well as the telecommunications arm of associate M-TEC. Industry Solutions contains the Security business and the recently acquired FerroTech, with Energy Solutions containing Electrical Manufacturers and Lighting Structures, as well as the energy arm of M-TEC.

The new structure has allowed for further efficiencies in terms of removing several management positions and de-registering certain legal entities that have become superfluous. Following on the savings made last year, the cost base at the head office has been further reduced by almost 20% this year. Further cost savings are set to be extracted from the business, such as the lower employee costs following rightsizing and the impact of merged businesses and lower compliance and other costs.

FINANCIAL OVERVIEW

Statement of comprehensive income

The group's consolidated revenue increased by 28% to R990 million (2011: R773 million).

Operating profit increased by 8% to R31,2 million (2011: R28,8 million), mainly due to the growth in turnover. However, a number of further cost efficiencies were somewhat offset by costs associated with the repositioning of the Jasco brand and structure to ensure increased customer penetration, as well as once-off retrenchment costs in the ICT Solutions vertical during the second half.

Headline earnings of R23,7 million increased by 38% (2011: R17,2 million) and headline earnings per share (HEPS) was 20% up to 16,8 cents per share (2011: 14,0 cents per share). Earnings per share (EPS) was 101% up to 15,6 cents per share (2011: 7,8 cents per share), despite the weighted average number of shares in issue increasing from 122,7 million to 140,9 million shares due to a full weighting of the share issue in January 2011 relating to the Spescom acquisition. The net positive headline adjustment of R1,8 million related mainly to losses on disposal of fixed assets.

The net finance cost paid of R14,3 million increased from R8,4 million last year. This was slightly below expectation due to higher working capital outflows during the first half. The finance income earned from long term receivables reduced as the capital amount decreased over the period. The main contributor to finance costs was the preference dividend paid to the group's black empowerment partner, AfroCentric, of R7,2 million, which reduced from R7,5 million last year due to lower interest rates.

The equity accounted income from associates of R10,1 million (2011: R4,5 million) improved strongly. This relates mainly to Jasco's 51% (2011: 34%) share in M-TEC's profit. Although this year's result is a pleasing improvement on the previous year, it is still off a low base.

The taxation expense of R7,0 million (2011: R11,4 million) resulted in an effective rate of 25,9% (2011: 45,7%). This is a reduction on the unusually high rate in 2011 and is in spite of the R7,2 million preference dividend (disclosed as interest paid) and R1,0 million STC on the ordinary and preference dividends paid. The group believes its tax rate is likely to remain below 28% over the next two to three years.

Statement of financial position

The most noteworthy change in the statement of financial position as at 30 June 2012 relates to a change in classification of the R100 million preference shares from long term to current due to the technical disclosure requirements of IAS1. This requires that an entity classifies its financial liabilities as current when they could be required to settle within 12 months after the reporting date. Jasco has been in negotiations with AfroCentric for a number of months. As an intermediate step the parties agreed that the earliest redemption due date will be 30 September 2013. This will allow sufficient time to negotiate an alternative form of funding. Pleasing progress has been made in this regard.

Another noteworthy item in the statement of financial position is the change in Jasco's ownership in M-TEC from 34% to 51% and the implications on the carrying value of the investment (R190 million at 30 June 2012 and R180,4 million at 30 June 2011).

Management has had extensive negotiations with M-TEC's fellow shareholder Taihan Electric Wire Company Limited (Taihan) since April 2012, with the objective of clarifying the rights of the respective shareholders in the ownership structure of the business, including M-TEC's debenture instruments. As these negotiations were ongoing at year end, two concurring legal opinions were obtained that confirmed that the debentures, previously treated as equity, will now be treated as debt instruments with effect from the day following their anniversary date of 31 August 2011. The group has followed the legal opinions, and accordingly Jasco is now a *de facto* 51% shareholder in M-TEC.

In terms of the original shareholders' agreement, this change has not resulted in a change in control of the company from Taihan to Jasco. The group continues to believe that a non-controlling stake in this investment is not ideal. This therefore continues to be the subject of negotiation between the parties. Management plans to conclude this in the first half of the new financial year.

An independent expert assessed the carrying value of the investment in accordance with IAS 36. As Jasco now owns 51%, an impairment of the investment was not required. The cumulative historic impairment charges taken of R53,5 million will not be reversed until a sustained improvement in performance is achieved by M-TEC.

A further impact on the statement of financial position has been the disposal of the group's Midrand head office property post year end, which is detailed as a subsequent event.

Working capital management remains within target and a pleasing improvement was seen since December 2011 following intense focus by the group's business units. Compared to the position at the 2011 year end, the impact of the volume growth is evident in the net cash outflow of R31 million.

Although net working capital days increased from 30 June 2011, they decreased from 35 days at December 2011 to 32 days at 30 June 2012.

Inventory days increased from 30 to 32 days and accounts receivable days increased from 75 days to 81 days. Accounts payable days increased similarly from 79 to 82 days. The terms from Jasco's key trade suppliers will be an area of continued focus in coming months, as additional support will be sought to meet anticipated organic growth requirements.

Inventories on hand was R94,6 million (2011: R79,8 million). The most notable increase in inventory levels of R7 million occurred in the ICT Solutions vertical. The acquisition of Ferrotech contributed R5,3 million.

Trade and other receivables were R244,7 million (2011: R197,0 million). This includes debtor provisions of R6,2 million (2011: R4,7 million). The age profile of the debtors' book is on average very healthy, with the only blemish relating to a number of customers in the Lighting Structures sector that were impacted by delays in projects and payments at the major municipalities. The provisions raised are considered adequate to cover specific risk trade receivables identified and any impairment required in terms of IAS39.

Short term non-interest bearing liabilities of R227,2 million (2011: R180,8 million) increased on higher volumes. This also includes trade and other payables (accruals) of R190,2 million (2011: R141,8 million) and provisions of R36,6 million (2011: R38,4 million).

Statement of cash flows

The statement of cash flows reflects an improvement in the cash generated from operations from R3,0 million last year to R24,5 million in 2012. This is a pleasing improvement.

The cash generated was utilised to pay net interest cost of R14,3 million (including the preference dividend), service income tax (R7,8 million), STC (R1,0 million) and ordinary dividends of R3,5 million. As these outflows exceeded the cash generated, it resulted in a net utilisation of R2,1 million (2011: R31,4 million) from operating activities.

The investing activities saw a cash outflow of R22,7 million (2011: R41,2 million inflow), partly funded by an inflow from financing activities of R9,9 million (2011: R22,1 million outflow).

Accordingly, Jasco's net overdraft increased from R16,9 million at the beginning of the year to R31,8 million.

OPERATIONAL REVIEW

The group outlines consolidated numbers, as well as aggregated numbers, where applicable. The consolidated revenue includes the full-year contribution from Spescom, six-month contribution from Ferrotech and three-month contribution from ARC Telecoms. The only difference in F2012 between aggregated results and the consolidated results is M-TEC's contribution.

ICT SOLUTIONS

ICT - Carrier

Although a slow improvement in spend was seen in the fixed line and mobile markets, growth can be attributed to an improvement in market share.

The aggregated revenue increased by 31% to R558,7 million (2011: R426,7 million), mainly due to the inclusion of the former Spescom business units for a full 12-month period and the improved market share gained from major telecommunications operators. The aggregated operating profit increased by 40% to R32,6 million (2011: R23,2 million) in line with the volume increase on an improved operating margin of 5,8% (2011: 5,4%).

ICT - Enterprise

The growth in volume was largely attributable to the 12-month contribution from the former Spescom business units, supported by the contribution of small bolt-on acquisitions in the second half, such as ARC Telecoms. The corporate market was subdued for most of the year, with signs of some improvement appearing towards the end of the last quarter. The aggregated revenue for the year increased by 85% to R224,8 million (2011: R121,6 million).

The operating profit increased by 46% to R16,4 million (2011: R11,2 million) despite a poor performance in Enterprise Applications (previously Spescom DataVoice), which dragged the operating margin down from 9,2% to 7,3%. Aggressive action was taken and this resulted in additional once-off retrenchment costs of R1,1 million on a 50% reduction in headcount. The lease costs were also substantially reduced in Gauteng and the Western Cape.

INDUSTRY SOLUTIONS

The Industry Solutions vertical experienced an improvement in top line, with the new fire solutions contributing pleasingly. This was supported in the second half by the first-time contribution from Ferrotech (Power Solutions).

Although the slow recovery from the corporate customer base continued, the environment remained fiercely competitive. Revenue increased by 21% to R130,1 million (2011: R107,4 million), whilst operating profit decreased by 16% to R6,6 million (2011: R7,9 million) on the expected lower profit contribution from the group's long term rental receivable that is approaching full term in May 2013.

Although the margin was under pressure in this environment, declining from 7,4% to 5,1%, the cost reductions during last year protected the result to some degree. Cost control remains a key area of focus. The main imperative for this vertical is to grow revenue and further diversify the profile of the group's customer base over the next two years.

ENERGY SOLUTIONS

This division includes the Electrical Manufacturers and Lighting Structures business units on a consolidated basis. On an aggregated basis, M-TEC's Electrical division is included, which results in the Energy vertical becoming the largest in the group. Consolidated revenue decreased by 8% to R199,7 million (2011: R218,1 million) due to a sharp decline in volumes in Lighting Structures on lower municipal spend. This continued from the second half of the previous financial year. The aggregated revenue of R1,1 billion (2011: R1,1 billion) clearly shows the significant contribution made by M-TEC. M-TEC's contribution increased by 4% to R939,6 million (2011: R899,8 million).

The consolidated operating profit declined sharply by 46% from R29,5 million to R15,9 million, mainly due to the volume drop in Lighting Structures and once-off factory move costs in Electrical Manufacturers. This was exacerbated by strike action in the sector, as well as steel shortages in the first half which resulted in the volumes lost in these manufacturing operations never being recovered.

The aggregated operating profit of R50,2 million declined by 10% from R55,5 million for the same reasons. However, M-TEC's operating profit of R34,4 million increased by 32% (2011: R26,0 million) due to a good performance in the Aluminium and Copper products divisions on steady metal prices during the period.

PROSPECTS

The group's focus on M-TEC over the last 12 months resulted in a significant improvement. However, management will focus on working towards operational control and continued improved performance.

In the ICT Carrier segment the group expects to continue its growth drive. Initial results are pleasing, with new customers joining the Jasco fold. In the ICT Enterprise segment the group further anticipates corporate South Africa to increase its spend in the upgrade of the technology in IT and communications infrastructure.

Industry Solutions will continue on its path of growing fire solutions organically and exploiting its new power business through the Ferrotech acquisition. Furthermore, a trend towards energy management is evident and Jasco is well poised to take advantage of this.

In Energy Solutions the group anticipates continued government infrastructure spend. This, together with the state-owned enterprises localisation programme, will bode well for M-TEC's energy portfolio. In addition, the group has established Jasco Transmission & Distribution to ensure a larger basket of energy products and solutions to its customers and to drive direct interaction with municipal customers.

The simplification of the Jasco group, with the associated cost reduction, will continue. The deregistration of statutory legal entities that become superfluous will continue into the new year, resulting in a focused Jasco that is fit for purpose.

Finally, the second phase of the group's strategy implementation is well underway. This will ensure that Jasco continues to commit to customer centricity and best-in-class business processes.

Shareholders are advised that any forward looking information or statements contained in this announcement have not been reviewed or reported on by Jasco's independent auditors.

SUBSEQUENT EVENT

As previously communicated to shareholders, the management of Jasco has developed a number of key strategies to maximise the return for shareholders. These include the disposal and/or shutting down of non-core and/or under-performing assets.

As announced on 22 June and 13 August 2012, the group is in the process of disposing of the group's Midrand head office property to Genesis Properties (Pty) Ltd for R60 million, plus a R5 million tenant installation allowance. The property will continue to be used as Jasco's head office and base of operations in Gauteng. Accordingly, the group has simultaneously entered into a 12-year lease agreement.

The disposal is a key first step in Jasco's de-gearing of its balance sheet as the proceeds on disposal will allow for the settlement of the R30 million mortgage loan. The balance of the proceeds will fund the expected growth requirements of the group. As the effective date of sale is post 30 June 2012, the property (carried at a value of R50 million) has now been classified as a "non-current asset held for sale", and the related mortgage loan was reclassified as a "non-current liability held for sale".

The group recently sent a circular to Jasco shareholders requesting the formal approval to dispose of the property and to increase the authorised share capital of Jasco to facilitate the future funding requirements of the group.

CHANGES TO THE BOARD

The Jasco board wishes to thank Dr Jon Rothbart for his services to the board. He resigned on 8 June 2012. Mr Haroon Moolla has been appointed as chairperson of the social and ethics committee with effect from 1 February 2012.

DIVIDEND

The board is pleased to announce a final dividend of 3 cents per share to shareholders.

Declaration date	Wednesday, 19 September 2012
Last day to trade cum entitlement	Friday, 12 October 2012
Shares trade ex entitlement	Monday, 15 October 2012
Record date	Friday, 19 October 2012
Payment date	Monday, 22 October 2012

Shares may not be dematerialised or re-materialised between Monday, 15 October 2012 and Friday 19 October 2012, both dates inclusive.

In terms of the dividend tax effective 1 April 2012, the following additional information is disclosed:
-The local dividend tax rate is 15%;
- No STC credits will be utilised for the final ordinary dividend;
- 146,399,311 ordinary shares are in issue
- The net ordinary dividend is 2,55000 cents per share for ordinary shareholders who are not exempt from dividends tax; and
- Jasco's tax reference number is 9300/183/71/3

Summarised consolidated statement of comprehensive income

(R'000)	Audited 30 June 2012	Audited 30 June 2011	% change
Revenue	**989 992**	773 038	28,1
Turnover	**983 693**	763 498	28,8
Finance income	**6 299**	9 540	(34,0)
Operating profit before interest and taxation	**31 213**	28 802	8,4
Finance income	**6 299**	9 540	(34,0)
Finance cost	**(20 581)**	(17 972)	14,5
Equity accounted income from associates	**10 080**	4 506	123,7
Profit before taxation	**27 011**	24 876	8,6
Taxation	**(7 009)**	(11 356)	(38,3)
Profit for the year	**20 002**	13 520	47,9
Other comprehensive income	**872**	316	
Total comprehensive income for the year	**20 874**	13 836	50,9
Profit attributable to:			
- non-controlling interests	**(1 933)**	3 994	(148,4)
- owners of the parent	**21 935**	9 526	130,3
Profit for the year	**20 002**	13 520	47,9
Total comprehensive income attributable to:			
- non-controlling interests	**(1 933)**	3 994	(148,4)
- owners of the parent	**22 807**	9 842	131,7
Total comprehensive for the year	**20 874**	13 836	50,9
Reconciliation of headline earnings			
Net earnings attributable to owners of the parent	**21 935**	9 526	130,3
Headline earnings adjustments	**1 802**	7 664	(76,5)
- remeasurement / fair value adjustment of associate	**382**	2 787	
- gain on bargain purchase	**–**	(31 714)	
- impairment of M-TEC	**–**	31 932	
- impairment of trade names	**–**	4 353	
- loss on disposal of fixed assets	**1 420**	306	
Headline earnings	**23 737**	17 190	38,1
Number of shares in issue ('000)	**146 399**	146 399	
Treasury shares ('000)	**5 481**	5 481	
Weighted average number of shares on which earnings per share is calculated ('000)	**140 918**	122 745	
Weighted average number of shares on which diluted earnings per share is calculated ('000)	**140 918**	122 745	14,8
Ratio analysis			
Attributable earnings	**21 935**	9 526	130,3
Earnings per share (cents)	**15,6**	7,8	100,6
Diluted earnings per share (cents)	**15,6**	7,8	100,6
Headline earnings per share (cents)	**16,8**	14,0	20,3
Diluted headline earnings per share (cents)	**16,8**	14,0	20,3
EBITDA	**64 063**	53 275	20,2
Net asset value per share (cents)	**241,2**	229,5	5,1
Net tangible asset value per share (cents)	**148,0**	148,3	(0,2)
Dividend per share - final (cents)	**3,0**	2,5	20,0
Debt: Equity (%)	**44,4**	43,8	1,3
Interest cover (times)	**3,0**	4,9	(38,8)

Summarised segmental report

	Audited 30 June 2012		Audited 30 June 2011	
(R'000)	Revenue	Operating profit/(loss)	Revenue	Operating profit/(loss)
ICT - Carrier	**558 675**	**32 564**	426 705	23 231
ICT - Enterprise	**224 849**	**16 415**	121 640	11 213
Industry Solutions	**130 065**	**6 607**	107 367	7 922
Energy Solutions	**1 139 335**	**50 219**	1 117 883	55 480
Sub-total operating divisions	**2 052 924**	**105 805**	1 773 595	97 846
Other	**6 691**	**(35 979)**	6 380	(42 746)
Adjustments	**(1 069 623)**	**(38 613)**	(1 006 937)	(26 298)
Total	**989 992**	**31 213**	773 038	28 802

**Segmental revenue and operating profit/(loss) includes the revenue and profit from the associates (ICT Carrier and Energy Solutions) as well as the gross and net interest on the finance lease receivable (Industry Solutions) and is stated before making adjustments for inter-group interest and administration fees.*

Summarised consolidated statement of financial position

(R'000)	Audited 30 June 2012	Audited 30 June 2011
ASSETS		
Non-current assets	**414 926**	449 504
Property, plant and equipment	**57 108**	102 685
Intangibles	**131 273**	114 355
Investment in associates	**189 795**	180 098
Deferred tax asset	**22 119**	23 383
Other financial assets	**14 631**	28 983
Non-current asset held for sale	**50 284**	–
Current assets	**350 044**	304 999
Inventories	**94 642**	79 824
Trade and other receivables	**244 709**	196 989
Taxation prepaid	**5 195**	6 385
Cash and cash equivalents	**5 498**	21 801
Total assets	**815 254**	754 503
EQUITY AND LIABILITIES		
Share capital and reserves	**354 432**	343 198
Non-current liabilities	**38 534**	153 565
Interest bearing liabilities	**24 125**	136 253
Deferred maintenance revenue	**1 719**	1 292
Deferred tax liability	**12 690**	16 020
Non-current liability held for sale	**29 976**	–
Current liabilities	**392 312**	257 740
Interest bearing liabilities	**103 184**	14 655
Bank overdraft	**37 328**	38 735
Non-interest bearing liabilities	**227 175**	180 791
Deferred maintenance revenue	**20 247**	18 376
Taxation liability	**4 378**	5 183
Total equity and liabilities	**815 254**	754 503

Summarised consolidated statement of cash flows

(R'000)	Audited 30 June 2012	Audited 30 June 2011
Cash generated from operations before working capital changes	**55 441**	49 066
Working capital changes	**(30 961)**	(46 086)
Cash generated from operations	**24 480**	2 980
Net financing costs	**(14 282)**	(8 432)
Net taxation paid	**(8 790)**	(22 572)
Dividends paid	**(3 523)**	(3 346)
Cash flow from operating activities	**(2 115)**	(31 370)
Cash flow from investing activities	**(22 715)**	41 173
Cash flow from financing activities	**9 934**	(22 098)
Decrease in cash resources	**(14 896)**	(12 295)

Summarised consolidated statement of changes in equity

(R'000)	Audited 30 June 2012	Audited 30 June 2011
Attributable to owners of the parent		
Opening balance	**323 363**	280 132
Issue of share capital	**–**	44 008
Treasury shares -Share Incentive Trust	**47**	1 016
Transactions between shareholders	**(3 188)**	(8 100)
Share based payment reserve	**336**	(189)
Total comprehensive income	**22 807**	9 842
- Profit for the year	**21 935**	9 526
- Other comprehensive income	**872**	316
Dividends paid	**(3 523)**	(3 346)
Closing balance	**339 842**	323 363
Non-controlling interests		
Opening balance	**19 835**	11 579
Subsidiaries acquired during the year	**–**	(3 838)
Transactions between shareholders	**(3 312)**	8 100
Total comprehensive income	**(1 933)**	3 994
- (Loss)/profit for the year	**(1 933)**	3 994
- Other comprehensive income	**–**	–
Closing balance	**14 590**	19 835
Total equity	**354 432**	343 198

NOTICE OF AGM

Notice is hereby given that the Annual General Meeting of Jasco shareholders will be held in the company's boardroom, Jasco Office Park, Cnr Alexandra and Second Road, Midrand, on Wednesday 31 October 2012, at 11:00, to transact the business as stated in the notice of the Annual General Meeting to be posted to shareholders on or about 28 September 2012.

For and on behalf of the board

Dr ATM Mokgokong (Non-executive chairperson)
AMF da Silva (Chief executive officer)
WA Prinsloo (Chief financial officer)

19 September 2012

Basis of preparation

The abridged consolidated audited financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRS), the AC 500 standards as issued by the Accounting Practices Board and the presentation and disclosure requirements of IAS34 (Interim Financial Reporting), the Listings Requirements of the JSE Limited and the Companies Act (2008) of South Africa. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year.

Audit opinion

The annual financial statements have been audited by the group's independent auditors, Ernst & Young Inc. A copy of their unmodified report is available for inspection at Jasco's registered office.

Directors and Secretary

Dr ATM Mokgokong (Chairman), MJ Madungandaba (Deputy Chairman), JC Farrant*, Sir JA Sherry, M Malebye*, H Moolla*, (Non–Executives), AMF da Silva (CEO), WA Prinsloo (CFO) (Executives), S Lutchan (Company Secretary).

**Independent*

Registered office

Jasco Park, C/O 2nd Road & Alexandra Avenue, Midrand, 1685

Transfer secretaries

Link Market Services SA (Pty) Ltd, 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001

Sponsor

Grindrod Bank Limited, Building 3, 1st Floor, North Wing, Commerce Square, 39 Rivonia Road, Corner Helling Road, Sandton 2156

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