JASCO

INSPIRE.INNOVATE.

JASCO INTEGRATED ANNUAL REPORT 2011

Contents

Jasco Electronics Holdings Limited is listed in the Electronic and Electrical Equipment sector of the JSE Limited. The group is black owned, with 52,4% of its shares owned by black shareholders – a strong competitive advantage in its target market sectors.

Jasco has always had a clear focus around electronic and electrical products and solutions. At year end, to ensure more focus and to create a platform for growth, the group was restructured into three verticals:

- **Information & Communication Technology (ICT) Solutions**
- **Industry Solutions**
- **Energy Solutions**

This integrated annual report therefore provides both historic information on the old group structure, as well as unpacking the group's future strategy and focus.

Group structure

The group has been restructured into three focused verticals. Refer to the Chief executive officer's review on page 14 for more information.

The group's home base is South Africa, with other countries of operation including Ghana and Uganda. Jasco's exports represent 7% of total revenue, with exports to Zambia, Zimbabwe, Ghana, Botswana, Mauritius, Mozambique, Namibia, Lesotho, Uganda, Cameroon and the United Kingdom.

JASCO INSPIRE.INNOVATE. | ICT SOLUTIONS

43%*

JASCO | CARRIER NETWORKS
- JASCO | TELECOM SOLUTIONS
- JASCO | BROADCAST SOLUTIONS
- JASCO | COLOCATION SOLUTIONS

JASCO | CARRIER RF
- JASCO | COMPONENT SUPPLY
- JASCO | KITTING SOLUTIONS
- JASCO | HI SITES SOLUTIONS
- JASCO | INDOOR COVERAGE SOLUTIONS

JASCO | CARRIER INFRASTRUCTURE
- JASCO | TELECOM STRUCTURES
- JASCO | SITE BUILD SOLUTIONS

M-TEC TELECOMMUNICATIONS

15%*

JASCO | ENTERPRISE COMMUNICATION
- JASCO | CONTACT CENTRE SOLUTIONS
- JASCO | CONVERGED SOLUTIONS
- JASCO | HOSTED SOLUTIONS

JASCO | ENTERPRISE APPLICATIONS
- JASCO | VOICE RECORDING SOLUTIONS
- JASCO | WORKFORCE OPTIMISATION SOLUTIONS

*Contribution to consolidated revenue (excluding associates)

JASCO INSPIRE.INNOVATE.

JASCO INSPIRE.INNOVATE. | INDUSTRY SOLUTIONS

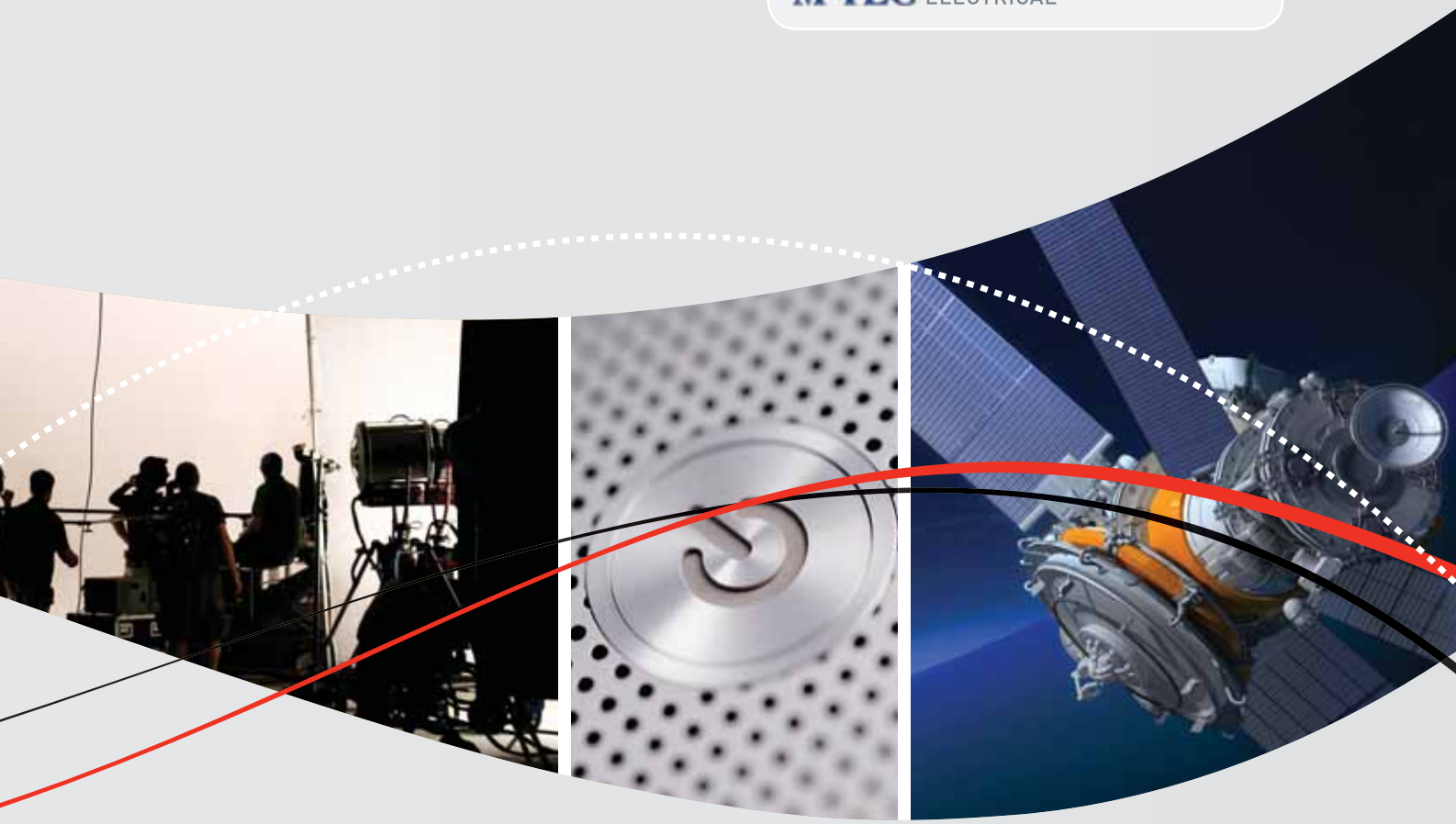
14%*

- JASCO | SECURITY SOLUTIONS
  - JASCO | FIRE DETECTION
  - JASCO | CONTROL SYSTEMS

JASCO INSPIRE.INNOVATE. | ENERGY SOLUTIONS

28%*

- JASCO | ELECTRICAL MANUFACTURERS
- JASCO | LIGHTING STRUCTURES
- M-TEC ELECTRICAL



Report approach

This report is Jasco's first integrated annual report. In compiling this document, the group evaluated its key issues and stakeholder requests for information. The group is working towards a more integrated way of managing its business and improving the quality of its reporting.

A list of stakeholders and key risks can be found on page 6.

On the next two pages, we outline the main material issues for the group and where we provide information on each of these.

Positioning for growth

Pages

12 | 14 | 22 | 26

Jasco has been restructured to ensure a more focused approach and to clearly define growth opportunities. The corporate identity has also been repositioned to ensure a unified brand across all solutions, products and markets. The group has relocated a number of businesses into the head office to ensure a cohesive team and to drive a cross-selling culture.

The group will be developed both organically and through smaller bolt-on acquisitions to ensure effective scale going forward. The group's strategy is to grow to a R1,5 billion annual turnover group over the next three to four years.

An aggressive sales funnel has been implemented across the group, with lead indicator measures put in place to strictly track orders on hand and tender success rates.

Addressing under-performance

Pages

6 | 12 | 17 | 20

A performance-based culture is being implemented in the group, with each vertical in the group now having stringent targets in place to ensure performance.

For example, the Industry Solutions vertical has to develop from its current R150 million annual turnover to R350 million annual turnover over the medium term. Certain businesses have been put on a careful watch list to ensure overall performance does not continue to be dragged down by poor performers. For example, we are working closely with our associate M-TEC to ensure a turnaround. If we do not see positive movements over the next few months, we will review our investment in this company.

Diversification of client base, product and geography

Pages

12 | 17

The group has always followed a strategy of ensuring diversification of its clients, products and geography. It has been successful to some extent in most of these areas. The group currently has a wide range of customers, with no customer representing more than 7% of turnover. However, more needs to be done in this area to prevent concentration risk, especially in the Industry Solutions vertical where the group is too focused on the financial services sector. Although the group's Spescom acquisition during this financial year resulted in a broader South African spread, with an improved presence in particularly the Western Cape, the group needs to expand its over-border presence once it has fully optimised its geographic growth opportunities in South Africa.

Availability of capital

Pages

6 | 12 | 21

Against the backdrop of cautiousness from financial institutions due to the continued tough economic markets, the appetite for lending by corporate South Africa has cooled. However, the group has R142,6 million of short term facilities in place, with only R54,2 million utilised.

Furthermore, the excess cash and partially geared property owned by Spescom was a key positive in the rationale for the acquisition during the year. This enabled Jasco to significantly reduce the gearing on its statement of financial position from 47,7% in 2010 to 43,8% as well as alleviate short term pressure created by growing working capital demands.

The property will allow Jasco to borrow effectively should Jasco choose to re-leverage this asset. The group could also dispose of the property to further reduce gearing by settling the outstanding mortgage loan of R19 million.

Develop and retain quality skills

Pages

12 | 16 | 26

To support the group's growth plans, it is crucial to have the right people in place to drive the delivery of strategy. In line with this, the group has refocused its corporate support structures to ensure skilled appointments into focused areas of responsibility, such as strategy, marketing and business development.

During the year, R2,6 million was spent on skills development, with programmes including learnership programmes, technology-focused certification programmes, formal tertiary qualifications, business skills development and line management training.

Under the group's new leadership, a renewed focus is being placed on rewarding performance and addressing non-performance. The group has implemented a focused talent management strategy, which centres on attracting the best people in the market, ensuring optimal job fits for employees, achieving work/life balance, relevant remuneration and benefits and ensuring consistent performance management programmes and the effective management of employees.

Material risks

Outside of the key material issues management is focusing on, the group has conducted a detailed evaluation of its overall material risks. This spread outlines those key issues, which stakeholders are affected by them and what the group is doing to address these.

Material risks	Affected stakeholders	Status	Mitigations
Continued under-performance by Jasco's investment in associate M-TEC	**Shareholders** **Employees**	There has been a cumulative write-down of R53,5 million or 25% in the carrying value of Jasco's investment to R180 million.	A new M-TEC CEO and technical director were appointed earlier in the year following intervention by Jasco. This has led to some improvement in performance during the first quarter of F2012 despite July 2011 labour strikes. However, as outlined on page 17, we are monitoring this investment carefully, with a final decision to be made during the second quarter of F2012.
Enterprise Applications (former Spescom Datavoice) lacks critical mass	**Shareholders** **Employees** **Customers**	This business unit lacks the critical mass to support the required research and development investment that an original equipment manufacturer (OEM) requires. The existing sales footprint is very unbalanced, with 80% of revenue from South Africa and only 20% from the rest of the world.	The strategy is to change the geographic mix through partnerships with other OEMs that do not have a footprint in South Africa, as well as targeting other regions. The business unit has been given until the end of the second quarter of F2012 to demonstrate the ability to execute this strategy. If the unit fails to do this, decisive action will be taken.
Access to funding	**Shareholders** **Employees** **Business partners**	The group has ordinary shares in issue of 146,5 million out of the authorised share capital of 150,0 million shares.	Jasco is in a position to increase its authorised share capital based on strong shareholder support from its black economic empowerment shareholders AfroCentric Investment Corporation Limited (AfroCentric) and Community Investment Holdings (Pty) Limited.
		The R100 million redeemable preference shares due to the group's shareholder AfroCentric relating to its BBBEE transaction of 2008 have to be settled by no later than May 2013.	Alternative preference shares or loan instruments could be utilised to settle this obligation. The cash-generative nature of Jasco's earnings allows the group to service the debt.
		The group has a mortgage loan of R19 million repayable over the remaining five years. This is secured by the group's Midrand property, which was valued at R48 million in 2009.	The property could either be sold and the mortgage loan repaid to reduce gearing or alternatively be re-geared at a lower borrowing cost. The cash-generative nature of Jasco's earnings allows the group to service the debt.

Material risks	Affected stakeholders	Status	Mitigations
Transformation of the group	**Shareholders** **Customers**	Black ownership is at an effective 42% and future share issues may dilute the percentage.	On an absolute basis Jasco's three major BBBEE shareholders own 52,4%.
	Employees	Employment equity at senior management levels is below target.	The group has focused strategies in place to transform its senior management. This involves identifying talent in the middle and junior management layers and developing these individuals. Where certain skill sets are not present internally, these will be acquired.
Commodity price fluctuations (steel, copper and aluminium)	**Customers** **Suppliers**	The historic Domestic Products division, now in the Energy Solutions vertical, is sensitive to the copper price. The Telecommunications (Masts & Towers) division, now in the ICT Solutions vertical and the Lighting Structures business unit now in the Energy Solutions vertical, are sensitive to the steel price. The M-TEC business in the Energy Solutions and ICT Solutions verticals is sensitive to the copper and aluminium price.	Stock holdings are kept at optimal levels to protect the business to the maximum possible extent without disrupting supply to customers. The risk of commodity price volatility is also shared with the customer base on both the up and the down side.
Rand volatility	**Customers** **Suppliers**	This impacts the procurement of imported raw materials and finished products from international suppliers and principals.	To some extent Jasco enjoys a natural hedge in its export profile. It also employs a foreign exchange hedging programme to protect against Rand volatility in terms of the major currencies.
General weakness in the economy	**Shareholders** **Employees** **Customers** **Suppliers** **Business partners**	Jasco has experienced a like-for-like operating profit growth of 42%, albeit off flat organic revenue. A significant part of Jasco's customer base is corporate South Africa and this sector is expected to be under pressure in the short term.	The public sector (government, municipalities and parastatals) is expected to continue with a steady spend in the medium term. Although Jasco currently has a low market share, the restructuring of the group positions it to grow its share.

Risk mitigation measures

The group has strict risk mitigation measures in place. The audit and risk committee is ultimately responsible for ensuring that appropriate risk management processes are employed. The Jasco executive management, at a group and a divisional business unit level, is responsible for compiling a risk and opportunities register. This register is updated throughout the year and reviewed at the monthly divisional review meetings attended by the Jasco executive. All the identified risks and opportunities are ranked based on a score for the financial impact on profit multiplied by a score for the probability of occurrence. The status of these risks is monitored, with all mitigating factors noted and all required actions linked to executives to ensure timeous implementation. Each divisional business unit conducts strategic reviews every year, involving a detailed assessment of risks and opportunities.

The board

Dr ATM (Anna) Mokgokong (54) BSc MBChB

Chairman (non-executive) ^o
Dr Anna Mokgokong joined the board in May 2003.
Dr Anna is the co-founder and executive chairman of Community Investment Holdings (Pty) Ltd (CIH). Apart from chairing the Jasco board, she also serves, in a non-executive capacity, on the boards of a few listed and several unlisted companies. Her business, education and public sector achievements are extensive and she has received numerous local and international awards. She has served on councils and committees for the University of South Africa (UNISA) and the University of Pretoria (UP). In the public sector she has fulfilled a deputy chairman role for the Independent Commission for the Remuneration of Public Office Bearers and was the chairman on the board of the Small Development Enterprise Agency. In 1999 she was honoured as South Africa's Businesswoman of the Year and between 1998 and 2007 she received no less than eight international awards recognising her business success. Most recently, she was honoured as keynote speaker at a recent Harvard University Africa conference in the USA. She has also been invited by President Bill Clinton to join the Clinton Global Initiative where she will contribute as a healthcare leader.

MJ (Joe) Madungandaba (53) CPA(SA) MDP

Deputy chairman (non-executive)
Joe was appointed to the board of Jasco as an executive director in 2003 and became the non-executive deputy chairman in July 2006. Joe is one of South Africa's leading black entrepreneurs who co-founded Community Investment Holdings (CIH), a large black economic empowerment company with an annual turnover in excess of R4 billion. He has served on the boards or audit committees of several unlisted companies. Joe also advised the cabinet committee on RDP housing. He studied towards a BCom at the University of the North/Witwatersrand, obtained a Certificate in Taxation (cum laude) from UNISA, and completed the Management Development Programme at Cranfield. Joe is a past winner of the BMF/Pretoria News Manager of the Year Award. He gained extensive lecturing and consulting experience as a lecturer at Potchefstroom University's Business Advisory Bureau.

AMF (Pete) da Silva (51)

Chief executive officer (CEO)
Pete studied Light Current Engineering at the Germiston Technikon. His management development programme was through Siemens and Duke University. Pete currently holds various board positions in the fields of telecommunications, electrical engineering, property development and the medical industry. Pete's previous positions included that of Group CEO for A1GP and prior to that he was the group CEO for Siemens Southern Africa. He has also been a senior council member of the German chamber, a board member of the National Business Initiative (NBI), the Business Trust (BT) and Business Leadership South Africa (BLSA).

WA (Warren) Prinsloo (39) CA(SA)

Chief financial officer (CFO)
Warren joined the board in August 2006 as the financial director. He qualified as a Chartered Accountant in 1998. Before Jasco, he spent six years with the Massmart group in various senior financial management positions. Warren is a board member of several Jasco subsidiaries and is the chairman of the ICT steering committee. Warren is a member of the Institute of Directors.

JC (John) Farrant (70) CA(SA)

Director (non-executive) †*^o
John became a partner at Ernst & Young in 1967 and was in charge of Jasco's audit from just before the listing in 1987 until his retirement in mid 1997. He was appointed to the Jasco board in September 1997, serves as chairman of the audit and risk committee and is the lead independent non-executive director. He is a director of Robson Savage (Pty) Limited and a director of Randjes Estate and Fleming House, both Section 21 Companies.

Chevalier JA (John) Sherry (73) Knight of Malta

Director (non-executive)
Sir John was one of the founders of Jasco in 1976 and served as chairman from inception until he stepped down in August 1998. In recognition of his humanitarian deeds, John was made a Knight of Malta during 1998 and was granted the title of Chevalier.

M (Morongwe) Malebye (39)
MBA; MSc (Industrial Engineering);
BSc (Mechanical Engineering)

Director (non-executive) †*^
Morongwe joined the board in June 2011 as an independent non-executive director. She was appointed as the chairman of the remuneration committee in September 2011. Morongwe has a Master's degree in Business Administration and an MSc from Witwatersrand University. She also obtained a Project Management Diploma in 1996 after she graduated in Mechanical Engineering from the University of Cape Town in 1995. She has worked at Eskom, Sasol, Spoornet, Armscor and Babcock Africa. She serves on the boards of African Oxygen Limited (Afrox) and Howden Africa Limited and is a mentor for the Allan Gray Foundation.

Dr J (Jon) Rothbart (37) BVSc, MBA

Director (non-executive) ^o
Dr Rothbart joined the Jasco board in April 2009. He has an MBA from the Rotterdam School of Management (Netherlands) and a BVSc from the University of Pretoria. Jon is the chief operating officer of AfroCentric. Prior to this, he worked at McKinsey & Company. He served clients in the financial services, energy, parastatal and resource industries. He is a director on the boards of AfroCentric's portfolio companies.

H (Haroon) Moolla (45) MBA UK

Director (non-executive) †*
Haroon joined the board on 5 August 2011 as an independent non-executive director. He is a technology professional with more than two decades of cumulative experience in ICT software development, consulting, networking and IT infrastructure services. Haroon currently serves on the board of Clientele Life Assurance Co. Limited as executive director ITS. Past directorships include SmartCapital LLC. (Dubai), a private equity firm and Venture i2i Inc. (California), a technology incubator. He is a member of the Institute of Directors of SA (IoDSA) and holds a Director Development Certification: Effective Chairmanship, as well as CECs for King III, the Companies Act, the Consumer Protection Act, Finance for Directors and an MBA in e-Business from the UK – 2003.

^ Remuneration committee
o Nominations committee
* Audit and risk committee
† Independent

Executive team

Thapelo Petje (49) MCom (UP); Hons BCom; BCom (SA); SEP (Wits/Harvard)

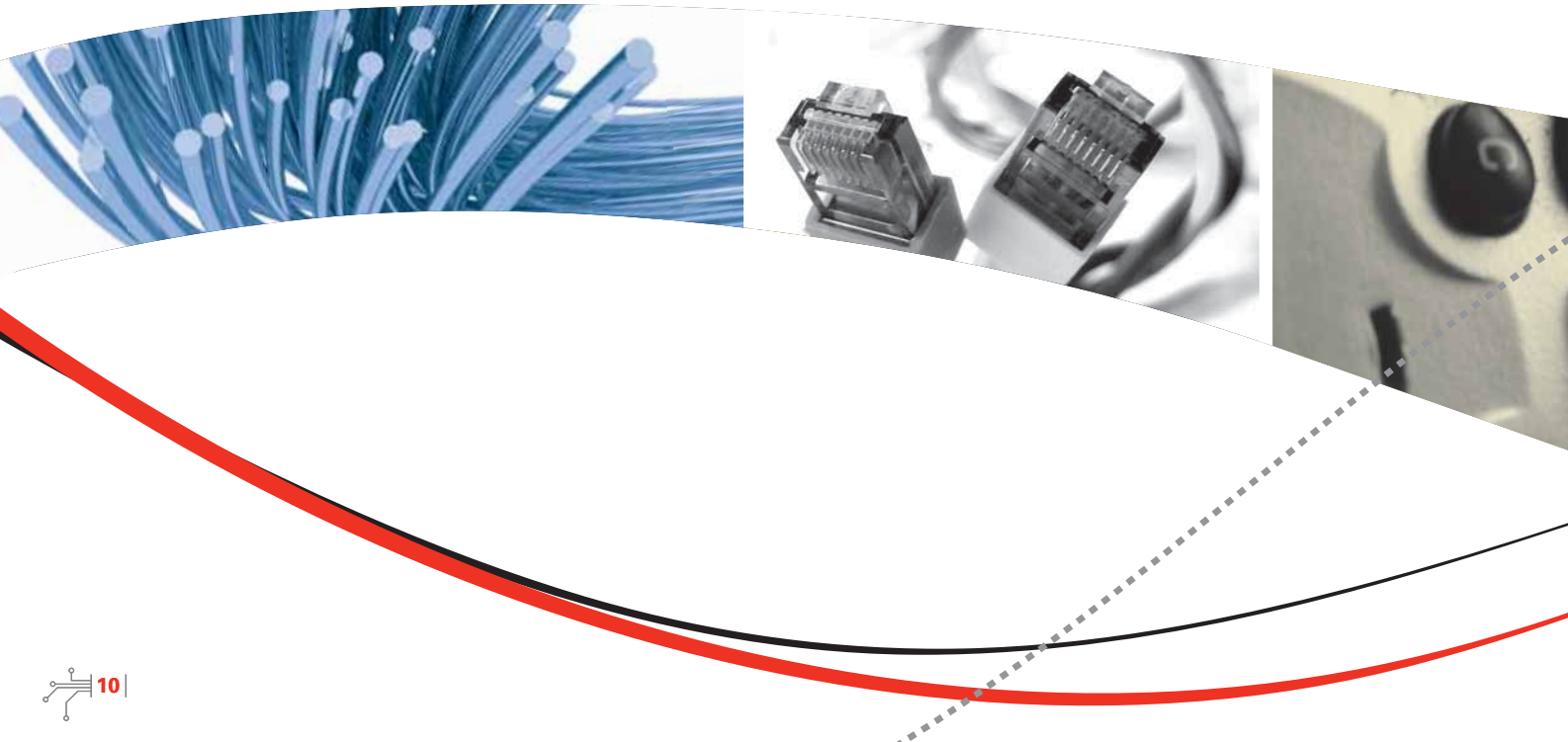
Director: Group Strategic Sales
Thapelo joined Jasco in June 2011. He has significant experience in both telecommunications and mobile companies in South Africa. He has provided leadership and developed business strategy as an executive at both Telkom and MTN in global supply chain environments. He has also been an independent business strategic development and supply chain consultant in the ICT, power and energy sectors.

Chris Lamprecht (43) BA (Industrial Psychology)

Executive: Group Human Resources
Chris joined Spescom in 1996 and again in 2002 after a break in service in 2001. She joined the Jasco executive team after the merger with Spescom in December 2010. As the group's human resources executive she is responsible for the development, implementation and coordination of policies and programmes throughout the organisation to support and achieve corporate business objectives. Chris obtained her degree in Industrial Psychology from Stellenbosch University in 1988. Previous employers include Hulett Aluminium, BKS Consulting Engineers, Moores Rowland Chartered Accountants and Deloitte Human Capital Corporation.

MN (Noriah) Sepuru (40) ACIS FCIBM

Company secretary
Noriah was appointed as company secretary in February 2009.
She qualified as a Chartered Secretary with the Institute of Chartered Secretaries – SA.
She is an associate member of the Institute of Chartered Company Secretaries Association and a Fellow Member of the Chartered Institute of Business Management. Noriah worked for Barloworld Limited as an assistant company secretary prior to joining Jasco.

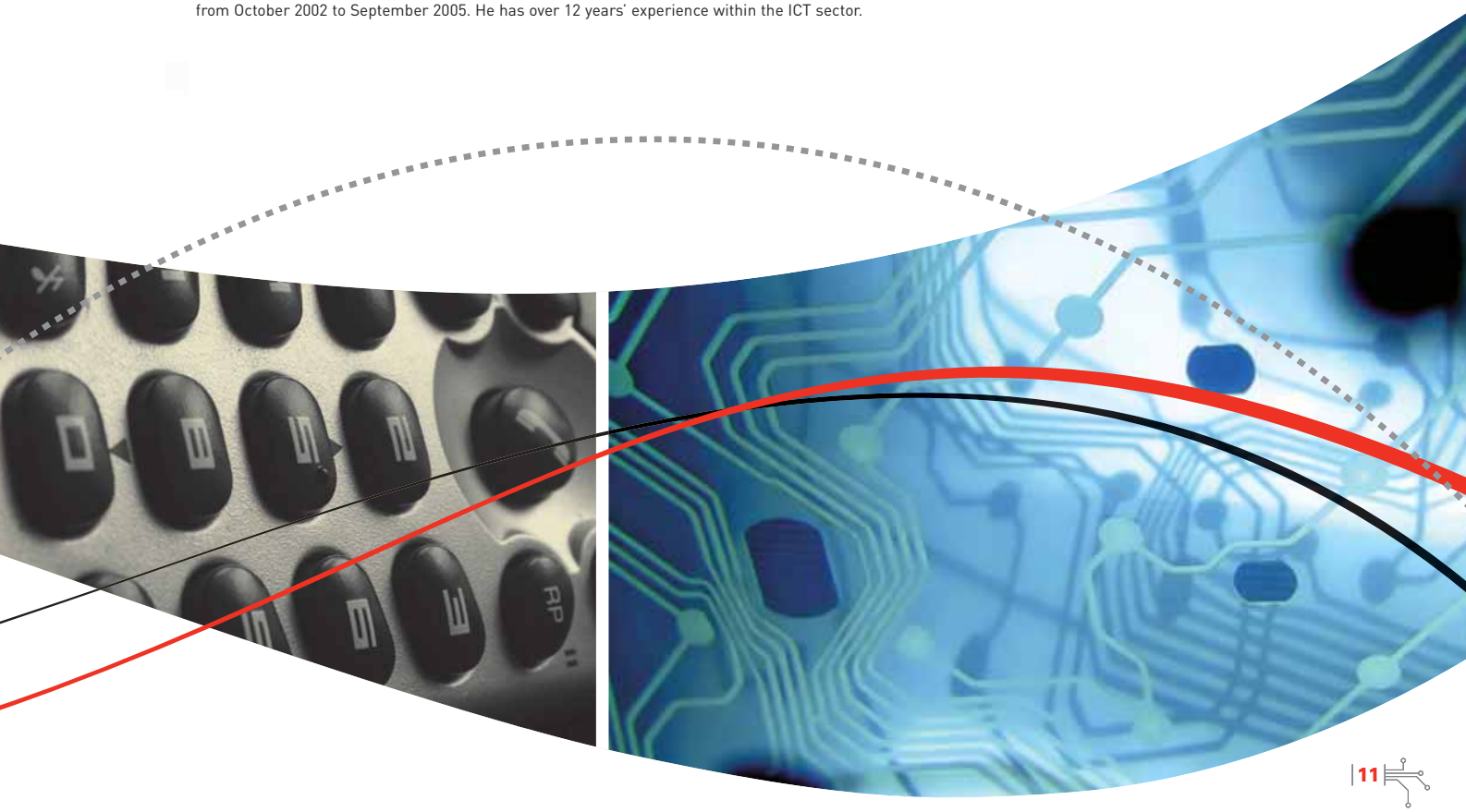


Tertius Vermeulen (51) Diploma in Commerce (International German Chamber of Commerce) and Management Development Programme (UNISA)

Managing Director: Industry Solutions
Tertius joined Jasco in 2007 as group COO after spending 25 years with an international conglomerate working across the world. He has recently been appointed as managing director of Industry Solutions following the group restructuring. He has experience in developing countries in telecommunications, power and industry and managed companies in Asia and Africa. His fields of expertise include manufacturing, service, sales and commerce. Tertius served on various boards and Chambers of Commerce and is a member of the World Presidents' Organisation.

Mark Janse van Vuuren (44) MBA

Managing Director: Jasco ICT Solutions
Mark was appointed as the CEO of Telesciences/Maringo from July 2010 following the merger of Telesciences and Maringo Communications. Mark also held the position of managing director for Maringo Telecommunications from July 2008 to June 2010. Prior to this, Mark was the chief operating officer for Nokia Siemens Networks SA from April 2007 to June 2008. Mark was also the managing director of Fixed Networks of Siemens Telecommunications from October 2005 to March 2007 and financial director for Mobile Networks of Siemens Telecommunications from October 2002 to September 2005. He has over 12 years' experience within the ICT sector.



Chairman's review

Introduction

This is our first report under our new chief executive officer, Pete da Silva, and I would like to extend a warm welcome to him. Pete has already initiated a thorough review of the group's strategy and presents the results of this review and an outline of the strategic direction of the group going forward in his review on page 14. We look forward to Pete's input and leadership as we progress towards realising our vision of sustainable business growth and technology leadership on the African continent.

This report is also the first we have produced according to The King Code of Governance Principles (King III) and is a starting point in our journey toward integrated annual reporting. We still have progress to make against measuring and reporting on non-financial performance, but are committed to fulfilling our obligations in this respect and to ensure that we do so in a way which creates value for stakeholders.

Material issues

The material issues we have defined for this first integrated annual report reflect the current status of the business and the challenges we faced during the financial crisis. An overview of these issues is contained on page 6. I would, however, like to pick up some key themes here.

Firstly, the linked themes of addressing under-performance, positioning for future growth and ensuring capital availability are critical for the group to address in the forthcoming financial year. The group has been challenged by current economic circumstances, but has remained focused on its core markets and clients. The restructuring of the group will help drive the scale that we require in our business to ensure cost efficiency, market access and the optimal use of shareholder capital. We intend to work consistently towards building a more diversified client and market base to ensure we are well positioned for future growth.

Secondly, we need to focus on attracting and retaining the talent which will enable us to meet these objectives. We take a long term approach to skills development to ensure that we build a strong skills base within the business.

The restructuring which has been undertaken not only supports our strategic objectives, but also creates opportunities for our employees. We will maintain our focus on developing competent and engaged employees in a structure which promotes accountability and empowerment.

Macro-economic perspective

Prevailing economic conditions are creating a difficult environment for businesses. Unfortunately, the prospect of continuing economic difficulties at a global level is rapidly becoming a reality, with increasing levels of focus on structural concerns in key European economies.

However, we remain optimistic about prospects for economic growth on the African continent and for Jasco's potential to take advantage of this opportunity as a business rooted in Africa. We believe the fundamentals of our core telecommunications segment are positive and will position the company well to explore and diversify into new markets, customers and geographies.

South Africa is taking a lead role in the region in the convergence of telecommunications and information technologies and is at the forefront of many technology applications. The regulatory environment is supportive of the development of the sector in South Africa and promotes improved access to telecommunications services.

We are also excited about prospects in the energy sector, which we see as a significant future growth opportunity, particularly in a deregulated environment. Independent power producers are set to become an integral part of energy supply, not only in South Africa but also on the rest of the continent. The Department of Energy (DOE) recently launched a targeted programme in the renewable sector to develop capacity, especially in wind and solar. Jasco has positioned itself to play in this area, as outlined in the CEO's review on page 14.

Transformation

Jasco remains committed to transformation. We have maintained our current level 3 broad-based black economic empowerment (BBBEE) rating and continue to pursue opportunities to promote transformation and diversity in our business. It is our sincere belief that creating a diverse culture where all can participate is a critical pillar of growth.

South Africa is taking a lead role in the region in the convergence of telecommunications and information technologies and is at the forefront of many technology applications.

Dr Anna Mokgokong
Chairman (non-executive)

We view the promotion of gender and racial diversity in both our board and management as a priority.

We are proud of the fact that we are black owned, with more than 50% of the group under black ownership and 57% of our non-executive directors being black. Our board also reflects a high level of gender diversity, with 29% of our non-executive directors being female.

Looking forward

Following our merger with Spescom and the restructuring of our business, we have unified the various elements of the business into a single brand, backed by a strong product offering. We will be taking this to new customers and regions in a coordinated strategy that is well supported by our business structure. We are excited about the prospects this offers to the group.

As outlined in the CEO's review, we are well placed in terms of our new structure to ensure a unified thrust in terms of business development and cross-selling. Even against what will remain tough markets over the short term, I am confident that the team in place can take Jasco to new levels over the medium and longer term.

Appreciation

I extend a warm and personal thank you to Jasco's outgoing chief executive officer, Martin Lotz, who has joined the group I founded, CIH, in a new and exciting role. I welcome our new chief executive, Pete da Silva, wholeheartedly and wish him the best in his new role. We appreciate his energy and commitment. I remain grateful for the commitment our employees have always shown to the business and to our customers for their continuing support.

Lastly, thank you to my fellow board members for their valuable contribution. I welcome Ms Morongwe Malebye and Mr Haroon Moolla as new independent non-executive directors and look forward to working together.

Chief executive officer's review

Introduction

I joined Jasco in an executive capacity just before the year end of June 2011 after being drawn to the group due to its strong future growth potential. Together with the executive team and the board, we have spent the last few months evaluating the group's current position and strategy. We have taken advantage of the now fully-integrated Spescom and other smaller acquisitions to set the future focus for the group. In this review I outline the results of our evaluation. For a review of the financial and operational performance during the year, refer to pages 18 to 23.

Structured for growth

As outlined to the market a few years ago, the Jasco strategy has involved building effective scale to ensure competitiveness and relevance. The recent acquisitions have laid the foundation for growth.

> Going forward, our aim is to develop the group both organically and through smaller bolt-on acquisitions to sustain and further develop the group's growth potential.

During the appraisal of the business, we identified that we will require the following to ensure the achievement of our growth goals:

- The correct business segmentation
- Capacity in terms of the correct skills and experience
- Focused business development and a unified brand and marketing strategy
- Effective product offering to clients
- Diversification of our markets and geographies

The correct business segmentation

Although Jasco has always had a clear focus around electronic and electrical products and solutions, the group currently has numerous smaller businesses and brands. To ensure a more integrated business development focus and a "one-group" performance culture, the group has been restructured into three verticals. Each vertical has stringent performance targets in place. For example, each vertical must reach a minimum sales capability of R350 million per annum within two to three years and each business within verticals must reach a minimum of R150 million of sales per annum within the same period.

New group structure

Information and Communication Technology (ICT) Solutions

This vertical has historically been the backbone of Jasco and Spescom. To ensure more rigorous business development, the vertical has been separated into two industry segments, Carrier and Enterprise. The vertical is headed by the Maringo founder Mark Janse van Vuuren, who has been in an executive role at Jasco for two years. Although this business operates in a mature market, there is huge potential to grow our market share due to our small market presence. Furthermore, this vertical is highly cash-generative, which will enable us to cross-pollinate growth in the other verticals.

Carrier

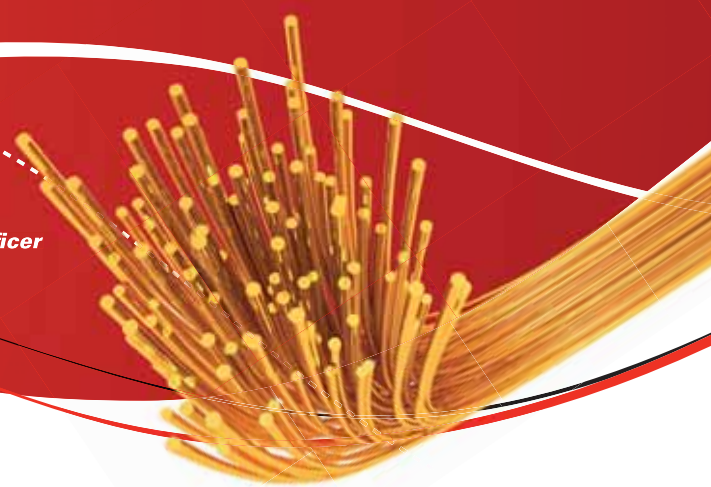
The carrier segment focuses on mobile and fixed network operators in South and southern Africa. It includes the Jasco companies Telesciences, Tasslelane, Webb Industries and WebbLeBLANC, as well as the Spescom businesses of Spescom Telecommunications, Media IT and NewTelco. In the coming months, we will consolidate some of the product offering, resulting in a "best of breed" basket of products to our newly-acquired clients. This new segment will have an initial turnover in excess of R500 million.

Enterprise

The Enterprise segment offers integrated voice and data solutions to larger companies in southern Africa. This segment includes the former Spescom divisions of DataFusion and DataVoice, as well as Jasco's division of Maringo. The initial turnover contribution from this segment is expected to be in excess of R250 million, with the aim of growing this to R350 million over the next two to three years.

Although markets will remain tough in the near future, which will continue to put pressure on the group, I am very excited about the potential of the restructured group over the medium to long term.

Pete da Silva
Chief executive officer



Industry Solutions

The second vertical offers innovative solutions for industry and commerce outside of the ICT sector. It is headed by Tertius Vermeulen who has been in an executive role at the group for four years.

Our current offering through the Jasco Security division only includes surveillance systems (CCTV), access control and some fire detection. We intend to develop this portfolio into building automation, energy efficiency and control systems and to complete our portfolio in fire solutions. The expansion of these offerings will be achieved through organic growth as well as bolt-on acquisitions to ensure the vertical expands to around R350 million annual turnover over the next two to three years. The increased product range will assist us to diversify our current customer base from the mainly financial services sector to a broader base, which includes the manufacturing, mining and government sectors.

Energy Solutions

The third vertical is called Energy Solutions and includes the Jasco businesses of Special Cables and T-Components, now combined as Jasco Electrical Manufacturers. It currently has a turnover contribution of around R150 million. Until the Energy Solutions vertical reaches more scale, I will be acting as the managing director.

As has been widely reported, the energy sector is currently a huge growth area in South Africa. The market is moving to one of deregulation, with several new independent power producers (IPPs) entering the market in both the conventional and renewable space. These future IPPs and their chosen suppliers will need local partners for their distribution networks and "balance of plant" projects. In addition, the country will require reliable energy supply, with energy assurance, conditioning and management being key focus areas for municipalities, large industries and enterprises.

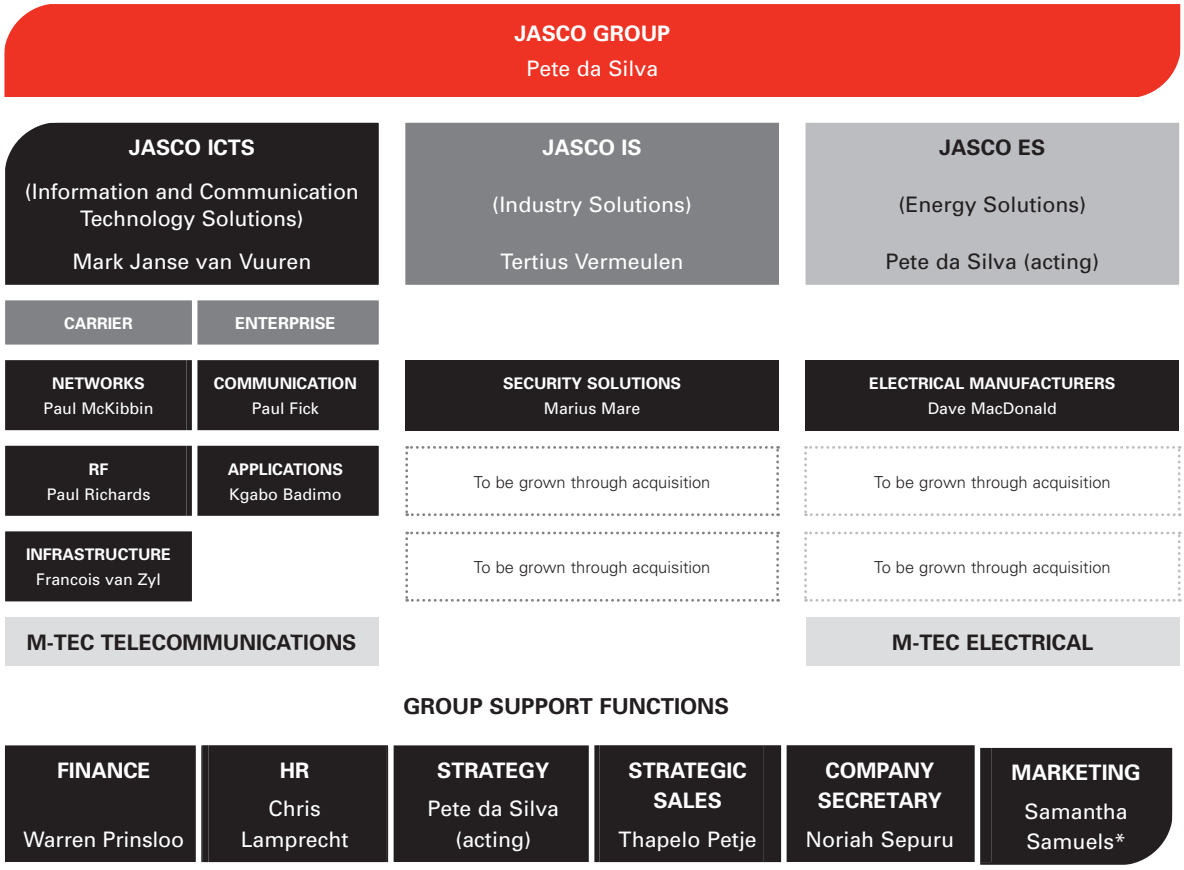
The group is currently only able to offer cables and associated cable products into the energy space. To fully tap into the anticipated growth in this market and to position Jasco as a Tier 2 solutions provider in transmission, distribution and balance of plant requirements, we aim to grow our capacity over the next few years with bolt-on acquisitions to build this business to around R350 million annual turnover. Our particular focus areas will include low voltage and medium voltage solutions, such as voltage stabilisers, transformers, power supplies, uninterruptable power supplies (UPS) and associated services.

Chief executive officer's review continued

Capacity in terms of the correct skills and experience

To ensure the delivery of the group's strategy, we have created a corporate support structure. In addition to the normal corporate functions it includes an executive of strategic sales whose function is to provide business development support across the three verticals. Group strategy will support me in setting and reviewing the strategic goals for the group.

The new structure looks as follows:



**outsource partner*

I welcome all the new members to the team and thank the members who have been with the group before my time for their continued support. I have been impressed by the energy contained in the Jasco team.

Focused business development and a unified brand and marketing strategy

As outlined in the structure diagram above, the group's support functions have been restructured to ensure more focused business development. In terms of marketing, all brands will fall under the core Jasco brand. Inter-divisional cross-selling will be motivated and measured, with clear key performance indicators for cross-selling to be put in place. We are already negotiating with a number of customers on extended solutions now possible within the new group structure.

Effective product offering to our customers

Following the creation of the enlarged group, Jasco now has a fuller basket of customers and are able to offer common products across the three verticals.

With our new drive in terms of cross-selling through the group, we intend to introduce customers to all our offerings across the three verticals. For example, following the inclusion of Spescom, we are now a much bigger player in the Enterprise space and are able to introduce our Maringo connectivity solutions from the Jasco stable to this newly acquired base. Likewise, we are able to offer our broadcast clients all of our Carrier offerings.

Diversification of markets and geographies

During the last year, we have seen an expansion of our national geographic footprint within South Africa. As a second step, we will continue to expand our presence in the rest of Africa through a more unified and strategic approach.

Prospects

Although markets will remain tough in the near future, which will continue to put pressure on the group, I am very excited about the potential of the restructured group over the medium to long term.

We have a refined and clear strategy in place with a unified brand and we are implementing a group-wide sales function and will actively record order entries as lead indicators for future sales. All these initiatives are linked to clear key performance indicators, ensuring that under-performance is swiftly addressed.

The consolidated business in the Carrier segment of the ICT vertical will provide this segment with critical mass and wider service offerings in line with market demands. We are already receiving positive feedback from the market in this regard. The inclusion of Maringo with DataFusion and DataVoice in the Enterprise segment of the ICT Solutions vertical will allow for a significant up-sale of its connectivity solution. However, this segment will continue to be influenced by the economic climate, which at this time is not encouraging.

The acquisition of the Snapper product range continues to positively influence our sales in the Energy Solutions vertical. During the last few months, we have relocated our production facility to secure energy supply and to allow for expansion of our production facility.

Our Security business in the Industry Solutions vertical is anticipating increased spend, but only in the second half of the financial year. This, together with the existing annuity income, will ensure stability, with the planned bolt-on acquisitions to assist with the required growth.

It is important to note that spending time on the forward-looking structure of the group has not diluted our focus on the day-to-day management of our businesses and a number of important issues which continue to require management's attention.

We have put some of our business units or investments on a watch-list. Our poor performing investment in M-TEC for example fits this category. Even though we have seen positive changes under the new CEO, unfortunately the countrywide strikes impacted the July financials in this business, which makes tracking the results trend difficult. We will therefore monitor this business closely over the next few months, with decisive action to be taken towards the end of the calendar year in terms of our stake in the group. As M-TEC produces both power and telecommunications cable, we will in future report its performance under both the ICT and Energy Solutions verticals.

Another business currently not performing in terms of our criteria is Enterprise Applications (formerly Spescom DataVoice) which designs and develops voice recorders. Although profitable, this business has and continues to under-perform. We have, together with the divisional management, implemented strategic steps which will also clarify our position in December 2011.

Disclaimer – Forward looking statements

Certain statements in this integrated annual report, that are neither reported financial results nor other historical information, are forward-looking statements including but not limited to predictions of or indications of future earnings. Undue reliance should not be placed on such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward looking statements. The forward-looking information in this presentation has not been reviewed or reported on by Jasco's auditors.

Appreciation

Even though the markets in general are still very volatile and uncertain, I sincerely believe we have an excellent team and value proposition in place. My thanks go out to all of you who have welcomed me into the group and who have worked within many changes over the last few months to ensure securing the future positioning of Jasco. I appreciate the faith you have put in me and the process. I look forward to continue working with you. To the board members, thank you for your support and to our customers, you are the reason we exist. We will endeavour to continue improving our offering to you.

Chief financial officer's review

Introduction

The financial year ended 30 June 2011 remained challenging, with the effects of the global economic crisis continuing to impact negatively on the trading environment of Jasco.

This year's results were also impacted by a number of non-operating items, as well as the first-time earnings contribution from Spescom, which was acquired with effect from 15 December 2010.

This review therefore discusses reported, as well as like-for-like results. The like-for-like results provide an organic comparison to the results of last year and exclude once-off non-operating impacts, as well as the six-month contribution from Spescom. Refer to the Reporting Accountants Report on page 97 of the integrated annual report.

Financial overview

Statement of comprehensive income

Group revenue increased by 38% to R773 million (2010: R559 million) due to R21 million in Snapper product sales in Domestic Products, R6,9 million from Maringo in Telecommunications and R173,6 million from Spescom during the second half. Excluding the impact of these acquisitions, organic growth was flat.

Reported group operating profit declined by 11% to R28,8 million (2010: R32,3 million), with like-for-like operating profit increasing by 42% to R42,3 million (2010: R29,7 million).

Reported headline earnings per share (HEPS) was 16% down to 14,0 cents per share (2010: 16,6 cents per share). Excluding the non-operating impacts, as well as Spescom's first-time six-month earnings contribution of R4,6 million, like-for-like HEPS was 24% higher at 20,5 cents per share (2010: 16,6 cents). Reported earnings per share (EPS) was 59% down to 7,8 cents per share (2010: 19,1 cents per share), with like-for-like EPS up 21% to 20,3 cents per share from 16,8 cents per share in June 2010.

The weighted average number of shares in issue increased due to the share issue related to the Spescom acquisition. Although the acquisition contributed positively to earnings, the benefit was overshadowed by the once-off acquisition and restructuring costs, with the contribution at HEPS level being dilutive given the number of shares issued.

The net finance costs of R8,4 million increased from R5,6 million last year, with the main finance income item relating to long term receivables. The finance income reduced in line with the reduction in capital owing. The main contributor to finance costs was the preference dividend paid of R7,5 million, which reduced from R8,0 million last year due to lower interest rates. Other noteworthy items include finance costs on the group's term and mortgage loans.

The equity accounted income from associates of R4,5 million was lower than last year and in the main relates to Jasco's 34% share of R4,9 million in M-TEC's profit.

The taxation expense of R11,4 million resulted in an effective rate of 45,7%. This unusually high rate was mainly due to the once-off transaction costs of R3,5 million, a R7,5 million preference dividend paid (disclosed as interest paid) and secondary tax on companies (STC) of R1,1 million on the ordinary and preference dividends. The group believes its sustainable tax rate on normal operations is 29%.

Accordingly, the profit for the year of R13,5 million was 46% lower than last year's R24,8 million.

After deducting outside shareholders' interest of R4,0 million (2010: R3,5 million), which relates to the group's investment in WebbLeBLANC, Lighting Structures, Telesciences, Maringo and NewTelCo, profit attributable to ordinary shareholders was R9,5 million. A net positive headline adjustment of R7,7 million, consisting of the impairments and fair value adjustments (explained on page 63) and a loss on disposal of fixed assets, increased headline earnings to R17,2 million (2010: R18,5 million).

The board declared an interim dividend of 3 cents per share on 20 December 2010, paid to shareholders on 17 January 2011, as well as a final dividend of 2,5 cents per share, which was declared on 27 September 2011. This brings the total dividend for the year to 5,5 cents per share.

Statement of financial position

The statement of financial position as at 30 June 2011 includes the assets and liabilities of Spescom. Meaningful comparison to the prior period can therefore not be made. On 24 January 2011, the shareholders' capital of Jasco increased by R44,0 million on the issue of 31,9 million shares to Spescom shareholders. The balance of the purchase consideration of R11,8 million was paid in cash.

Working capital management remained healthy, with the impact of Spescom on the profile being very favourable. Net working capital days decreased substantially from 41 days to 26 days at 30 June 2011.

The main focus for the enlarged Jasco is revenue growth. This will be achieved both through organic growth and bolt-on acquisitions.

Warren Prinsloo
Chief financial officer

Inventory days improved from 38 to 30 days and accounts receivable days from 91 days to 75 days. Accounts payable days however improved to a lesser degree from 88 to 79 days, mainly because of the earlier settlement of overseas accounts payable to benefit from the strong Rand.

The **net bank overdraft** of R16,9 million increased from R4,6 million. This was mainly due to the payment of R11,8 million for the Spescom acquisition, the early payment of certain foreign accounts payable and the repayment of long term debt.

Inventories on hand was R79,8 million (2010: R58,8 million). The most notable increase in inventory levels occurred in the Domestic Products division due to inventory increases to ensure continuous customer deliveries during the factory move in September and October when production was due to be impacted.

Trade and other receivables was R196,9 million (2010: R138,9 million). This includes debtor provisions of R4,7 million (2010: R5,9 million). These provisions are considered adequate to cover specific risk trade receivables identified and any impairment required in terms of IAS39.

Non-interest bearing liabilities of R199,2 million (2010: R122,2 million) include trade and other payables (accruals) of R141,8 million (2010: R94,9 million), deferred maintenance revenue of R18,4 million (2010: Rnil) and provisions of R38,4 million (2010: R26,9 million). Net foreign currency contracts of R0,5 million (2010: R0,4 million) were not material.

Capital expenditure was R16,0 million (2010: R6,5 million), with the majority of the capital spent in the Electrical division due to plant and equipment replacement at the LeBLANCJasco (Lighting Structures) factory. The group's head office building is valued at R48,0 million, which was a major contributor to the increase in the book value of property, plant and equipment to R102,7 million (2010: R32,1 million). Asset disposals during the year were not significant.

The **investment in associates** of R180,1 million (2010: R206,7 million) consists of the investment in M-TEC. The carrying value was tested for impairment due to the existence of impairment indicators. The impairment charge of R31,9 million adjusted for at interim results stage is considered adequate.

Intangibles (including goodwill) of R114,4 million increased from R74,3 million last year as a result of the acquisition of the Snapper brand by Domestic Products, as well as R12,1 million in goodwill arising from the acquisition of an effective 85%

in Maringo, the group's former associate in Telecommunications. The Spescom acquisition also gave rise to the recognition of technology-related, marketing-related and customer-related intangibles.

The **net deferred tax** asset of R7,4 million (2010: R1,5 million) relates mainly to the estimated tax losses in Spescom which arose at acquisition date.

Other financial assets of R29,0 million reduced from R47,4 million last year due to routine payments received from the group's long term rental receivables contract. The balance will be received over the remaining contract period of 17 months.

The **long term interest bearing loans** of R136,3 million (2010: R127,7 million) consist mainly of the R100 million preference shares issued to Jasco's shareholder, AfroCentric, the long term portion of the group's mortgage loan (R17,1 million), the long term portion of the group's term loan (R3,9 million) and loans from minority shareholders, as well as assets financed in terms of instalment sale or finance lease agreements.

Statement of cash flows

The statement of cash flows reflects the utilisation of the acquired cash from Spescom to repay R27,1 million in long term liabilities, fund R16,0 million in capital expenditure and reduce short term payables by R24,1 million. Accordingly, Jasco's net overdraft increased from R4,5 million at the beginning of the year to R16,9 million.

Non-operational impacts

The non-operational accounting entries which significantly impacted the results during this period are listed below:

During the first half, the non-operational accounting entries were:

R3,5 million once-off Spescom transaction costs

These transaction costs were incurred as part of Jasco's acquisition of 100% of Spescom on 15 December 2010. As certain expected costs were not incurred, the accrued R4,0 million reported at the half year decreased to R3,5 million.

R31,9 million impairment of investment in M-TEC

The group processed an impairment of Jasco's investment in cable manufacturer M-TEC of R31,9 million at December 2010 due to taking a more prudent view on the timing of a future recovery. This follows the impairment taken in June 2010 of R21,6 million and brings the total impairment taken to R53,5 million.

R31,7 million fair value gain on the Spescom acquisition

On the date of the Spescom acquisition on 15 December 2010, the fair value of the underlying assets and liabilities was estimated by an independent professional advisor to be R87,5 million. As the purchase price paid was only R55,8 million, a fair value gain of R31,7 million arose and was reported at the half year.

During the second half, the non-operational accounting entries were:

R6,9 million once-off merger restructuring costs

These costs were incurred in merging and restructuring Jasco and Spescom. The costs mainly consisted of retrenchment costs for duplicated and/or redundant positions, predominantly at the head office, as well as related professional service fees. These costs will not re-occur and were necessary to ensure that anticipated cost savings are achieved in the 2012 financial year.

R2,8 million fair value loss on the disposal of the Maringo associate

Jasco acquired an effective 85% controlling interest in Maringo Communications (Pty) Limited (Maringo) in exchange for a 15% stake in TeleSciences (Pty) Limited (TeleSciences) with effect from 1 January 2011. The fair value of the underlying assets and liabilities in these two entities gives rise to a fair value loss in terms of IFRS3, whereby Jasco effectively disposed of its associate interest in Maringo before TeleSciences acquired 100% of Maringo and discharged the R8 million purchase consideration through a new share issue to the executive minority shareholders.

R4,4 million impairment of trade names (marketing-related intangibles)

The group processed an impairment of the acquired trade names for two of the former Spescom business units, namely "Spescom Telecommunications" and "Spescom MediaIT". Following the combination of these business units with a number of the Jasco business units in the new Jasco ICT Carriers vertical as part of the group restructure, the decision to terminate the use of these trade names was taken by the board on 29 June 2011.

Significant issues

As required by IAS 36 – Impairment of assets – the carrying value of the investment in the group's associate M-TEC was tested for impairment at 30 June 2011 due to the existence of the following impairment indicators:

- M-TEC continued to experience a slower recovery in sales volumes, particularly in three of the five business units, namely the optic fibre, power cable and copper telecommunications' plants where the financial performance was significantly below the F2011 budget expectation. Management has therefore reduced forecast expectations of future cash flows
- The fair value of the investment was calculated by management at R180,1 million, which confirmed the impairment adjustment of R31,9 million made at 31 December 2010. The calculation of the discount rate (WACC) was determined on the same basis as the last financial year end, although updated for the latest market information. This was the second impairment processed following the first impairment of R21,6 million at 30 June 2010. The total R53,5 million represents 25% of the original purchase consideration paid at the height of the market during June 2008. This position was again reviewed at year end and the cumulative impairment is considered adequate

A comparison of the current valuation compared to last year is reflected in the table below:

Description	Jun 2011	Jun 2010
	(R'm)	(R'm)
Enterprise value	512,7	613,6
plus: property value	35,6	35,6
less: liabilities	(17,6)	(40,1)
Equity value of company	**530,6**	**609,2**
Value of 34% stake	180,1	207,1
Carrying value at year end	212,0	228,7
Impairment required	**(31,9)**	**(21,6)**

Key internal initiatives

The following key internal initiatives are currently in progress:

Adequacy of operational and financial information

Information systems are key tools to provide the management teams within the organisation with relevant, timely and accurate information, both financial and non-financial. This will be a key focus area in the coming year as we standardise capturing data and measuring performance in the enlarged group. To achieve this objective, some investment in infrastructure and software applications will be needed.

Management of the cost base

The group has extracted almost R10 million in after tax savings from the combined cost base of the now enlarged Jasco group. These savings predominantly relate to the duplication of costs that existed with the head offices and the combination of certain divisions which lacked scale. The full benefit of these savings will be apparent in the 2012 financial year. The executive team will continue its focus on interrogating the cost base and identifying further savings.

Working capital management

The acquisition of Spescom brought further diversification of the group's working capital profile. Net working capital days were substantially enhanced and compensated for the investment in raw materials and finished goods necessary in the Domestic Products and Electrical divisions. Working capital management continued to receive sharp focus since early 2008 following the group's investment in a long term receivables rental contract, which consumed almost R50 million of Jasco's short term borrowing facilities during that year. This focus has continued, with inventory and trade receivables levels in the traditional business units at very optimal levels. The more recent acquisitions of Webb LeBLANC and Lighting Structures have shown strong improvements during this financial year.

Market risks

A review of all the group's material risks can be found on page 6

Key financial risks	
Access to funding	
Against the backdrop of cautiousness from financial institutions due to the continued tough economic markets, the appetite for lending by corporate South Africa has cooled.	The excess cash and partially geared property owned by Spescom was a key positive in the rationale for the acquisition on 15 December 2010. This enabled the enlarged Jasco group to significantly de-gear its balance sheet as well as alleviate short term pressure created by growing working capital demands. The favourable working capital profile of Spescom, where a significant portion of revenue is received in advance in terms of service level agreements with certain customers, has improved the overall working capital profile of Jasco. Spescom's banking facilities of R20 million also enhanced Jasco's overall short term banking facilities to R142,6 million. Only R54,2 million has been utilised. The property will allow Jasco to borrow effectively should it choose to re-leverage this asset. The other alternative is the disposal of the property and the redeployment of this capital to further reduce gearing by settling the outstanding mortgage loan of R19 million.
Repayment of preference shares	
The R100 million redeemable preference shares due to the group's shareholder, AfroCentric, in relation to its BBBEE transaction of 2008 have to be settled by no later than May 2013.	The group is exploring alternatives to restructure the R100 million long term funding requirement over the course of the 2012 financial year. The strong cash generating profile of Jasco's earnings will allow the group to comfortably service the debt and interest repayments arising from any new long term debt instruments.

Chief financial officer's review continued

Key financial risks *(continued)*	
Credit risk on accounts receivable	
The group currently has insignificant bad debts of 0,1% of revenue. Although very low due to both Spescom and Jasco having robust systems in place to manage debts, the group's proposed cross-selling initiatives may result in an increase in exposure to major customers.	This is an area of the business which has traditionally been well managed by both Jasco and Spescom. The strategy of both groups has been to target major corporate and government/parastatal customers across all the divisions, ensuring a lack of concentration risk. In many instances orders secured only follow after a tender process, resulting in a clear view of a customer's credit worthiness well in advance of the awarding of a contract.
Acquisitions and related valuation risk	
This is a critical area due to the risk of over-paying for target acquisitions, as valuations are based on future expectations of free cash flows. In recent years actual cash flows fell short of expectations due to tough market conditions.	An investment sub-committee to the board was established in 2008 to review and assess potential acquisitions for strategic fit and earnings enhancement. Based on the group's disappointing acquisition of its minority stake in M-TEC, one of the key lessons learnt is that the group should never acquire a minority stake as it limits Jasco's ability to take swift corrective action when an acquisition does not deliver on the expected performance.

Looking forward

The main focus for the enlarged Jasco, as detailed in the CEO's review, is revenue growth. This will be achieved through organic growth by increasing market share and cross-selling to our existing customer base, as well as through bolt-on acquisitions.

While the focus on costs will continue, this will only provide earnings support in the short term. The executive team will therefore have to focus on revenue growth in the medium term, supported by quality margins.

In terms of the group finance function, we will focus on further strengthening the team and improving the management information systems to maintain strong controls and accurate on-time reporting.

We are placing greater emphasis on lead indicators and forward-looking information to improve the quality and relevance of financial and operational information to our management teams.

Furthermore, the entire group information technology and data communications environment, including all hardware and software applications, is currently the subject of a detailed and extensive review. We expect to invest in this area to further leverage the scale of the enlarged group and to allow Jasco to raise its level of IT governance in accordance with King III requirements.

Appreciation

I would like to express my sincere appreciation to the board for the unwavering support in dealing with the challenges we experienced during the year. In particular, I would like to thank the audit and risk committee chairman for his counsel and sage advice. I also welcome our new CEO, Pete da Silva, to the group. It has been inspiring working with you over the last few months. A special word of thanks to my finance team as the production of the financial results and integrated annual report would not be possible without them. I congratulate all of them on a job well done. Finally, I extend my heartfelt thanks to the outgoing CEO, Martin Lotz, whose mentorship and guidance were invaluable to me over the last five years.

Operational review

Introduction

This review provides an operational review based on the historic structure of the group being Telecommunications, Security, Domestic Products and Electrical. The group's associate M-TEC is included in the Electrical division. During the year, the businesses of Spescom were fully integrated in the Telecommunications division.

Restructuring

As outlined in the CEO's review on page 14, at year end, the group was restructured into three verticals – Information and Communication Technology (ICT) Solutions, Industry Solutions and Energy Solutions. ICT Solutions contains the telecommunications and information technology businesses of Jasco and Spescom, with Industry Solutions containing Jasco's previous Security business and Energy Solutions containing Jasco's previous Domestic Products and Lighting Structures' businesses.

Divisional performance

Telecommunications

The improvement in spend seen in the fixed line and mobile markets during the first six months was not sustained during the second half due to continuing economic uncertainty. Revenue for the year increased by 51% to R453,3 million (2010: R300,5 million), mainly due to the inclusion of Spescom.

Excluding R173,6 million from Spescom, the division's revenue decreased by 7% on continued lower spend by the major telecommunications operators. The operating profit more than doubled to R40,7 million (2010: R16,3 million). Excluding Spescom's operating profit contribution of R17,2 million, operating profit on a like-for-like basis increased by 44%. This is very pleasing against continued challenging market conditions and was due to a combination of improved gross margins on a more favourable product sales mix, as well as cost savings.

This business unit will in future be reported in the ICT Solutions vertical.

Security

Security experienced a difficult second half, with a continuing slowdown in spending by its corporate customer base. Revenue decreased by 12% to R107,4 million (2010: R121,6 million), whilst operating profit decreased by 16% to R7,9 million (2010: R9,4 million). Margins remained under pressure in a competitive environment, declining from 7,7% to 7,4%. This necessitated a cost reduction programme focusing on retrenchments and reducing logistical overheads during the second half, which will ensure that this division is able to continue delivering on its business model of annuity income covering overheads.

This business unit will in future be reported in the Industry Solutions vertical.

Domestic Products

This division showed strong improvement. Revenue increased by 16% to R132,4 million (2010: R114,5 million). Revenue growth was boosted by excellent sales of the Snapper brand during the second half of the year.

Operating profit increased by 50% to R23,0 million (2010: R15,4 million) and the healthy margin of 17,4% (2010: 13,4%) was achieved following a combination of volumes due to Snapper's first-time contribution and tight cost control.

This business unit will in future be reported in the Energy Solutions vertical.

Electrical

The Electrical division consists of Jasco's investment in the cable manufacturer, M-TEC, and the subsidiary, Lighting Structures. The performance in the aluminium and copper products divisions in M-TEC, accounting for approximately 70% of M-TEC's revenue, exceeded expectations. The aluminium division benefited from the Eskom roll out where M-TEC has a long term supply contract. The copper products division experienced an improvement in demand for general copper products, with the copper price remaining steady in the second half.

However, the continued poor demand in the power cable and copper telecommunications division, coupled with some technical issues at the start-up of a new plant in the first half of the year, resulted in Jasco's share of after tax income from M-TEC declining by 47% to R4,9 million (2010: R9,3 million).

Although M-TEC's performance over the last six months of R3,0 million was an improvement on the R1,9 million during the first six months, it was lower than the comparable period to June 2010 of R6,4 million mainly due to the poor sales and product mix in the power cables plant.

The technical problems experienced in the copper telecommunications plant have been resolved.

As M-TEC produces power and telecommunications cable, this business will in future report its performance under both the ICT and Energy Solutions verticals.

After a very good first half, the Lighting Structures business unit saw a decline in volumes from its municipal clients during the election period and due to the Gauteng Freeway Improvement Project coming to an end. Revenue for Lighting Structures decreased by 13% to R85,7 million (2010: R98,9 million). The operating profit was down 47% to R6,4 million (2010: R12,1 million). The merger of the steel production facilities with those of the telecommunications structures business during the year resulted in more efficient production and better procurement and logistics functions. Significant capital replacement to plant was made during the second half, which will allow for increased capacity without increasing labour costs. The full benefit of the measures taken will only be seen in the next financial year.

This business unit will in future be reported in the Energy Solutions vertical.

Six-year financial review

	Note	2011 R'000	2010 R'000	2009* R'000	2008 R'000	2007 R'000	2006 R'000
Comprehensive income							
Turnover		**763 498**	546 880	760 203	513 572	400 694	332 169
Net interest (paid)/received		**(8 432)**	(5 635)	(12 290)	(938)	40	(792)
Share of income from joint venture and associates		**4 506**	9 330	6 303	1 136	126	–
Profit/(loss) before taxation		**24 876**	35 993	59 926	49 686	39 754	27 314
Taxation		**(11 356)**	(11 187)	(22 423)	(16 201)	(13 570)	(9 177)
Profit for the year		**13 520**	24 806	37 503	33 485	26 184	18 137
Profit for the year attributable to ordinary shareholders		**9 526**	21 271	37 503	33 485	26 184	18 137
Headline earnings adjustments		**7 664**	(2 772)	485	17	–	1 046
Headline earnings for the year		**17 190**	18 499	37 988	33 502	26 184	19 183
Cash generated from operations		**2 980**	23 871	94 402	41 968	47 246	23 373
Ratios and statistics							
Financial position							
Equity attributable to the parent		**323 363**	280 132	258 008	151 178	125 605	106 944
Total equity		**343 198**	291 711	258 008	151 178	125 605	106 944
Total assets		**754 503**	570 997	531 992	276 816	217 067	174 163
Shares in issue (000)		**146 399**	114 509	114 509	69 931	69 931	69 431
Treasury shares (000)		**5 490**	2 592	2 913	1 527	1 126	119
Weighted average number of shares in issue (000)	1	**122 745**	111 557	103 471	68 404	68 805	69 312
Net asset value per share (cents)		**229,5**	251,1	231,2	221,0	182,6	154,3
Liquidity							
Debt:equity (%)	2	**43,8**	47,7	40,1	7,2	1,3	1,4
Interest cover (times)	3	**4,9**	6,9	5,9	54,0	–	35,5
Profitability							
EBITDA (R000)	4	**53 275**	46 835	81 719	56 125	44 125	33 441
Return on equity (%)	5	**2,9**	7,6	14,5	22,1	20,8	17,0
Return on assets managed (ROAM) (%)	6	**1,8**	3,7	7,0	12,1	12,1	10,4
Earnings/(loss) per share (cents)†		**7,8**	19,1	36,2	49,0	38,1	26,2
Diluted earnings/(loss) per share (cents)†		**7,8**	18,3	33,7	37,0	26,5	18,3
Headline earnings per share (cents)		**14,0**	16,6	36,7	49,0	38,1	27,7
Diluted headline earnings per share (cents)†		**14,0**	15,9	34,1	37,0	26,5	18,3
Human resources							
Number of employees		**827**	583	518	498	460	449
Turnover per employee		**923**	938	1 468	1 031	871	740
Total assets per employee		**912**	979	1 027	556	472	388

Note:

1 *Weighted average number of shares in issue – the weighted average number of shares in issue during each financial year, net of treasury shares arising from the consolidation of the Jasco Employee Share Incentive Trust and the Spescom Limited Share Trust.*

2 *Debt:equity (%) – interest bearing debt, expressed as a percentage of total equity.*

3 *Interest cover (times) – operating profit, net of headline earnings adjustments, before interest divided by net interest paid.*

4 *EBITDA – earnings before interest, tax, depreciation, amortisation and impairment or fair value adjustment of investments.*

5 *Return on equity (%) – earnings attributable to equity holders of the parent as a percentage of closing equity attributable to equity holders of the parent.*

6 *Return on assets managed (ROAM) (%) – profit for the year divided by the total assets at the end of the financial year.*

† *Refer to note 6 on page 63.*

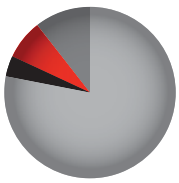
* *16 months.*

Value-added statement

for the year ended 30 June 2011

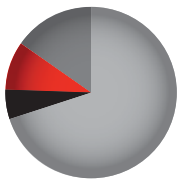
	2011		2010	
	R'000	%	R'000	%
Revenue	773 038		559 268	
Net cost of products and services	(482 028)		(338 752)	
Value added	291 010		220 516	
Other non-trading (expense)/income	(6 576)		2 267	
Net profit/(loss) on disposal of plant and equipment	(306)		194	
Fair value adjustment	(2 787)		24 143	
Gain on bargain purchase	31 714		–	
Impairment of intangibles and loans	(35 197)		(22 070)	
Total wealth created	284 434		222 783	
Distributed as follows:				
To employees				
Salaries, wages and benefits	222 468	78,2	139 417	70,2
To government				
Taxation	11 356	4,0	11 187	5,6
To providers of capital	21 318	7,5	18 023	9,1
Interest on borrowings	17 972	6,3	18 023	9,1
Dividends paid	3 346	1,2	–	–
Retained in the group	29 292	10,3	30 013	15,1
Depreciation of plant and equipment	10 589	3,7	7 280	3,7
Amortisation of intangibles	2 259	0,8	–	–
Fair value adjustments	6 270	2,2	(2 073)	(1,0)
Retained profit	10 174	3,6	24 806	12,4
Total wealth distribution	28 434	100,0	222 783	100,0

2011 Wealth distribution



- 78,2% to employees
- 4,0% to government
- 7,5% to providers of capital
- 10,3% retained in the group

2010 Wealth distribution



- 70,2% to employees
- 5,6% to government
- 9,1% to providers of capital
- 15,1% retained in the group

Social performance review

Introduction

As outlined on page 5, one of the key issues for the group is the development and retention of key employees. The Spescom acquisition during the year created an enlarged group, more able to deliver on the growth aspirations of the company. Jasco and Spescom had very similar structures and cultures, which facilitated a smooth integration.

At year end, the group was significantly restructured to ensure the correct resourcing and structure for the group's next growth phase. Refer to the CEO's review on page 14.

A number of key issues relating to people had to be addressed through the merger process and restructuring. These included:

Key issues	How these were addressed	Status
Top-heavy organisation.	The organisational structure was flattened, with less reporting levels to ensure faster decision making and more accountability.	Complete.
Alignment of remuneration practices, policies, procedures and employee benefits.	The HR executive conducted a thorough review of employee benefits and policies and a standardised group human resources policy was implemented with effect from 1 September 2011.	Complete.
Alignment of retirement fund benefits.	The structures of the respective funds will be consolidated into one structure that will offer a uniform set of benefits.	To be completed in F2012.
Introduction of a standard performance-based short term incentive scheme across all divisions.	The different short term incentive schemes were reviewed by the remuneration committee and a new uniform scheme will be introduced.	Former Spescom employees will be moved to the Jasco performance scheme over a two-year period.
Alignment of financial periods.	The Spescom financial year end moved to June and adjustments were made to the timing of increases and incentive awards.	Complete.
Duplication of roles at head office.	Retrenchments undertaken.	Complete.
Combination of divisional business units which lacked minimum scale.	Several of the former Jasco and Spescom business units were combined in the Carrier Networks business unit. These included Telesciences and Tasslelane Services (ex-Jasco) and Spescom Telecomms, Spescom MediaIT and NewTelCo (ex Spescom).	Complete.

Skills development and retention

During the year, R2,6 million was spent on skills development. A total of 458 employees received training, of which more than two thirds were black employees. More than half of the employees received training during the course of the year.

The group's programmes include learnership programmes, internship programmes, technology-focused certification programmes, formal tertiary qualifications, sales training, business skills development and line management training. The group participates in SETA activities through the Media and ICT (MICT SETA), as well as the Manufacturing, Engineering and Related Services SETA (MerSETA). Workplace skills plans and annual training reports are submitted to the relevant SETAs and the group complies with the requirements of the Skills Development Act, as well as the Skills Development Levies Act. A total of 13 learnerships were entered into through the MICT SETA.

Adult Basic Education Training (ABET) is now well-established in Jasco as we enter our third year of this programme.

Training is provided to improve the basic literacy and numeracy levels of employeees.

Our bursary programme is designed to assist the group to grow its own skills base while also adding to the pool of skills needed in the industry.

Under the group's new leadership, training and development will receive increased focus. Skills development strategies are focused on developing talent and skills from within. A robust skills pipeline has been identified as a critical success factor throughout the group's operations.

Furthermore, as the group's activities are diverse, it offers employees opportunities to expand their careers through redeployment and rotation to other divisions. This allows for the maximisation of an employee's potential, creates opportunities for developing multiple skills and supports succession planning in the group.

The group focuses on retaining key skills through these skills development initiatives, thereby developing a learning culture. This is supported by our total remuneration philosophy, addressing both the tangible and non-tangible reward elements.

Remuneration practices

During the past year Jasco finalised its remuneration strategy. The following objectives include:

- Compete for talent in a very competitive labour market
- Retain competent employees who improve business performance
- Motivate individual and team performance
- Manage the total cost of employment
- Promote internal equity amongst different categories and groups of employees
- Achieve effective returns for total employee spend (employee productivity)
- Address diverse employee needs across differing cultures and generation groups

Remuneration benchmarking is done regularly to ensure equitable and market-related remuneration levels and to empower Jasco to compete and retain scarce skills.

Total rewards include monetary as well as non-monetary remuneration. Monetary remuneration consists of a guaranteed remuneration package, supplemented with short term incentives linked to performance. Key employees are further rewarded through a combination of long term incentives, such as share ownership, share option schemes and/or a phantom share scheme. Non-monetary elements include our employee assistance programme (EAP), career advancement opportunities and individual recognition awards.

Refer to page 88 for a detailed breakdown of the remuneration of directors and prescribed officers.

Employee wellness

A formal EAP is in place to assist employees to achieve a balance between their professional and personal lives. The programme includes telephonic and face-to-face counselling, advice on issues such as financial management, legal and family care as well as trauma counselling. The programme is also associated with an online health and wellness website and regular newsletters.

Jasco's HIV/Aids management policy ensures that the rights and dignity of employees are safeguarded. Voluntary testing and counselling is available to employees. During the year, 57 people were tested. Going forward, the group will continue to encourage employees to participate in this initiative.

Transformation

Jasco is a Level 3 broad-based black economic empowerment (BBBEE) contributor. Below we outline the key aspects measured in terms of our rating.

Ownership

At year end, Jasco's BBBEE shareholding comprised an effective 42,7%, with a total ownership score of 20.14 points out of 20 based on the Department of Trade and Industry's Codes of Best Practice.

Jasco's BBBEE shareholders include AfroCentric at 27,3%; CIH at 18,7%; Vantage Capital at 5,5% and other black new entrants of 0,9%. This amounts to a total black ownership of 52,4% on a direct basis based on the total number of issued shares. The economic interest of black women is 20,8%, with the same percentage representing voting rights. The Spescom acquisition during the year thus broadened the black ownership profile of Jasco.

Management

Four of the seven non-executive directors of the Jasco board are black, including two black women.

Employee turnover in the top and senior management categories remains low, with longer tenure periods typical of these levels. The group has identified key positions and individuals from designated groups for future promotions to strengthen our succession planning. Specific development plans, such as mentorships, are in place to develop depth in our top management structures. This will receive increased focus during the coming year.

Employment equity

Following our merger with Spescom, the employee numbers increased significantly in the past 12 months from 589 to 827 permanent employees, with the racial composition changing considerably. On the next page is a table detailing the composition of Jasco's workforce at year end.

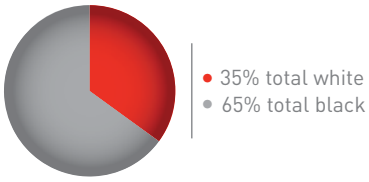
Social performance review continued

Occupational level	Male				Female				Foreign nationals		Total
	A[1]	C[2]	I[3]	W[4]	A	C	I	W	M	F	
Top management	1			4	1			1			**7**
Senior management	2		2	40	1		1	6			**52**
Professionally qualified and experienced specialists and mid-management	14	7	21	88	4	2	6	21			**163**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	47	15	20	72	17	8	24	26	1	1	**231**
Semi-skilled and discretionary decision making	58	16	9	19	22	9	11	12	2		**158**
Unskilled and defined decision making	99	5	3		42	6	61				**216**
TOTAL PERMANENT	**221**	**43**	**55**	**223**	**87**	**25**	**103**	**66**	**3**	**1**	**827**
Temporary employees	39	4		4				5			**52**
TOTAL	**260**	**47**	**55**	**227**	**87**	**25**	**103**	**71**	**3**	**1**	**879**

[1]A – African, [2]C – Coloured, [3]I – Indian, [4]W – White

As can be seen from the table, the top and senior management levels still require transformation. A key focus will therefore be to correct this profile, as well as ensuring more gender equality.

We are pleased with the progress made in recent years at the middle and junior management level and will build on this solid foundation. Going forward, we will source talent for future promotion to senior management levels from these levels.



The group established an employment equity forum which is tasked with driving change management within the group as well as the career development of especially black employees. At a senior management level Jasco recognises that we are falling short of our internal targets. To address this, preference will be given to candidates from the designated groups when vacancies are filled. The recruitment process has also been reviewed and a group policy has been put in place.

Preferential procurement

The group maintains a database of suppliers and service providers. Preference is given to those suppliers with the highest BBBEE status. In its last BBBEE audit, the group achieved a score of 19.6 out of 20 points, with more than 66% of our discretionary procurement spend being with black empowered suppliers.

Enterprise development

Jasco has developed long term relationships with small and medium enterprises that complement our market offerings, either by way of supplier agreements or as partners in our offering to customers. Our contribution to these partnerships is often through knowledge transfers, as well as through preferential payment terms, which enables the development of those organisations. This area is also under review, with a number of new initiatives being considered and investigated. We expect to report on our progress in terms of these initiatives during our next reporting period.

Socio-economic development (SED)

The group's socio-economic development programmes have two focus areas:

- Education, with a specific focus on technology skills
- Donations to support charities which make a lasting difference in their communities

During the year, the group spent R0,2 million on SED programmes, which was 1,6% of net profit after tax.

Key programmes include:

- **Telkom Centre of Excellence:** Jasco has an established partnership with the Telkom Centre of Excellence and we continued with our participation in the past year. This programme is a collaboration between Telkom, the telecommunications industry and the South African government to promote a culture of excellence in research in Information and Communication Technology. It aims to provide facilities to encourage young scientists and engineers to pursue their interests in South Africa
- **Childline South Africa** which aims to protect children from all forms of violence
- **Matjiesfontein Village School:** We fund the utility bills of Matjiesfontein Village Primary School, a school catering for under-priviledged children. This input has ensured that the school is on a more sustainable financial footing
- **Midrand Child Welfare:** Jasco's head office is located in Midrand where we have developed a relationship with the local Child Welfare. We support them in the form of a monthly donation to be used towards covering running expenses
- **Sonnestraal Nursery:** This private crèche is located in Jamestown near Stellenbosch and provides day care to local pre-school children from a variety of backgrounds. Our employees make monthly donations of food to ensure that these children have a healthy breakfast and lunch each day. A Christmas party is also arranged every year with employee involvement

During the coming year, the group aims to evaluate its SED initiatives to ensure a more strategic focus.

Safety, health, environment and quality (SHEQ)

Health and safety

Jasco is committed to the support and maintenance of good health and safety processes and procedures for all employees. Jasco complies with the dictates of the Occupational Health and Safety Act. Health and safety representatives within each operating unit monitor compliance and manage health and safety issues.

In terms of occupational health, the group has an occupational nurse at one of its three factories to consult with employees every month. Where required, she conducts medical assessments and HIV testing and counselling. She has seen an average of 31 people per month in the past year.

Environmental management

Although Jasco's products, services and operations have a low impact on the environment, going forward, the group aims to formally evaluate its environmental reporting and management, as it currently does not have a mature system in place.

Currently, it only has a few initiatives in place, such as encouraging employees to adopt sustainable environmental business practices to minimise our impact on the environment and engaging with our suppliers in an aim to promote good environmental practices across our supply chain.

Quality

Total quality management is achieved through dedicated quality managers and/or representatives throughout the organisation. These employees interface with senior management and work closely with current and prospective customers to develop an in-depth understanding of their business requirements. Jasco's quality programme involves:

- Conforming to the ISO 9000 Quality Management System across all of Jasco's operations
- Establishing quality objectives at a group as well as at divisional level and regularly reviewing their relevance
- Ensuring that our employees are adequately trained and skilled to perform their duties
- Ensuring legal and statutory requirements are met and adhered to
- Focusing on four dimensions of quality:
  - Fit for purpose
  - Cost effectiveness
  - Aesthetics
  - All aspects of service

Corporate governance review

Introduction

The directors subscribe to corporate governance guidelines and the group complies with the applicable laws affecting all its operations.

As the group is listed on the JSE Limited, it complies with the JSE Listing Requirements. The financial statements are prepared in accordance with International Financial Reporting Standards.

Application of the King Code of Governance Principles (King III) and best practice

The directors fully endorse the recommendations of King III and have approved a detailed board charter that outlines Jasco's adherence and compliance. During the period under review, a self assessment to assess the extent to which Jasco applies best practice was undertaken to identify corporate governance gaps. The group has implemented a process to address the non-compliance issues identified and has progressed well in addressing gaps. Refer to the table on page 36.

> The directors believe that while applications of these principles are of outmost importance, governance of the company must be aligned with strategy for maximum benefit. As a result, the board has adopted a phased application process to ensure constructive adherence and strategic alignment.

The audit and risk committee has appointed a sub-committee to continue monitoring the implementation process of all the recommended principles and practices. In line with the key areas of governance, the board applied the key principles imperative to the governance of the company together with the applicable regulations affecting the year under review.

The directors confirmed that they were prudent in exercising their duties of care and skill and they have taken reasonable steps to ensure the applied governance principles of the group benefited all stakeholders.

Companies Act No 71 of 2008 and Regulations (the Companies Act)

The Companies Act came into effect on 1 May 2011. This has necessitated the review of all material issues and their impact of the application of these new regulations. The group has addressed certain key governance and corporate administration factors, as prescribed by this new legislation, and has further determined an implementation process to ensure complete compliance.

The board is of the view that the group is compliant with the Companies Act to the extent that is practically possible. It will continue to monitor the implementation process outlined in the work plan to ensure full compliance. Refer to page 38.

Board of directors

Composition

The board charter outlines a clear division of responsibilities. The board comprises nine directors, two executives and seven non-executives. In the year under review, the board reviewed and implemented gaps identified during a comprehensive analysis of the existing composition and skills available. At the recommendation of the nominations committee, additional independent non-executive directors were appointed to improve independence, efficiency, expertise and compliance with the new corporate governance framework. Following the appointments, three members of the total nine members of the board are now independent. The board is satisfied with the diverse skills of its members and the number of independent non-executive directors in accordance with group strategy.

Ms O Seiphemo resigned as a director with effect from 4 April 2011. Mr MH Lotz resigned as the chief executive officer (CEO) with effect from 29 June 2011. Mr AMF da Silva, previously an independent non-executive director and chairman of the remuneration committee, was appointed as the chief executive officer on 5 May 2011. During the transitionary period from May to June, a smooth handover process was concluded and he assumed executive responsibility for all operations from 30 June 2011.

Non-executive directors are independent of management to ensure that no individual has unfettered powers of decision-making and authority to protect stakeholder interests. The positions of the chairman and the CEO are separately held, with a clear division of duties. The chairman is responsible for leadership of the board and the CEO provides leadership to the executive team in running the business and implementing the strategy. The nominations committee reviewed the efficiency of the the chairman of the board and the chairman of the sub-committees and recommended to the board the re-appointment of Dr ATM Mokgokong as the chairman of the board for her leadership skills, experience and sound knowledge of the organisation's strategy and governance expertise. In view of the fact that the chairman is not independent, Mr JC Farrant has been re-appointed as the lead independent director for the ensuing financial year.

Role and function of the board

In line with good corporate governance practices, the Jasco board charter defines the board's mission, roles, duties and responsibilities. The board is responsible for selecting a skilled management team, approving strategy and monitoring and assessing performance, while remaining a resource to management on matters which could benefit the strategic implementation process. The board has a responsibility to ensure that internal controls over finance and operational matters are implemented.

In terms of the board charter, the directors have a responsibility to become acquainted with all of their duties and the issues pertaining to the operations and business of the group.

Directors are entitled to seek independent professional advice concerning the affairs of the group, at the group's expense, should they believe this to be in the best interest of the group.

Strategy

The board is responsible to the shareholders and other stakeholders for setting the strategic direction of the company together with the group's management team. The strategic plans are debated by the executive committee following a review of each division's internal strategic plan before being consolidated and presented to the board. The board monitors progress made on agreed strategic initiatives on a quarterly basis and meets at least once a year to review the group strategy.

Delegation of authority

The power and authority to lead, control, manage and conduct the business of Jasco, including the power and authority to delegate, is vested with the board to ensure that Jasco remains a sustainable and viable business. This responsibility is facilitated by a well-developed governance structure. The audit and risk committee, the remuneration committee and the nominations committees assist the board in discharging its responsibilities. This assistance is rendered in the form of recommendations and reports submitted to board meetings, ensuring transparency and full disclosure of sub-committee activities. Each sub-committee operates within the ambit of its defined terms of reference, which set out the composition, roles, responsibilities, delegated authority and requirements for convening meetings. The sub-committees consist solely of non-executive directors and the audit and risk committee consists solely of independent non-executive directors.

Board evaluation and performance

Jasco undertakes an annual board evaluation, as recommended by King III. The board evaluation includes an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director to review their ability to add value. This is done through self-assessments and peer review processes. In addition, the remuneration committee facilitates the evaluation of executive management. The CEO reports to the board on succession planning and the board approved a succession plan for the CEO and any of the senior management employees should they need to be replaced.

Orientation and development

The company secretary arranges an appropriate induction programme for new directors.

They are taken through an induction programme designed to enhance their understanding of Jasco's legislative framework, its governance processes and the nature and operations of the business through full participation of the executive senior management and divisional managing directors. New and existing directors are invited to these programmes to gain first-hand knowledge of the operations and prospects of the group. The group is also committed to ongoing director development to assist directors in building on their expertise and to develop and maintain an understanding of the businesses and markets in which Jasco operates. During the year under review, directors and management were trained on the new Companies Act implications. The company secretary also implemented a development programme around governance regulations at each board meeting.

Appointments to the board

The appointment of new directors is approved by the board as a whole on the recommendation of the nominations committee.

> One area requiring improvement was the existing balance of skills and experience of the board and a requirement to recruit additional directors with relevant experience and industry-specific expertise. This was addressed through the appointment in June and August of Ms M Malebye and Mr H Moolla respectively.

Refer to page 9 for their CVs.

Directors are appointed through a formal and transparent process, which includes the identification of suitable members and performance and background checks prior to nominations. Director appointments are formalised through an agreed contract of service between the company and the director.

Ms M Malebye and Mr H Moolla have also been appointed as members of the audit and risk committee in accordance with Section 94 of the Companies Act No 71 of 2008. Furthermore, Ms Malebye was appointed as chairman of the remuneration committee on 13 September 2011. The appointment of all directors to the board requires shareholder approval at the next annual general meeting (AGM) on 22 November 2011.

Independent directors

The board applies the principles contained in King III and the Companies Act guidelines to determine independence of directors. The nominations committee reviewed the independence of all non-executive directors using the guidelines recommended by King III, JSE Listing Requirements and the Companies Act.

The board considered the independence of Mr JC Farrant as a result of his years of service and is satisfied that he continued to perform his duties impartially and with the highest integrity.

Retirement and re-election of directors

All directors are appointed in accordance with Jasco's Memorandum of Incorporation and are subject to retirement by rotation and re-election by shareholders at least once every three years. Consequently, Mr JM Madungandaba, Sir JA Sherry and Dr J Rothbart will retire by rotation. Being eligible for re-election, they all offer themselves for re-election to the board.

Directors' remuneration

Non-executive directors receive a fee for their contribution to the board and the sub-committees on which they serve. Fees are determined by the remuneration committee and approved by the shareholders at the AGM. Non-executive directors are also reimbursed for out-of-pocket expenses incurred on behalf of Jasco. The remuneration of executive directors is determined by the remuneration committee in accordance with the company's Memorandum of Incorporation. Remuneration is defined according to the value added by the directors to the Jasco business and is compared to salary surveys to ensure market relevance. Further information on directors' remuneration appears on pages 88 to 91. The group's remuneration practices appear on page 27.

Conflicts of interest

The group has adopted a formal code that deals with the management of potential conflicts of interest to ensure that candidate and existing directors are free of any conflicts between the obligations they have to Jasco and their private interests. The members of the board and subsidiary directors are required to disclose any conflicts at the quarterly board meetings, and as and when necessary in writing.

Risk management

The board appreciates the importance of risk management and has adopted a risk and opportunities register that outlines a detailed mitigation process. Management is accountable

for the design, implementation and monitoring of the risk management plan. The risk and opportunities register is monitored through a detailed process that involves rating the risks and opportunities with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual executives, with target dates against which progress is monitored.

To ensure that risk assessment is performed on a continual basis, the risk and opportunities register is reviewed at each management meeting and monitored by the board on a regular basis.

The board carries ultimate responsibility for establishing a framework for internal control. The controls throughout Jasco focus on the critical risk areas identified by operational management and confirmed by the executive management. Controls are designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, whilst complying with applicable laws and regulations.

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

Refer to page 6 for a review of the material issues and major risks faced by the group, as well as how these risks are mitigated.

Board meetings

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

An agenda and supporting documents are distributed to all directors prior to each board meeting to allow members sufficient time to prepare for the meeting. Appropriate explanations and motivations are provided for items requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of the directors. In terms of good governance, the directors may conduct unrestricted inspections of all the group's property, information and records.

Board attendance:

Name	1 Aug 2010	8 Sep 2010	24 Nov 2010 (Strategy)	11 Mar 2011	25-26 May 2011 (Budget)	29 Jun 2011
ATM Mokgokong (Chairman)	P	P	P	P	P	P
MJ Madungandaba (Deputy chairman)	P	P	P	P	P	P
MH Lotz (Chief executive officer)	P	P	P	P	P	P
AMF da Silva* (Chief executive officer)	n/a	n/a	n/a	n/a	P	P
AMF da Silva (non-executive)	P	P	P	P	n/a	n/a
JC Farrant	P	P	P	P	P	P
WA Prinsloo (Chief financial officer)	P	P	P	P	P	P
J Rothbart	P	P	P	P	P	P
O Seiphemo	P	P	P	P	–	–
JA Sherry	P	P	P	P	P	P

P = Present
– = Resigned
M Malebye was appointed to the board on 29 June 2011
M Moolla was appointed to the board on 5 August 2011
**AMF da Silva became the CEO in May 2011*

Company secretarial function

The company secretary is appointed by the board on the recommendation of the executive directors. The company secretary's statement of compliance is set out on page 43 of the annual financial statements. The directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature.

The company secretary is also responsible for alerting the directors to any relevant changes to the Companies Act, the Securities Services Act, the JSE Listings Requirements, all governance reports, as well as any other statutory regulations or laws affecting them in their capacity as directors.

The company secretary also monitors the directors' dealings in securities and ensures adherence to prohibited periods for share trading.

Board committees

Audit and risk committee

The audit and risk committee attends to the statutory requirements outlined in the Companies Act. Mr AMF da Silva resigned as a member of the audit and risk committee subsequent to his appointment as the chief executive officer. In accordance with the requirement of King III and the Companies Act, Ms M Malebye and Mr H Moolla were appointed as members of the audit and risk committee with effect from 29 June 2011 and 5 August 2011 respectively and Mr JC Farrant was re-appointed as the chairman of the committee for the ensuing year. The audit and risk committee charter, which governs the functions and responsibilities of the committee, was subject to a best practice benchmark review. Shortcomings were rectified. The committee continues to review its charter on an annual basis to ensure it stays up to date with relevant regulations.

The audit and risk committee's responsibilities include the following:

- Nominate an independent registered auditor
- Determine the audit fees and the terms of the engagement
- Monitor compliance with relevant legislation
- Define the nature and extent of non-audit services provided by the auditor
- Pre-approve any proposed non-audit services by the auditor
- Evaluate the independence, objectivity and effectiveness of the external auditors
- Ensure that an appropriate system of internal control is maintained to protect Jasco's interests and assets
- Review the activities of the independent internal auditor and effectiveness of the internal audit
- Review the accuracy, reliability and credibility of financial reporting, including the audited integrated annual report, the unaudited interim results and any reviewed results by the external auditors, for approval to the board
- Monitor Jasco's integrated risk management strategy, risk accountabilities, major risk exposures and risk management processes
- Review the competence of the group CFO
- Ensure that Jasco's risk management strategies and processes are aligned with the recommendations of King III and the Companies Act and that they are reviewed on a regular basis

The committee discharges all audit and risk committee responsibilities of all the subsidiary companies within the group. Monthly financial review meetings are used as the basis for management to review the results of all material operating subsidiary companies with the assistance of the divisional CFOs. The group CFO prepares these reports for review by the audit and risk committee. The committee considers the appropriateness of the finance function and in particular of the CFO and the senior finance team each year. During this financial period, the committee satisfied itself that Mr WA Prinsloo possesses the appropriate level of expertise and experience to fulfil his responsibilities to the board and the group.

Four audit and risk committee meetings were held during the year under review. The external auditors, internal auditors, the CEO and the CFO attended these meetings by invitation. The internal and external auditors have unrestricted access to the chairman of the audit and risk committee. The full report from the audit and risk committee is outlined in the annual financial statements on page 47.

Audit and risk committee attendance:

Name	7 Sep 2010	23 Nov 2010	3 Mar 2011	10 Jun 2011
JC Farrant (Chairman)	P	P	P	P
AMF da Silva	P	P	P	P

P = Present

Remuneration committee

The remuneration committee provides guidance to the board to ensure that the group's directors and senior executives are fairly rewarded for their individual contributions to the group's overall performance. The committee ensures that remuneration policies are aligned to demonstrate objectivity in determining remuneration in the interest of the shareholders and to the strategic and financial health of the group. Jasco is committed to the fair and equitable remuneration of its employees. Remuneration is guided by both general market forces and the performance of employees within the context of their defined roles within the group. The remuneration committee bases its recommendations on the achievement of strategically aligned key performance indicators.

The remuneration committee comprises four non-executive directors and is chaired by an independent non-executive director. Meetings are attended on invitation by the CEO, CFO and the human resources executive, when required. Ms M Malebye was appointed as chairman of the remuneration committee following the appointment of Mr AMF da Silva as the CEO of Jasco.

During the year under review, the committee reviewed its terms of reference to incorporate the full responsibilities of its roles in accordance with latest regulations.

The remuneration committee's responsibilities include the following:

- Make recommendations to the board, for approval by shareholders, on the remuneration policy for executive and non-executive directors
- Approve the remuneration of the executive management
- Ensure that Jasco demonstrates its commitment towards organisational integrity in an appropriate manner
- Monitor ethical conduct of the group, its management and employees
- Ensure compliance with the code of ethics
- Monitor Jasco's health and safety and all employee wellness programmes

Corporate governance review continued

Four committee meetings were held during the year under review. The attendance of members at these meetings is reflected below:

Remuneration committee attendance:

Name	7 Sep 2010	1 Feb 2011	5 May 2011	10 Jun 2011
AMF da Silva (Chairman until 5 May 2011)	P	P	P	P
JC Farrant (Chairman from 10 June 2011)	P	P	P	P
ATM Mokgokong	P	P	A	A
J Rothbart	P	P	P	P

P = Present
A = Apologies
M Malebye was appointed to the committee on 29 June 2011 and as chairman on 13 September 2011

Nominations committee

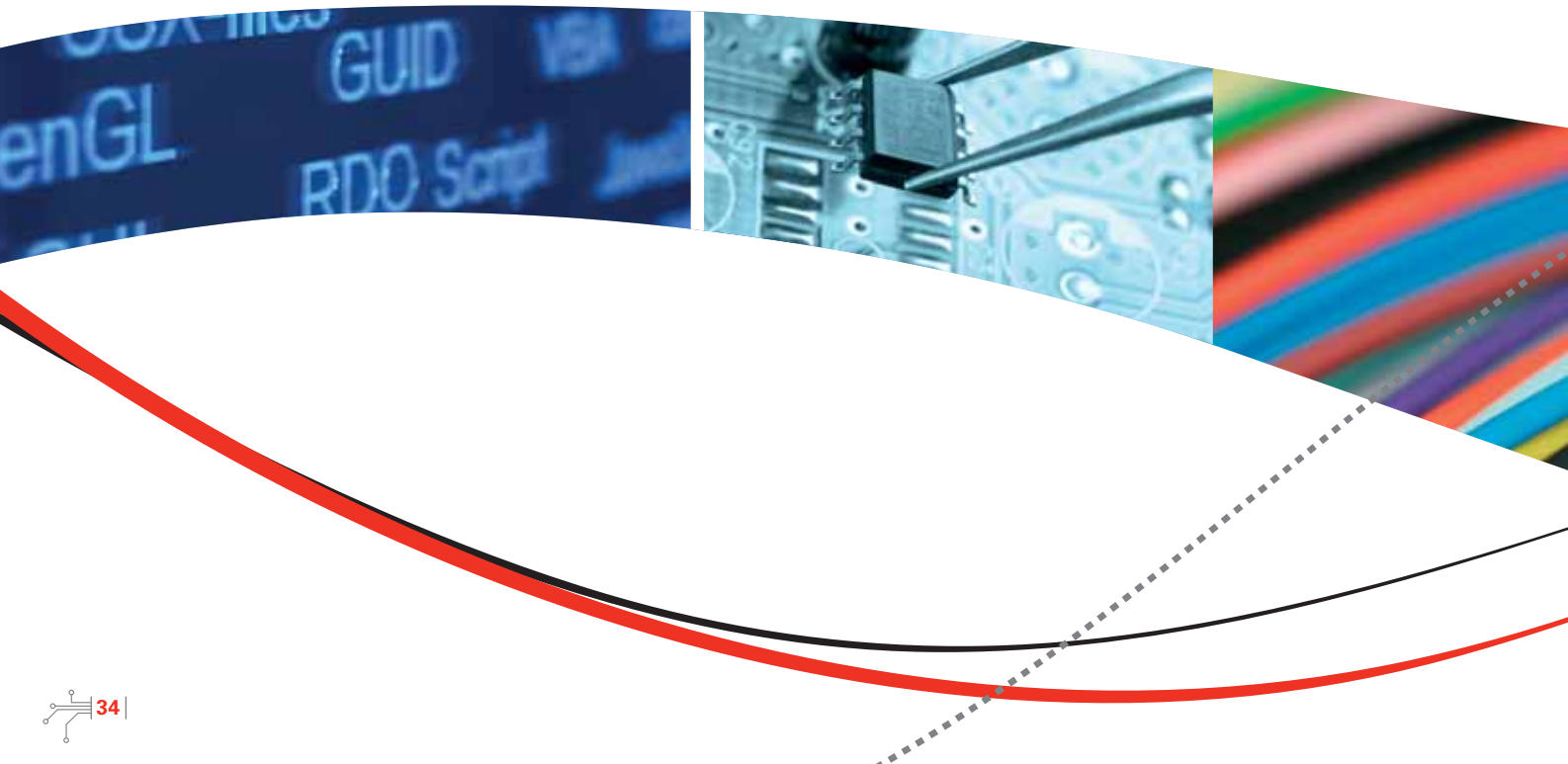
During the year, the nominations function was separated from the remunerations function to meet the JSE Listings Requirements that also necessitated the appointment of additional independent non-executive directors to the board.

The committee comprises three non-executive directors and is chaired by Dr A Mokgokong. This committee met twice during the financial year, but will ordinarily only meet once a year.

Nominations committee attendance:

Name	5 May 2011	10 Jun 2011
ATM Mokgokong (Chairman)	A	A
JC Farrant (Deputy chairman)	P	P
J Rothbart*	P	P

A = Apologies
P = Present
** Interim member*
J Rothbart resigned as member on 13 September 2011
M Malebye was appointed as a member on 13 September 2011



Corporate governance focus areas

Internal control

Organisational policies, procedures, structures and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Both operational and executive management closely monitor the controls and the actions taken to correct weaknesses, as they are identified. Each division has its own finance department headed by a divisional CFO with appropriate skills and experience. The divisional CFOs report directly to the group CFO, who is responsible for the overall financial control and reporting. Standards of disclosure increased significantly and internal governance structures and roles have been reviewed and improved where necessary to reflect best practices. This has occurred at both board and management levels.

Jasco uses independent auditing firms to perform the internal audit function and representatives of these firms report to the audit and risk committee. The external auditors also consider the internal systems as part of their audit and communicate deficiencies when identified.

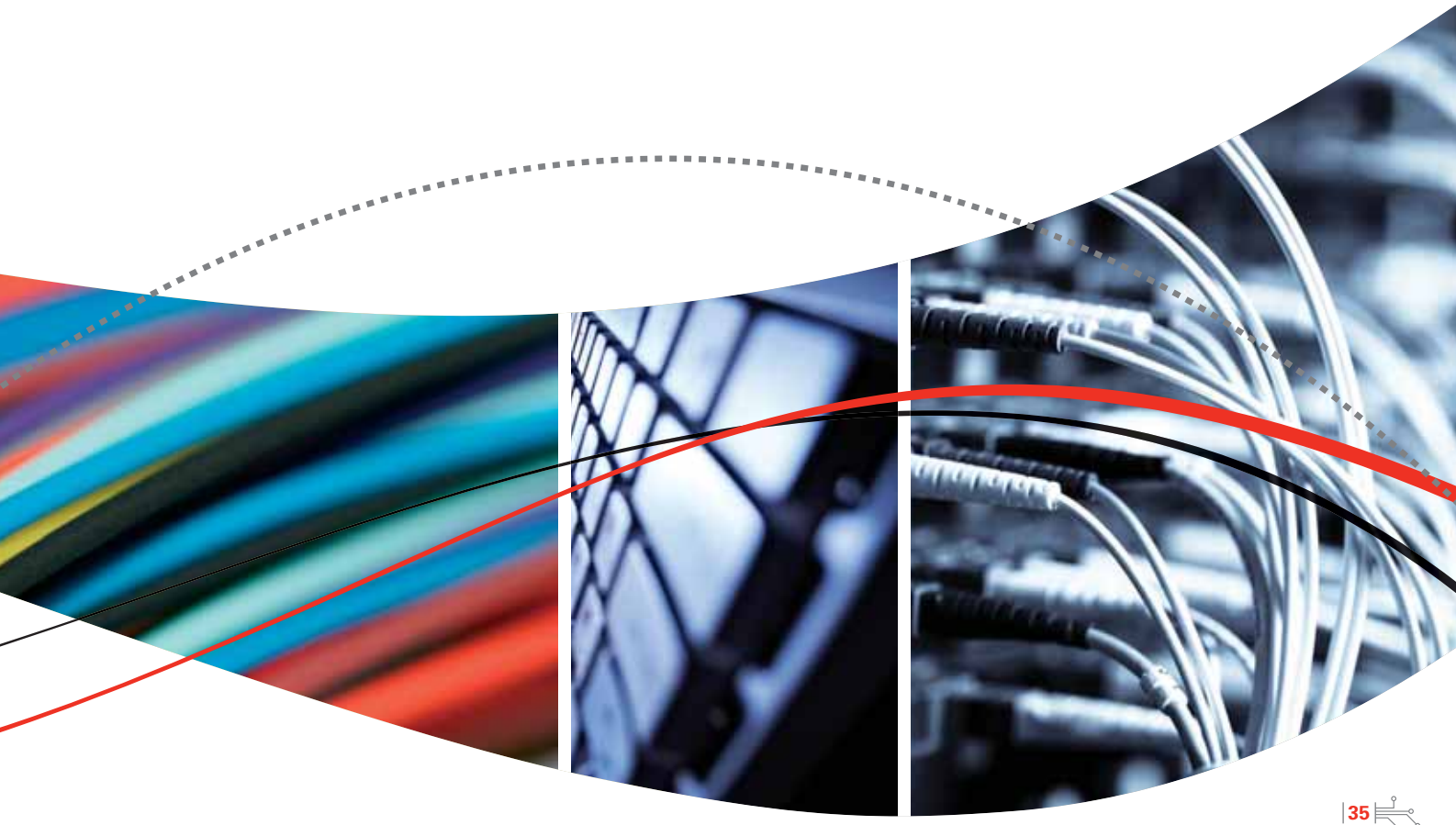
Code of ethics

Jasco strives to build a reputation for honesty, integrity, credibility, reliability and professionalism in the way it conducts its business. The board has adopted a formal code of ethics and directors and employees are committed to ensuring that the code is part of the Jasco culture.

The remuneration committee acts as the overall custodian of the ethics management process and monitors compliance to Jasco's code of ethics. The group's formal disciplinary codes and procedures are used to ensure compliance with the underlying policies and procedures underpinning the code of ethics.

Insider trading

No employee may deal directly or indirectly in Jasco's ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no director or officer may trade in shares of the company during a closed period, as determined by the board in accordance with the JSE Listings Requirements. The group's closed periods are between the last day of the reporting period and the publication of the results, as well as during those periods when the group trades under a cautionary.



Corporate governance review continued

King III compliance

Jasco is committed to embracing good corporate governance practices and is guided by King III and the JSE Limited. The group conducted a detailed analysis of the extent to which the group's governance practices meet the recommendations of King III. Where compliance with the recommendations is not being met, the directors adhered to the "comply or explain" principle. Remedial action for non-adherence, where this is required, has been put in place. The table below provides an indication of where the group was not complying at the time of publication of this report and the action plans in place to address this.

Governance element		Principle number	Description of King III principle or practice not in place	Steps to address non-compliance
1.	Ethical leadership and corporate citizenship	1.1	The board should provide effective leadership based on an ethical foundation that does not compromise the natural environment.	Although the group considers the impact it has on the natural environment, significant work is required to formally assess and measure the impact of our operations.
2.	Board and directors	2.18.2	The board should comprise a balance of power, with the majority being non-executive directors. The majority of non-executive directors should be independent.	The board reviewed its balance of power, skill and structure during the year under review and has further evaluated the competency of its non-executive directors. Jasco is currently not able to adopt all the principles in terms of the composition of the board structures. The board has satisfied itself with the competency of all its board members and has adopted an induction programme for continuous training of all its members.
		2.18.10	The board should be able to remove any director without shareholder approval.	The board will consider including this principle as part of its Memorandum of Incorporation review in F2012.
	Board committees	2.23	The committees should be appropriately constituted and the composition and terms of reference should be disclosed in the integrated annual report.	Subsequent to a board competency review, the remuneration committee and nominations committee were separated in accordance with the composition requirements of the nominations committee in line with the JSE Listings Requirements. The nominations committee charter is currently under review and will be adopted in F2012.
4.	The governance of risk	4.1	The board should be responsible for governance of risk and develop a policy and plan for risk management.	Although the board reviews the risk and opportunities register regularly, the risk management policy and practices that are being followed still need to be formally documented.
5.	The governance of Information Technology (IT)	5.1	The board should be responsible for IT governance.	As this was one of the new chapters in King III, the board is in the process of ensuring that IT governance is included in the company strategy. This forms part of a work plan for F2012 to ensure that complete recommended practice is adhered to.
		5.1.4	The board should ensure that an IT internal control framework is adopted and implemented.	The ICT steering committee is in the process of analysing the group's IT risk and a report will be presented to the audit and risk committee for final review.
		5.1.5	The board should receive independent assurance on the effectiveness of IT internal controls.	The ICT steering committee will review the requirement on the effectiveness of IT internal controls and will make recommendations to the board.

Governance element		Principle number	Description of King III principle or practice not in place	Steps to address non-compliance
		5.3.3	The CEO should appoint the chief information officer (CIO) responsible for the management of IT.	IT is currently managed by the group's IT department under the guidance of the CFO. The CFO is currently the chairman of the ICT steering committee and continues to manage the committee and the group IT function. The group does not intend to appoint a seperate CIO at this stage.
6.	Compliance with rules, codes and standards	6.3.2	Companies should consider establishing a compliance function.	While the group adheres to relevant laws and regulations, the monitoring and measuring of compliance is not yet formalised in a separate function. The appointment of a compliance officer will be considered in F2012 to ensure continuous monitoring of implementation of the recommended principles.
7.	Internal audit	7.4.3	The audit committee should ensure that the internal audit function is subject to an independent quality review.	The internal audit is not currently subject to a quality review. This forms part of the compliance work plan for F2012.
8.	Governing stakeholder relationships	8.2.1	Stakeholder management strategy and policies.	The group measures stakeholder feedback, although this is not formalised. This is currently managed through various stakeholder interactions. A process to formalise engagement is currently being developed.
	Integrated annual reporting and disclosure	8.6.1	The board should adopt formal dispute resolution processes for internal and external disputes.	The group has a set of processes for different dispute resolutions. However, it does not have a formally documented process in place. Options are currently being reviewed to be implemented into a formal policy.
9.	Sustainability reporting	9.3	Sustainability reporting and disclosure should be independently assured.	The group has aimed to prepare an integrated annual report, but it does not contain a combined assurance report. This is because Jasco does not have sophisticated systems to collate environmental data. The audit and risk committee can therefore not express an opinion on the accuracy of the environmental data. No external assurance providers were engaged as the group is not in the position to have the data verified.

Corporate governance review continued

The Companies Act

The Companies Act came into effect on 1 May 2011. The Act introduced a major overhaul of many aspects of corporate law. The group continues to assess the compliance requirements of the Act and has formulated a work plan to address a smooth transition according to the requirements of the new Companies Act.

The table below outlines initial relevant material areas.

Section reference	Companies Act requirement	Application to the group
Incorporation and legal status		
Memorandum of Incorporation, shareholder agreements and rules of the company **Section 15 (1) (a)**	Each provision of the company's Memorandum of Incorporation must be consistent with the Act.	The board is in the process of reviewing the provision of the company's Memorandum of Incorporation. An amended copy will be presented to the shareholders for approval within the required deadlines.
Transparency, accountability and integrity of companies		
Financial statements **Section 29 (1) (e)**	Annual financial statements must bear, on the first page of the statements, a prominent notice indicating whether the statements have been audited or reviewed in compliance with the Act, indicating the name and professional designation of the individual who prepared and supervised the statements.	A statement confirming these details is disclosed on the first page of the annual financial statements with the statement of responsibility by the board of directors.
Annual financial statements **Sections 30 (1)**	Preparation of annual financial statements is required within six months after the end of the group's financial year end.	The group's annual financial statements are prepared and released within four months after its financial year end.
Annual financial statements **Section 30 (3) (a)**	The annual financial statements must include an auditor's report, as well as the report by the directors with respect to the state of affairs of the business.	The auditors' report is included on page 44 and the directors' report is included on page 45 of this integrated annual report.
Annual financial statements **Section 30 (4) (a)**	The annual financial statements must include particulars showing remuneration, as defined in subsection (6), as well as benefits received by each director or individual holding any prescribed office in the company.	Particulars of the remuneration received by each director and all identified prescribed officers in the group are provided on note 33 on page 88 of this integrated annual report.
Capitalisation of profit companies		
Loans and other financial assistance to directors **Section 45 (5)**	Subject to subsection (3), if the board of the company adopts a resolution to do anything contemplated in subsection (2) which is to provide financial assistance to a director or prescribed officer of the company or all related or inter-related companies or members of a related or inter-related corporation or person related to any such company, corporation, director or prescribed officer.	The group provided loans and guarantees for loans and other financial obligations to subsidiaries and group companies and would like to continue do so in terms of the Act. A special resolution has been included for approval by shareholders at the forthcoming AGM requesting general authority to issue such financial assistance. Subsequent to the shareholders approval, special resolutions will be implemented at all subsidiary levels.
Distributions must be authorised by the board **Section 46 (2)**	When the board of a company has adopted a resolution to authorise the distribution, subject to the solvency and liquidity test immediately after completing the proposed distribution.	The board reviewed the solvency and liquidity test process and further adopted a resolution prior to the declaration of a dividend for the year ending 30 June 2011. This is included in the directors' report.

Section reference	Companies Act requirement	Application to the group
Governance of companies		
Shareholder rights to be represented by proxy **Section 58**	Shareholders of a company may appoint any individual, including an individual who is not a shareholder of that company, to participate in and speak and vote at a shareholders' meeting on behalf of the beneficial shareholder.	Shareholder rights are outlined in the notes to the proxy. Refer to page 104.
Record date for determining shareholder rights **Section 59 (1) and (2)**	The board of a company may set a record date for the purpose of determining which shareholders are entitled to receive notice of a shareholders' meeting. The record date determined may not be more than 10 business days before the date on which the event or action must be published to the shareholders in a manner that satisfies any prescribed requirements.	The group has set a record date for shareholders in accordance with the requirements of the Act. Refer to the Notice of AGM on page 99.
The board, directors and prescribed officers **Section 66 (9)**	Director's remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years.	Directors are paid based on the F2011 approved fees. A special resolution for approval by shareholders is included for the forthcoming annual general. Directors' remuneration will be rated in line with the F2012 directors' fees subject to shareholder approval. Refer to page 100.
Election of directors of profit companies **Section 68 (20) (a)**	The election of directors is to be conducted as a series of votes.	Re-election of directors is by way of separate resolutions. Refer to Notice of the AGM on page 99 of this integrated annual report.
Board committees **Section 72 (4)**	The Minister, by regulation, may prescribe a category of companies that must each have a social and ethics committee.	The board has involved the assistance of the external auditors to advise on this. The board has until 1 May 2012 to comply with the requirement.
Audit committees		
Audit committees **Section 94 (2)**	At each annual general meeting, the company must elect an audit committee comprising at least three members. Each member must be an independent non-executive director in accordance with subsection (b) (i) – (iii).	The board reviewed the independence status of the three members of the audit and risk committee and the committee members are recommended to shareholders for approval on page 99 of the AGM notice.

ANNUAL FINANCIAL STATEMENTS

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Directors' responsibility for financial reporting

To the shareholders of Jasco Electronics Holdings Limited

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise this risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to the adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for auditing and reporting on the consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 44.

The consolidated annual financial statements set out on pages 45 to 94, which have been prepared under the supervision of WA Prinsloo CA(SA), on the going concern basis, were approved by the Board and were signed on its behalf by:

DR ATM MOKGOKONG
Non-executive chairman

AMF DA SILVA
Chief executive officer

WA PRINSLOO
Chief financial officer

Midrand

27 September 2011

Company secretary's certification

I certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required for a public company in terms of the Companies Act, 71 of 2008, in respect of the year ended 30 June 2011, and all such returns are true, correct and up to date.

MN SEPURU
Company secretary

Midrand

27 September 2011

Report of the independent auditors

To the members of Jasco Electronics Holdings Limited

We have audited the group annual financial statements and annual financial statements of Jasco Electronics Holdings Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 45 to 94.

Directors' responsibility to the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Jasco Electronics Holdings Limited as at 30 June 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

ERNST & YOUNG INC.
Director, AJ Carshagen
Registered Auditor
Chartered Accountant (SA)

Johannesburg
27 September 2011

Report of the directors

The directors have pleasure in submitting their report on the activities of the company and group for the year ended 30 June 2011.

Nature of business

The company holds investments in its subsidiary companies and provides financial and management services to them and their trading divisions. The trading activities of the group companies are divided into four main business segments, namely Telecommunications, Domestic Products, Security and Electrical, details of which are given on page 23.

As mentioned in the operational review, the group restructured its operating segments into Information and Communications Technology (ICT) Solutions, Industry Solutions and Energy Solutions. ICT Solutions is presented in two verticals – ICT Carrier and ICT Enterprise – and contains the telecommunications and information technology businesses of Jasco and Spescom, as well as the telecommunications arm of associate M-TEC, with Industry Solutions containing Jasco's previous Security business and Energy Solutions containing Jasco's previous Domestic Products and, for statutory reporting purposes only, Lighting Structures, as well as the electrical arm of M-TEC.

As the restructuring occurred at year end, the divisional operating results are disclosed on the basis of the historic segments, being Telecommunications, Security, Domestic Products and Electrical. All the former Spescom divisions were included in the Telecommunications segment. The M-TEC results are included in the Electrical division. For future comparison, the group also provides the divisional operating results on the basis of the new restructured segments in the segmental report.

Financial results

The results of the operations for the year are set out in the annual financial statements.

Going concern

The annual 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.

Property, plant and equipment

There were no changes in the nature of the property, plant and equipment of the group or in the policy regarding their use.

Dividend

Dividend number	Declaration date	Record date	Cents per share
19	20 December 2010	14 January 2011	3
20	27 September 2011	21 October 2011	2,5

Corporate actions

As announced on 6 August 2010, the group entered into an agreement with Schneider Electrical (Pty) Limited to acquire the assets, brand and the rights to manufacture and supply the Snapper range of plug and accessory products for R7,5 million.

With effect from 24 December 2010, the group acquired the Navlight business for R1,25 million. This business entails the marketing, sale and distribution of Obstacle warning lights, Marine lanterns and related system accessories.

With effect from 15 December 2010, the group acquired all the shares in Spescom Limited for R55,8 million. The purchase price was settled through the issue of 31 889 901 ordinary shares on 24 January 2011 at an exchange ratio of 1 Jasco share for every 2,47 Spescom shares held; as well as a cash consideration of R11 815 208. The group incurred R3 478 000 in various transactional costs in this acquisition.

Following the integration of the TeleSciences and Maringo operations, the group obtained control of Maringo on 1 January 2011 by increasing its interest in Maringo to 85% by TeleSciences issuing shares to the former shareholders of Maringo. This share issue diluted the group's interest in TeleSciences by 15% and was valued at R8,4 million.

Share capital

The authorised share capital is 150 000 000 ordinary shares of 1 cent each and 29 884 633 redeemable preference shares of 1 cent each. The authorised share capital remained unchanged during the year under review, but the issued share capital increased by the issue of the 31 889 901 shares issued to the former Spescom shareholders as mentioned above.

For further information on the Jasco ordinary shareholders' spread, refer to page 94.

Directors' interest in share capital

At the close of business on 30 June 2011, the interest of the directors in the issued share capital of the company amounted to:

Ordinary shares

	2011	2010
Direct – beneficial		
JC Farrant	**150 000**	150 000
MH Lotz*	**N/A**	950 000
WA Prinsloo	**–**	24 960
JA Sherry	**2 077 108**	1 895 622
Indirect – beneficial		
MJ Madungandaba	**19 163 725**	19 163 725
ATM Mokgokong	**8 213 025**	8 213 025
Indirect – non-beneficial		
JC Farrant	**23 000**	23 000
Total	**29 626 858**	30 420 332

** This director resigned on 29 June 2011.*

Options

	2011	2010
Direct – beneficial		
AMF da Silva	**1 463 993**	N/A
MH Lotz*	**N/A**	2 517 504
WA Prinsloo	**1 000 000**	420 000
Total	**2 463 993**	2 937 504

** This director resigned on 29 June 2011.*

The company has not been informed of any material changes in these holdings up to the date of this report.

Share incentive schemes

The Jasco Employee Share Incentive Trust was formed in 1993 to enable executives of the group to acquire shares in Jasco to provide them with incentives to advance the group's interests.

Report of the directors continued

The maximum number of shares and/or options that may be issued may not exceed 8 098 982 (2010: 8 098 982) shares, being 15% of the issued share capital at the inception of the Trust and all subsequent capitalisation issues. The maximum number allowed for any one person is 2,5% of the issued share capital of the company. In terms of the scheme rules, 50% of shares issued and options granted may be exercised after two years, 75% after three years and 100% after four years. Further details relating to the Jasco Employee Share Incentive Trust are set out in notes 17.3 to 17.5 to the financial statements.

The Spescom Limited Share Incentive Trust was formed in 1990 to enable all employees of the Spescom group to acquire options in Spescom to provide them with incentives to advance the group's interests. No future share options will be issued in terms of this share trust and it will be allowed to wind down.

The maximum number of shares and/or options that may be granted by this Trust may not exceed 20% of the issued ordinary share capital of Spescom Limited. The maximum number of shares and/or options that may be held by any one participant of the scheme may not exceed 1% of the issued share capital in question. The exercise price of the option is equal to 90% of the average market price determined for the month in which the share option is granted. The contractual life of the options is 10 years.

Directors and secretary

Details of the present directorate and secretary of the company are set out on pages 8 to 10 of this report.

The following directors resigned during the year under review:

Mr ML Lotz (29 June 2011)
Ms O Seiphemo (4 April 2011)

The following director was appointed during the year under review:

Ms M Malebye (29 June 2011)

The following director was appointed subsequent to year-end:

Mr H Moolla (5 August 2011)

The following director assumed an executive role during the year under review:

Mr AMF da Silva (5 May 2011)

In terms of the Memorandum of Incorporation of the company, Mr MJ Madungandaba, Dr J Rothbart, Sir JA Sherry, Ms M Malebye and Mr H Moolla retire at the forthcoming annual general meeting and are eligible for re-election.

Subsidiary companies

Details are given on page 92.

Borrowings

In terms of the articles of association, the directors of the company are permitted to borrow or raise such funds as they deem necessary for the operation of the group. At the close of business on 30 June 2011, the total borrowings less cash resources was R167 842 000 (2010: R143 641 000). At 30 June 2011, the group had approved general banking facilities of R142 568 000 (2010: R91 500 000).

Subsequent events

No material changes of circumstances or fact occurred between the accounting date and the date of this report.

Audit and risk committee report

The audit and risk committee is pleased to present its report for the financial year ended 30 June 2011 in accordance with Section 94 (7) (f) of the Companies Act, Act 71 of 2008, as amended.

Audit and Risk Committee Mandate

The committee is governed by a formal Audit and Risk Committee Charter that has been reviewed to incorporate requirements of the Companies Act, Act 71 of 2008, which came into effect on 1 May 2011. The charter guides the committee in terms of its responsibilities.

The audit and risk committee has conducted its work in terms of its Charter as per the corporate governance report, and has ensured that the respective roles and functions of external audit and internal audit are sufficiently clarified and that the combined assurance received is appropriate to address all significant risks.

The committee performed the following activities:

- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes.
- Considered the effectiveness of internal audit; the approval of the one-year operational internal audit work plan and monitored adherence of internal audit to its annual plan;
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Reviewed the Risk and Opportunities register and categorised the level of each risk, probability and the monetary value and made appropriate recommendations to the board regarding the corrective actions needed;
- Reviewed the report prepared by internal audit regarding the risk management process in the company and the level of adoption of the group policies and procedures within each operating division;
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed and which for the year included:
  - The interim results for the six months ended 31 December 2010;
  - The integrated annual report for the year ended 30 June 2011
- Nominated for appointment Ernst & Young Inc. and Mr Allister Carshagen as auditors of the company and the group;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence;
- The audit committee considered the proposed external audit fees for each division and confirmed the group audit fees in consultation with group management;
- The committee reviewed the performance, appropriateness and expertise of the chief financial officer, Mr WA Prinsloo, and confirms his suitability for appointment as financial director in terms of the JSE Listing Requirements.

In addition, the committee discharges all audit and risk committee responsibilities of all subsidiary companies within the Group. To help it discharge the responsibility, the committee review in detail the results of all material operating subsidiary companies with the external auditors and management of respective subsidiaries.

JC Farrant
Audit & Risk Committee Chairman

27 September 2011

Statements of comprehensive income
for the year ended 30 June 2011

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Revenue	3	773 038	559 268	5 749	4 537
Turnover		763 498	546 880	–	–
Cost of sales		(477 476)	(375 698)	–	–
Gross profit		286 022	171 182	–	–
Other income		47 756	35 299	3 217	11 488
Selling and distribution costs		(3 552)	(2 041)	–	–
Administrative expenses		(195 417)	(107 700)	(5 915)	(5 000)
Other expenses		(106 007)	(64 442)	(4 749)	(2 411)
Operating profit/(loss)		28 802	32 298	(7 447)	4 077
Finance income	4	9 540	12 388	5 749	4 537
Finance costs	4	(17 972)	(18 023)	(3 557)	(2 030)
Equity accounted share of income from joint venture	10	–	2 246	–	–
Equity accounted share of income from associates	11	4 506	7 084	–	–
Profit/(loss) before taxation	4	24 876	35 993	(5 255)	6 584
Taxation	5	(11 356)	(11 187)	(151)	(709)
Profit/(loss) for the year		13 520	24 806	(5 406)	5 875
Other comprehensive income		316	–	–	–
Exchange differences on translation of foreign operations		316	–	–	–
Total comprehensive income for the year		13 836	24 806	(5 406)	5 875
Profit for the year attributable to:					
– non-controlling interests		3 994	3 535	–	–
– ordinary shareholders of the parent		9 526	21 271	(5 406)	5 875
		13 520	24 806	(5 406)	5 875
Total comprehensive income attributable to:					
– non-controlling interests		3 994	3 535	–	–
– ordinary shareholders of the parent		9 842	21 271	(5 406)	5 875
		13 836	24 806	(5 406)	5 875
Earnings per ordinary share (cents) – basic	6	7,8	19,1		
– diluted	6.1	7,8	18,3		

Statements of financial position
at 30 June 2011

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Assets					
Non-current assets		**449 504**	366 716	**441 061**	378 964
Property, plant and equipment	7	**102 685**	32 135	**–**	–
Intangible assets	8	**114 355**	74 338	**–**	–
Investment in subsidiaries	9			**437 459**	366 270
Investment in associates	11	**180 098**	206 733	**–**	1 817
Deferred income tax	12	**23 383**	6 116	**251**	–
Other non-current assets	13	**28 983**	47 394	**3 351**	10 877
Current assets		**304 999**	204 281	**18 432**	11 702
Inventories	14	**79 824**	58 836	**–**	–
Trade and other receivables	15	**196 942**	138 729	**278**	96
Foreign currency contracts		**47**	228	**–**	–
Amounts owing by subsidiaries	9			**17 508**	11 278
Taxation paid in advance		**6 385**	2 463	**646**	328
Cash and cash equivalents	16	**21 801**	4 025	**–**	–
Total assets		**754 503**	570 997	**459 493**	390 666
Equity and liabilities					
Equity		**343 198**	291 711	**243 343**	208 201
Share capital	17.2	**1 464**	1 145	**1 464**	1 145
Share premium		**218 771**	175 082	**218 771**	175 082
Treasury shares	17.3	**(7 150)**	(3 773)	**–**	–
Non-distributable reserves	18	**10 156**	5 678	**2 893**	2 960
Retained earnings		**100 122**	102 000	**20 215**	29 014
Equity attributable to equity holders of the parent		**323 363**	280 132	**243 343**	208 201
Non-controlling interests		**19 835**	11 579	**–**	–
Non-current liabilities		**153 565**	132 278	**104 086**	94 112
Interest bearing liabilities	19	**136 253**	127 699	**–**	–
Amounts owing to subsidiaries	9			**104 086**	94 086
Deferred maintenance revenue	20	**1 292**	–	**–**	–
Deferred income tax	12	**16 020**	4 579	**–**	26
Current liabilities		**257 740**	147 008	**112 064**	88 353
Trade and other payables	21	**141 833**	94 912	**791**	1 259
Provisions	22	**38 428**	26 869	**386**	559
Foreign currency contracts		**530**	392	**–**	–
Amounts owing to subsidiaries	9			**37 697**	20 095
Taxation		**5 183**	4 868	**–**	37
Deferred maintenance revenue	20	**18 376**	–	**–**	–
Short term borrowings	23	**53 390**	19 967	**73 190**	66 403
Total equity and liabilities		**754 503**	570 997	**459 493**	390 666

Statements of changes in equity
for the year ended 30 June 2011

	Note	Share capital R'000	Share premium R'000	Treasury shares R'000	Non-distributable reserves R'000	Retained earnings R'000	**Parent shareholders' equity R'000**	Non-controlling interest R'000	**Total equity R'000**
Group									
Balance as at 30 June 2009		1 145	175 082	(3 711)	4 763	80 729	258 008	–	258 008
Treasury shares – Share Incentive Trust	17.3	–	–	(62)	–	–	(62)	–	(62)
Share-based payment transaction	18	–	–	–	915	–	915	–	915
Acquisition of subsidiary		–	–	–	–	–	–	8 023	8 023
Change in shareholding		–	–	–	–	–	–	21	21
Total comprehensive income		–	–	–	–	21 271	21 271	3 535	24 806
Profit for the year		–	–	–	–	21 271	21 271	3 535	24 806
Other comprehensive income		–	–	–	–	–	–	–	–
Balance as at 30 June 2010		1 145	175 082	(3 773)	5 678	102 000	280 132	11 579	291 711
Issue of share capital and premium		319	43 689	–	–	–	44 008	–	44 008
Acquisition of subsidiary		–	–	(4 393)	4 393	–	–	(3 838)	(3 838)
Treasury shares – Share Incentive Trust		–	–	1 016	–	–	1 016	–	1 016
Share-based payment transaction	18	–	–	–	(231)	42	(189)	–	(189)
Change in shareholding		–	–	–	–	(8 100)	(8 100)	8 100	–
Dividends paid	25	–	–	–	–	(3 346)	(3 346)	–	(3 346)
Total comprehensive income		–	–	–	316	9 526	9 842	3 994	13 836
Profit for the year		–	–	–	–	9 526	9 526	3 994	13 520
Other comprehensive income		–	–	–	316	–	316	–	316
Balance as at 30 June 2011		1 464	218 771	(7 150)	10 156	100 122	323 363	19 835	343 198
Company									
Balance as at 30 June 2009		1 145	175 082	–	2 345	23 139	201 711	–	201 711
Share-based payment transaction	18	–	–	–	615	–	615	–	615
Total comprehensive income		–	–	–	–	5 875	5 875	–	5 875
Profit for the year		–	–	–	–	5 875	5 875	–	5 875
Other comprehensive income		–	–	–	–	–	–	–	–
Balance as at 30 June 2010		1 145	175 082	–	2 960	29 014	208 201	–	208 201
Issue of share capital and premium		319	43 689	–	–	–	44 008	–	44 008
Share-based payment transaction	18	–	–	–	(67)	42	(25)	–	(25)
Dividends paid	25	–	–	–	–	(3 435)	(3 435)	–	(3 435)
Total comprehensive income		–	–	–	–	(5 406)	(5 406)	–	(5 406)
Loss for the year		–	–	–	–	(5 406)	(5 406)	–	(5 406)
Other comprehensive income		–	–	–	–	–	–	–	–
Balance as at 30 June 2011		1 464	218 771	–	2 893	20 215	243 343	–	243 343

Statements of cash flows
for the year ended 30 June 2011

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Cash flows from operating activities		**(31 370)**	12 302	**(10 765)**	(9 385)
Cash receipts from customers		**799 883**	575 226	**3 217**	3 148
Cash paid to suppliers and employees		**(796 902)**	(551 355)	**(11 956)**	(13 989)
Cash generated from/(utilised in) operations	24.1	**2 980**	23 871	**(8 739)**	(10 841)
Finance income		**9 540**	12 388	**5 749**	4 537
Finance cost		**(17 972)**	(18 023)	**(3 557)**	(2 030)
Taxation paid	24.2	**(21 479)**	(5 093)	**(439)**	(1 051)
STC paid		**(1 093)**	(841)	**(344)**	–
Dividends paid	25	**(3 346)**	–	**(3 435)**	–
Cash flows from investing activities		**41 173**	(2 236)	**(6 022)**	(9 214)
Acquisition of business operations	24.3	**(3 750)**	–	**–**	–
Acquisition of subsidiaries, net of cash acquired	24.4	**56 516**	(2 124)	**–**	–
Additions to intangibles		**(6 636)**	–	**–**	–
Non-current debtor loans repaid/(granted)		**7 210**	(5 486)	**–**	(7 598)
Repayment of joint venture loan		**–**	1 250	**–**	–
Transactions with non-controlling shareholders		**(8 100)**	–	**–**	–
Investment in associate		**–**	(1 616)	**–**	(1 616)
Increase in subsidiary loan accounts				**(6 022)**	–
Receipts on finance lease asset		**11 589**	11 752	**–**	–
Purchase of property, plant and equipment		**(16 062)**	(6 600)	**–**	–
Replacement of property, plant and equipment	24.5	**(2 073)**	(2 052)	**–**	–
Additions to property, plant and equipment	24.6	**(13 989)**	(4 548)	**–**	–
Proceeds on disposal of property, plant and equipment		**406**	588	**–**	–
Cash flows from financing activities		**(22 098)**	13 417	**10 000**	–
Cash flows from treasury shares		**(14)**	(32)	**–**	–
Non-current loans raised		**–**	20 012	**–**	–
Non-current loans repaid		**(22 084)**	(6 563)	**–**	–
Increase in amounts owing to subsidiaries				**10 000**	–
Net (decrease)/increase in cash and cash equivalents		**(12 295)**	23 483	**(6 787)**	(18 599)
Net cash and cash equivalents at beginning of year		**(4 639)**	(28 150)	**(66 403)**	(47 804)
Revaluation of foreign cash balances		**–**	28	**–**	–
Net cash and cash equivalents at end of year		**(16 934)**	(4 639)	**(73 190)**	(66 403)
Cash and cash equivalents	16	**21 801**	4 025	**–**	–
Bank overdrafts	23	**(38 735)**	(8 664)	**(73 190)**	(66 403)
Net cash and cash equivalents at end of year		**(16 934)**	(4 639)	**(73 190)**	(66 403)

Notes to the annual financial statements
for the year ended 30 June 2011

1. Corporate information

The consolidated annual financial statements of Jasco Electronics Holdings Limited for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 27 September 2011. Jasco Electronics Holdings Limited is a company incorporated in the Republic of South Africa. The company's shares are publicly traded.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

2.1 Basis of preparation

The consolidated annual financial statements set out on pages 45 to 94 have been prepared on a historical cost basis, unless otherwise stated. The group and company annual financial statements are presented in Rands, which is also the group's functional currency, and are rounded to the nearest thousand, except where otherwise indicated.

2.2 Statement of compliance

The consolidated annual financial statements of Jasco Electronics Holdings Limited and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act of 2008.

2.3 Basis of consolidation

The consolidated annual financial statements include those of the company and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances and transactions, including income, expenses and dividends are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the group loses control over a subsidiary, it derecognises the assets, including goodwill, and liabilities of the subsidiary and the carrying amount of any non-controlling interest while recognising the fair value of the consideration received and the fair value of any investment retained. Any surplus or deficit is recognised in profit and loss and the holding company's share of components previously recognised in other comprehensive income is reclassified to profit or loss.

In the separate financial statements, investments in subsidiaries are carried at cost.

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed.

If a business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3.2 Investment in associate

The group's investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the group has significant influence. The investment is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate, less any impairment in value.

The statement of comprehensive income reflects the group's share of the results of operations of the associate. This is the profit attributable to the group and therefore is profit after tax. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

Upon loss of significant influence, and provided the former associate does not become a subsidiary or joint venture, the group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former associate and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statements investments in associates are carried at cost.

2.3.3 Investment in joint venture

The group's investment in a joint venture is accounted for under the equity method of accounting. A joint venture is a contractual arrangement that establishes joint control over the economic activities of the entity. The investment is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the joint venture, less any impairment in value.

The statement of comprehensive income reflects the group's share of the results of operations of the joint venture. This is the profit attributable to the group and therefore is profit after tax. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture.

Upon loss of joint control, and provided the former joint venture does not become a subsidiary or associate, the group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint venture and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statements, investments in joint ventures are carried at cost.

2.3.4 Treasury shares

Shares in Jasco Electronics Holdings Limited held by the Jasco Employee Share Incentive Trust and the Spescom Limited Share Trust that are not allocated to employees, are classified in equity as treasury shares. These shares are treated as a deduction from the issued and weighted number of shares and the cost price of the shares is deducted from the equity in the statement of financial position.

Dividends received on treasury shares are eliminated on consolidation.

2.4 Significant accounting judgement and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, 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.

In the process of applying the group's accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

2.4.1 Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation of each individual item of plant and equipment. The estimation of residual values of assets is based on management's judgement of whether the assets will be sold and what their condition will be at that time.

2.4.2 Impairment of 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 competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and 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 projected revenues, gross margins, average revenue per unit, earnings multiple, capital expenditure, expected customer bases and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of any impairment.

2.4.3 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.

2.4.4 Impairment of receivables

Impairment is raised for management's estimates of losses on trade receivables that are deemed to contain a collection risk.

The impairment is based on an assessment of the extent to which customers have defaulted on payments already due and an assessment of their ability to make payments based on creditworthiness and historical write-offs experienced. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment.

2.4.5 Taxation

Management's judgement is exercised when determining the probability of future taxable profits, which will determine whether deferred tax assets should be recognised or derecognised. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the length and nature of the taxation asset. When deciding whether to recognise unutilised taxation credits, management needs to determine the extent to which future payments are likely to be available for set off. In the event that the assessment of future payments and future utilisation changes, the change in the recognised deferred taxation is recognised in profit or loss.

2.4.6 Employee benefits

The group operates an equity-settled share-based compensation plan. The related expense and reserve are determined through an actuarial valuation, which relies heavily on assumptions as disclosed in notes 17.4 and 22. The assumptions include employee turnover percentages, the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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.

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction. The stage of completion is measured by reference to the expenses incurred to date as a percentage of total estimated expenses for each contract.

Revenue arising from maintenance contracts is recognised on the accrual basis over the period for which services are rendered.

Rental income is derived from operating leases and is recognised on a straight-line basis over the period of each lease.

Contracting revenue comprises the value of work done, based on the stage of completion. The stage of completion is measured by reference to the expenses incurred to date as a percentage of total estimated expenses for each contract. Expected contract losses are recognised in profit or loss when identified.

Interest income is recognised as the interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Interest income is included in finance income in the statement of comprehensive income.

2.6 Foreign currency translation

2.6.1 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.

2.6.2 Foreign subsidiaries

The group has investments in foreign subsidiary companies that are classified as foreign entities. The financial statements of these subsidiaries are translated for incorporation into the consolidated financial statements on the following basis:

- Assets and liabilities at the rate ruling at the reporting date;
- Income and expenses at a weighted average rate for the period;
- Exchange differences arising on translation are recognised in other comprehensive income;
- Goodwill and fair value adjustments arising in the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the rate ruling at the reporting date.

On the disposal of a part or all of the foreign investment, the proportionate share of the related cumulative gains and losses previously recognised in other comprehensive income, is transferred to the profit or loss for the year.

2.7 Taxation

2.7.1 Tax expenses

Current and deferred taxes are recognised as income or expenses and are included in profit or loss, 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.

2.7.2 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.

2.7.3 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
- 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 reassessed 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 the group 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 profit or loss, except to the extent that it relates to items previously charged or credited to other comprehensive income or directly to equity.

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

2.7.4 Value-added taxation

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.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of the respective assets. All other borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.9 Employee benefits

2.9.1 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 the group 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.

2.9.2 Retirement benefits

The group contributes to defined contribution funds.

Contributions to defined contribution funds are charged against income when the related services are rendered.

2.9.3 Share-based compensation

The group operates an equity-settled and a cash-settled share-based compensation plan.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they were granted. The fair value of the employee services received in exchange for the shares or options granted is recognised as an expense and a corresponding entry to equity over the period in which the vesting conditions are fulfilled. The cumulative expense recognised for the transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the employee benefits expense (refer note 17.4.1).

2.10 Provisions, contingent liabilities and commitments

Provisions are recognised when the group 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 the group 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 the group, or the group 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 the group commits itself to future transactions or if the items will result in the acquisition of assets.

2.11 Property, 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 the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land and buildings are measured at fair value less accumulated depreciation and any accumulated impairment in value in the building. Valuations are performed frequently enough to ensure that the fair value of a re-valued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the re-valued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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.

Average rates used are:

Buildings	2%	Hi sites	5% – 20%
Plant and machinery	10% – 20%	Leasehold improvements	20% – 33%
Motor vehicles	12,5% – 25%	Furniture and office equipment	10% – 33,3%
Leased furniture and office equipment	10% – 33,3%	Computer and manufacturing equipment	10% – 20%
Managed services	20%		

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

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

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.

2.12 Impairment of assets

The group 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, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) 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 groups of assets. Where the carrying amount of an asset or CGU 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.

The group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the group's 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, except for a property previously re-valued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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, the Group 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 reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income.

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 (or group of cash-generating units) 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 either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.13 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.

2.14 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.

2.14.1 Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

2.14.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.15 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:

Technology developments	33,3%	Trademarks	6,7% – indefinite
Customer related intangibles	10%	Marketing related intangibles	20%

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition 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.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure during the development phase

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

2.16 Financial instruments

2.16.1 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 or borrowings, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group 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 the group commits to purchase or sell the asset.

The group's financial instruments include cash and short term deposits, trade and other receivables, loans and other receivables, trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, quoted and unquoted financial instruments and derivative financial instruments.

2.16.2 Subsequent measurement

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

Trade and other receivables

Trade receivables, which generally have 30 – 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.

Loans receivable

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

Available for sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to profit or loss in finance costs and removed from the available-for-sale reserve.

Loans payable and 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 instruments

Derivative instruments comprise foreign currency contracts and foreign currency option contracts and are used by the group 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 profit or loss.

Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair value of financial instruments, as well as gains and losses on instruments held at amortised cost, are included in net profit or loss in the period in which the change arises.

Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the group 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.

2.16.3 Derecognition

The derecognition of a financial instrument occurs when the group 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 profit or loss.

2.17 Segmental information

For management purposes, the group is organised into business units based on their products and services and has four reportable operating segments. The group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured on an aggregate basis and reconciled back to the profit or loss in the consolidated statement of comprehensive income.

Segmental revenue includes sales to third parties, as well as arm's length inter-segmental revenue recorded at fair value.

Segmental operating profits exclude interest paid or received, except for interest income on finance lease receivables, and are stated before inter-segmental charges for interest and administration services between group companies.

2.18 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**
IFRS 7	Financial Instruments: Disclosures	Disclosures regarding the transfers of financial assets	1 July 2011
IFRS 9	Financial Instruments	Part of the project to replace IAS 39	1 January 2013
IFRS 10	Consolidated Financial Statements	Replacement of IAS 27	1 January 2013
IFRS 11	Joint Arrangements	Replacement of IAS 31	1 January 2013
IFRS 12	Disclosure of interests in other entities	Comprehensive standard on disclosure requirements for all forms of interests in other entities	1 January 2013
IFRS 13	Fair value measurements	New guidance on fair value measurements and disclosure requirements	1 January 2013
IAS 12	Income taxes	Amendments regarding the recognition of deferred tax relating to the recovery of underlying assets	1 January 2012
IAS 24	Related party disclosures	Amendment to the definition of a related party	1 January 2011
IAS 32	Financial Instruments	Classifications of rights issues	1 January 2011
	Improvements to IFRS (May 2010)	Various changes	Mostly 1 January 2011

*** Annual periods beginning, unless otherwise indicated.*

The group is investigating the impact of these pronouncements and intends to apply them as they become effective, if applicable. For the most part, the effect of these Standards and Interpretations are not expected to be significant.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
3. Revenue				
Finance income	**9 540**	12 388	**5 749**	4 537
Turnover	**763 498**	546 880	**–**	–
Sale of goods	**690 441**	523 412	**–**	–
Rendering of services	**56 556**	8 771	**–**	–
Rental income	**16 501**	14 697	**–**	–
Revenue	**773 038**	559 268	**5 749**	4 537
Turnover represents the net invoiced value of local and export sales, services and rental income, but excludes value-added tax and inter-company sales				
4. Profit before taxation				
The operating profit is stated after allowing for the following:				
Income				
Administration, managerial and secretarial fees received	**–**	240	**3 217**	4 284
– from the joint venture	**–**	240	**–**	–
– from subsidiaries			**3 217**	4 284
Fair value adjustment on disposal of joint venture (refer note 10)	**–**	24 143	**–**	–
Foreign exchange gains arising from financial instruments at fair value through profit and loss	**4 610**	9 015	**–**	–
– realised	**3 961**	7 930	**–**	–
– unrealised arising from change in fair value	**649**	1 085	**–**	–
Finance income from loans and receivables	**9 540**	12 388	**5 749**	4 537
– bank interest	**1 512**	2 310	**–**	–
– amounts owing by subsidiaries			**5 541**	4 468
– finance lease agreements	**7 735**	9 827	**–**	–
– other loans	**268**	146	**208**	69
– other	**25**	105	**–**	–
Profit on disposal of property, plant and equipment	**60**	280	**–**	–
Subsidiary loan waived on deregistration			**–**	7 204
Reversal of impairment of loan	**1 138**	–	**–**	–
Expenditure				
Administration, managerial and secretarial fees paid	**256**	179	**2 208**	1 798
– to subsidiaries			**2 208**	1 798
– other	**256**	179	**–**	–
Amortisation of intangible assets	**2 259**	–	**–**	–
Auditor's remuneration	**6 904**	2 117	**642**	318
– audit fees (current year)	**4 630**	2 063	**325**	274
– audit fees (prior year)	**745**	(15)	**128**	24
– consulting and taxation services	**1 529**	69	**189**	20
Depreciation of property, plant and equipment	**10 589**	7 280	**–**	–
– plant and machinery	**3 752**	3 081	**–**	–
– Hi sites	**216**	145	**–**	–
– furniture and office equipment	**3 165**	2 391	**–**	–
– motor vehicles	**673**	617	**–**	–
– building and leasehold improvements	**1 721**	675	**–**	–
– computer and manufacturing equipment	**591**	–	**–**	–
– managed services	**313**	–	**–**	–
– leased furniture and office equipment	**158**	371	**–**	–

Notes to the annual financial statements continued

for the year ended 30 June 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
4. Profit before taxation *(continued)*				
Expenditure *(continued)*				
Fair value adjustment on disposal of associate (refer to note 11)	**2 787**	–	**–**	–
Finance costs of other financial liabilities	**17 972**	18 023	**3 557**	2 030
• Interest paid	**17 651**	17 522	**3 557**	2 030
– bank loans and overdrafts	**5 398**	5 286	**3 269**	2 030
– mortgage bond	**880**	–	**–**	–
– other loans	**10 940**	11 614	**284**	–
– other	**433**	622	**4**	–
• Finance charges	**321**	501	**–**	–
– finance lease agreements	**57**	268	**–**	–
– instalment sale agreements	**264**	233	**–**	–
Impairment of investment in associate (refer note 11.1)	**31 932**	21 565	**–**	–
Impairment of intangible assets	**4 353**	–	**–**	–
Impairment of other non-current assets (refer note 13)	**50**	505	**765**	1 641
Loss on disposal of property, plant and equipment	**366**	86	**–**	–
Operating lease charges	**11 565**	10 240	**–**	–
– rental premises	**10 864**	7 783	**–**	–
– equipment	**354**	272	**–**	–
– motor vehicles	**347**	2 185	**–**	–
Research and development costs	**138**	182	**–**	–
Royalties paid	**1 130**	324	**–**	–
Staff costs	**222 468**	139 417	**1 370**	1 722
• Short term benefits	**206 293**	133 454	**1 395**	1 107
– non-executive directors	**1 377**	1 088	**1 377**	1 088
– executive directors	**7 020**	3 339	**–**	–
– executive management	**12 561**	7 847	**–**	–
– other staff (including other benefits)	**185 335**	121 180	**18**	19
• Equity-settled share-based payment (refer note 17.4)	**165**	915	**(25)**	615
– executive directors	**70**	721	**(25)**	620
– executive management	**45**	29	**–**	–
– other staff	**50**	165	**–**	(5)
• Cash-settled share-based payment (refer note 17.4.1)	**2 642**	1 461	**–**	–
– executive management	**2 642**	1 461	**–**	–
• Post-employment benefits – total amounts contributed to defined contribution funds	**11 318**	4 128	**–**	–
– executive directors	**255**	207	**–**	–
– executive management	**1 059**	457	**–**	–
– other staff	**10 004**	3 464	**–**	–
• Other short term benefits	**883**	645	**–**	–
– executive directors	**457**	253	**–**	–
– executive management	**426**	392	**–**	–
• Other long term benefits	**–**	(1 186)	**–**	–
– executive management	**–**	(1 186)	**–**	–
• Termination benefits	**1 167**	–	**–**	–
– executive directors	**1 167**	–	**–**	–

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
5. Taxation				
South African normal taxation				
Current	**12 671**	16 229	**84**	723
– current year charge	**12 890**	15 979	**–**	473
– prior year (over)/under provision	**(219)**	250	**84**	250
Deferred				
– relating to origination and reversal of temporary differences	**(2 408)**	(5 883)	**(277)**	(14)
Total normal tax	**10 263**	10 346	**(193)**	709
Secondary tax on companies (STC)	**1 093**	841	**344**	–
Total taxation	**11 356**	11 187	**151**	709
Estimated taxation losses available for set off against future taxable profits	**219 161**	17 748	**1 004**	–
The reconciliation of the effective rate of the tax charge to the company tax rate is as follows:	**%**	%	**%**	%
Standard taxation rate	**28,0**	28,0	**28,0**	28,0
Prior year (over)/under provision	**(2,9)**	1,0	**(1,6)**	3,8
Non-deductible expenses	**61,8**	29,2	**(22,8)**	9,6
Non-taxable income	**(47,3)**	(28,2)	**–**	(30,6)
Income tax incentives	**(1,5)**	(1,3)	**–**	–
Secondary tax on companies	**4,4**	2,3	**(6,5)**	–
Unused tax credit	**3,2**	0,1	**–**	–
Effective taxation rate	**45,7**	31,1	**(2,9)**	10,8

6. Earnings per ordinary share

The earnings per share (7,8 cents, 2010: 19,1 cents) is based on earnings of R9 526 380 (2010: R21 271 174) and 122 745 469 (2010: 111 557 397) shares, being the weighted average number of shares in issue during the year, less the treasury shares.

Headline earnings per ordinary share

The headline earnings per share (14,0 cents: 2010: 16,6 cents) is based on headline earnings of R17 190 000 (2010: R18 499 410) and 122 745 469 (2010: 111 557 397) shares, being the weighted average number of shares in issue during the year, less the treasury shares.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Reconciliation of headline earnings:				
Net profit attributable to ordinary shareholders	**9 526**	21 271		
Adjusted for	**7 664**	(2 772)		
– gain on bargain purchase	**(31 714)**	–		
– net loss/(profit) on disposal of property, plant and equipment	**306**	(194)		
– impairment of intangibles	**4 353**	–		
– impairment of investment in associate	**31 932**	21 565		
– fair value adjustment on disposal of associate or joint venture	**2 787**	(24 143)		
Headline earnings	**17 190**	18 499		

6. Earnings per ordinary share *(continued)*

6.1 Diluted earnings and diluted headline earnings per ordinary share

The diluted earnings per share (7,8 cents, 2010: 18,3 cents) and diluted headline earnings per share (14,0 cents, 2010: 15,9 cents) is based on 122 745 469 (2010: 116 548 183) shares, being the weighted average number of shares in issue during the year, less the treasury shares and the nil (2010: 4 990 786) shares that can be issued to the outgoing CEO in terms of the Jasco Share Option Scheme as set out in the circular dated 31 May 2007, provided certain profit targets are met. The same earnings and headline earnings as per note 6 were used.

There will be no dilution in the earnings per share as a result of the 2 648 000 (2010: 2 585 000) share options as per note 17.5, as the Share Incentive Trust will acquire shares on the market to fulfil the group's obligations, should the options be exercised.

7. Property, plant and equipment

Group	Plant and machinery R'000	Hi sites R'000	Furniture and office equipment R'000
2011			
Net book value – beginning of year	**20 337**	**1 903**	**5 405**
– cost	**40 406**	**10 252**	**14 909**
– accumulated depreciation	**(20 069)**	**(8 349)**	**(9 504)**
Current year movements	**6 944**	**597**	**7 425**
– additions	**5 167**	**813**	**5 111**
– acquisition of business operations/subsidiaries	**5 817**	**–**	**5 759**
– net disposals	**(288)**	**–**	**(280)**
– depreciation	**(3 752)**	**(216)**	**(3 165)**
End of year	**27 281**	**2 500**	**12 830**
Made up as follows			
– cost/valuation	**50 781**	**11 065**	**39 088**
– accumulated depreciation	**(23 500)**	**(8 565)**	**(26 258)**
Net book value	**27 281**	**2 500**	**12 830**
2010			
Net book value – beginning of year	17 123	1 781	4 958
– cost	31 636	9 985	12 873
– accumulated depreciation	(14 513)	(8 204)	(7 915)
Current year movements	3 214	122	447
– additions	2 104	267	2 510
– acquisition of subsidiary	4 417	–	467
– net disposals	(226)	–	(139)
– depreciation	(3 081)	(145)	(2 391)
End of year	20 337	1 903	5 405
Made up as follows			
– cost	40 406	10 252	14 909
– accumulated depreciation	(20 069)	(8 349)	(9 504)
Net book value	20 337	1 903	5 405

The land and buildings are used as security over a mortgage bond in favour of Nedbank Limited. The carrying value of the mortgage bond is R 18 675 934 (2010: R nil). (Refer to note 19).

	Motor vehicles R'000	Building and leasehold improvements R'000	Land R'000	Computer and manufacturing equipment R'000	Managed services R'000	Leased furniture and office equipment R'000	Total property plant and equipment R'000
	2 171	**1 946**	**–**	**–**	**–**	**373**	**32 135**
	4 173	**3 651**	**–**	**–**	**–**	**1 254**	**74 645**
	(2 002)	**(1 705)**	**–**	**–**	**–**	**(881)**	**(42 510)**
	(367)	**49 323**	**10 910**	**5 574**	**1 149**	**(95)**	**70 550**
	154	**3 453**	**–**	**1 301**	**–**	**63**	**16 062**
	221	**36 756**	**10 910**	**4 864**	**1 462**	**–**	**65 789**
	(69)	**(75)**	**–**	**–**	**–**	**–**	**(712)**
	(673)	**(1 721)**	**–**	**(591)**	**(313)**	**(158)**	**(10 589)**
	1 804	**40 359**	**–**	**5 574**	**1 149**	**278**	**102 685**
	4 309	**44 342**	**10 910**	**8 485**	**3 084**	**1 317**	**173 381**
	(2 505)	**(3 983)**	**–**	**(2 911)**	**(1 935)**	**(1 039)**	**(70 696)**
	1 804	**40 359**	**10 910**	**5 574**	**1 149**	**278**	**102 685**
	1 495	2 004	–	–	–	506	27 867
	2 816	3 234	–	–	–	2 147	62 691
	(1 321)	(1 230)	–	–	–	(1 641)	(34 824)
	676	(58)	–	–	–	(133)	4 268
	1 107	351	–	–	–	261	6 600
	186	272	–	–	–	–	5 342
	–	(7)	–	–	–	(22)	(394)
	(617)	(674)	–	–	–	(372)	(7 280)
	2 171	1 946	–	–	–	373	32 135
	4 173	3 651	–	–	–	1 254	74 645
	(2 002)	(1 705)	–	–	–	(881)	(42 510)
	2 171	1 946	–	–	–	373	32 135

7. Property, plant and equipment *(continued)*

Land and buildings

The land and buildings consist of
Portion 13 of Agricultural Holding No 1
Halfway House Estate
Registration Division IR
Gauteng

Land and buildings are re-valued independently every three years.

8. Intangible assets

Group	Goodwill R'000	Trade names R'000	Voice transaction management applications R'000	Customer related intangible assets R'000	Total intangible assets R'000
2011					
Net book value – beginning of year	**71 838**	**2 500**	**–**	**–**	**74 338**
– cost	**71 838**	**2 500**	**–**	**–**	**74 338**
– accumulated amortisation	**–**	**–**	**–**	**–**	**–**
Current year movements	**14 522**	**8 933**	**10 007**	**6 555**	**40 017**
– additions	**–**	**24**	**6 612**	**–**	**6 636**
– acquisition of subsidiaries	**12 881**	**12 463**	**4 807**	**6 901**	**37 052**
– acquisition of business operations	**1 641**	**1 300**	**–**	**–**	**2 941**
– impairment	**–**	**(4 353)**	**–**	**–**	**(4 353)**
– amortisation	**–**	**(501)**	**(1 412)**	**(346)**	**(2 259)**
End of year	**86 360**	**11 433**	**10 007**	**6 555**	**114 355**
Made up as follows					
– cost	**86 360**	**11 784**	**65 146**	**6 901**	**170 191**
– accumulated amortisation	**–**	**(351)**	**(55 139)**	**(346)**	**(55 836)**
Net book value	**86 360**	**11 433**	**10 007**	**6 555**	**114 355**
2010					
Net book value – beginning of year	45 616	–	–	–	45 616
– cost	45 616	–	–	–	45 616
– accumulated amortisation	–	–	–	–	–
Current year movements	26 222	2 500	–	–	28 722
– acquisition of subsidiary	26 222	2 500	–	–	28 722
End of year	71 838	2 500	–	–	74 338
Made up as follows					
– cost	71 838	2 500	–	–	74 338
– accumulated amortisation	–	–	–	–	–
Net book value	71 838	2 500	–	–	74 338

8. Intangible assets *(continued)*

The addition in goodwill in 2011 relates to the acquisition of a controlling interest Maringo Communications (Pty) Limited on 1 January 2011 (R12 881 399) and the acquisition of the Snapper business on 6 August 2010 (R611 526) and the Navlight business on 24 December 2010 (R1 029 870).

The addition in goodwill in 2010 relates to the acquisition of LeBLANC CIH Lighting Structures (Pty) Limited on 1 September 2009 (R2 044 748) and the acquisition of WebbLeBLANC Communications (Pty) Limited on 1 March 2010 (R24 177 547).

The group acquired the "Lighting Structures" brand on 1 September 2009 as part of the acquisition of the Lighting Structures subsidiary. Management has determined that the brand name has an indefinite useful life.

The voice transaction management applications consist of costs capitalised during the development of various voice transaction management applications. These intangibles have finite useful lives and are amortised over a period of three years.

The customer-related intangible assets relate to the customer contracts and relationships acquired in the Spescom acquisition.

As at the reporting date, the goodwill and intangible assets with an indefinite useful life were tested for impairment. The cash flow projections from financial budgets approved by the board of directors, covering a one-year period, are discounted to the present value, using discount rates appropriate to the cash-generating unit the asset belongs to (between 16,18% and 20,4%). Revenue growth assumptions after the first year was between 7,5% and 12,5% based on the historic performance and the sector in which the business operates. A long term growth rate of 2,5% was assumed into perpetuity.

Sensitivity analysis

Management have performed a sensitivity analysis for the material goodwill balances. being the goodwill relating to the investment in TeleSciences (Pty) Limited and WebbLeBLANC Communications (Pty) Limited.

With regard to the assessment of the value-in-use of the investment, management believes that the most notable possible change in any of the above key assumptions would result from a change to the discount rate. The second most sensitive assumption is the long term growth rate and the third assumption is a change to the free cash flow projections.

The excess over carrying value/(impairment charge required) of the changes in any one of the above assumptions, with all other variables held constant, is as follows:

	2011		2010	
Change in key assumption	Decrease R'000	Increase R'000	Decrease R'000	Increase R'000
Telesciences (Pty) Limited				
Change in discount rate (1%)	**6 181**	**(4 637)**	9 439	(396)
Change in long term growth rate (1%)	**(2 807)**	**3 988**	1 580	7 062
Change in free cash flow projection (10%)	**(1 312)**	**1 973**	2 679	5 490
WebbLeBLANC Communications (Pty) Limited				
Change in discount rate (1%)	**13 351**	**3 095**	3 278	(2 700)
Change in long term growth rate (1%)	**4 983**	**11 098**	(1 726)	2 088
Change in free cash flow projection (10%)	**6 083**	**9 518**	(1 451)	1 450

Conclusion

Based on the result of the valuation, no impairment of the goodwill or the Lighting Structures trade name is required for the current or prior year.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
9. Investment in subsidiaries				
Unlisted shares at cost less amounts written off			**220 470**	162 829
Amounts owing by subsidiaries on loan account			**216 989**	203 441
			437 459	366 270
Amounts owing by subsidiaries on current account			**17 508**	11 278
Amounts owing to subsidiaries on loan account			**(104 086)**	(94 086)
Amounts owing to subsidiaries on current account			**(37 697)**	(20 095)

The loans to subsidiaries attract interest at a rate which is agreed upon between both parties on an annual basis. Repayment of the non-current accounts has been deferred until at least 30 June 2013 (2010: 30 June 2012).

For details of subsidiaries refer to page 92.

10. Investment in joint venture

The group had a 50% interest in WebbLeBLANC Communications (Pty) Limited, a jointly controlled entity that is involved in the manufacturing of masts and towers.

On 1 March 2010, the group acquired control of the joint venture. In terms of the requirements of IFRS 3 (Revised), the investment was re-measured to its fair value of R36 690 000 based on the value in use, using a discounted cash flow model. The cash flow projections from financial budgets approved by the board of directors, covering a one-year period, are discounted to the present value, using a post-tax discount rate of 16,18%. Revenue growth assumption after the first year was 12,5% based on the historic performance and the sector in which the business operates. The gross profit percentage remains unchanged, factory salary and wages are increased at 9% and overheads at 8%. A long term growth rate of 6% was assumed into perpetuity.

The share of the income and expenses of the jointly controlled entity for the 8 months ended 28 February 2010, is as follows:

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Income and expenses				
Revenue	**–**	31 828	**–**	–
Cost of sales	**–**	(25 639)	**–**	–
Administrative expenses	**–**	(3 302)	**–**	–
Finance income	**–**	302	**–**	–
Finance costs	**–**	(17)	**–**	–
Profit before taxation	**–**	3 172	**–**	–
Taxation	**–**	(926)	**–**	–
Profit for the period	**–**	2 246	**–**	–

11. Investment in associates

Malesela Taihan Electric Cable (Pty) Limited (M-TEC)

The group owns a 34% economic interest in its associate, M-TEC. M-TEC is involved in the manufacture of cables for the power and telecommunications industry.

Maringo

On 1 July 2009, the group acquired a 30% interest in Maringo Communications (Pty) Limited and Maringo Software Solutions (Pty) Limited. This interest was increased to 36,5% during 2010.

On 1 January 2011, the group acquired control of Maringo Communications (Pty) Ltd. In terms of the requirements of IFRS 3 (Revised), the investment was re-measured to its fair value of R3 442 484 based on the value in use, using a discounted cash flow model. The cash flow projections from financial budgets approved by the board of directors, covering a one-year period, are discounted to the present value, using a post-tax discount rate of 37,92%. The revenue growth assumption after the first year was based on the expected increase in contracts with regard to the sector in which the business operates. The gross profit percentage increased to 29% over a 5 year period, salary and wages are increased at 20% on a downward-sliding scale and overheads at 15%. A long term growth rate of 6% was assumed into perpetuity.

The group's interest in the associates' net assets and liabilities at 30 June and the income and expenses for the years then ended, is as follows:

	2011			2010		
	M-TEC R'000	**Maringo* R'000**	**Total R'000**	M-TEC R'000	Maringo R'000	Total R'000
Financial position	**248 368**	**58**	**248 425**	273 219	1 008	274 227
– current assets	**148 545**	**48**	**148 593**	138 227	885	139 112
– non-current assets	**99 822**	**10**	**99 832**	134 992	123	135 115
	(68 012)	**(315)**	**(68 327)**	(66 108)	(1 386)	(67 494)
– current liabilities	**(63 483)**	**–**	**(63 483)**	(60 098)	(1 016)	(61 114)
– non-current liabilities	**(4 529)**	**(315)**	**(4 844)**	(6 010)	(370)	(6 380)
Net asset value	**180 355**	**(257)**	**180 098**	207 111	(378)	206 733
Income and expenses						
Revenue	**338 245**	**1 050**	**339 295**	274 593	3 987	278 580
Cost of sales	**(298 574)**	**(811)**	**(299 385)**	(229 731)	(3 024)	(232 755)
Administrative expenses	**(31 571)**	**(768)**	**(32 339)**	(28 618)	(2 720)	(31 338)
Finance income	**334**	**–**	**334**	203	39	242
Finance costs	**(1 309)**	**(103)**	**(1 412)**	(2 477)	(39)	(2 516)
Profit/(loss) before taxation	**7 125**	**(632)**	**6 493**	13 970	(1 757)	12 213
Taxation	**(2 207)**	**220**	**(1 987)**	(4 691)	(438)	(5 129)
Profit/(loss) for the year	**4 918**	**(412)**	**4 506**	9 279	(2 195)	7 084

** The 2011 Financial position relates only to Maringo Software Solutions (Pty) Limited.*
The income and expenses for 2011 includes 6 months for Maringo Communications (Pty) Limited and 12 months for Maringo Software Solutions (Pty) Limited.

11. Investment in associates *(continued)*

11.1 Assessment of carrying value of M-TEC

The carrying value of the Investment in the associate, M-TEC, has been tested for impairment due to the occurrence of the following impairment indicators:

- M-TEC continues to experience a slower recovery in sales volumes particularly in three of the five business units, namely the Optic fibre, Power cable and Copper telecommunications' plants
- the financial performance is significantly below budget
- the reduced forecast expectation of future cash flows by the management team.

The recoverable amount of the investment in M-TEC has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the board of directors covering a one-year period. The appropriate discount rate applied to cash flow projections is 15,14% (2010: 14,83%) and cash flows beyond the two-year period are extrapolated using an appropriate growth rate.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the investment in M-TEC is most sensitive to the following assumptions:

- Discount rates;
- Budgeted and forecast turnover and earnings before interest, tax, depreciation and amortisation (EBITDA) growth; and
- Growth rate used to extrapolate cash flows beyond the budget period.

Discount rate

Discount rates reflect the current market assessment of the risks specific to the investment in M-TEC. The discount rate was estimated based on the weighted average cost of capital for M-TEC, taking market conditions into account. This rate includes adjustments to reflect the market assessment of any risk specific to the investment in M-TEC for which future estimates of cash flows have not been adjusted.

Budgeted and forecast turnover growth

Budgeted and forecast turnover growth is based on historic levels of growth achieved in the investment in M-TEC, as well as management's understanding of future development of the market and client base. The future growth rate was set at 10% (2010: 21%) per annum and applied to the June 2011 forecast to calculate the free cash flow for 2012 and for the 2010 calculation to be reduced to 12% for the periods 2013 to 2016. This reducing scale is indicative that M-TEC management expects a longer period of recovery to return to pre-2009 turnover and profit levels. The EBITDA margins assumed during the first five years fall within historic ranges for particular turnover levels.

Growth rate used to extrapolate cash flows beyond the five-year forecast period

The free cash flow calculated for 2017 and beyond has a 5,75% long term growth rate assumption, and reflects management's view of long term sustainable growth on the current operating capacity for this market sector.

Sensitivity analysis

With regard to the assessment of the value-in-use of the investment, management believes that the most notable possible change in any of the above key assumptions would result from a change to the discount rate. The second most sensitive assumption is the long term growth rate and the third most sensitive factor is a change to free cash flow projections.

The increase/(decrease) in the impairment charge of changes in any one of the above assumptions, with all other variables held constant, is as follows:

	2011		2010	
Change in key assumption	Decrease R'000	Increase R'000	Decrease R'000	Increase R'000
Discount rate changes by 1%	**(15 000)**	**19 400**	(27 629)	21 817
Long term growth rate changes by 1%	**14 200**	**(10 400)**	15 287	(19 292)
Free cash flow projection changes by 5%	**16 200**	**(16 800)**	10 432	(10 433)

Conclusion

The estimated value-in-use of the 34% interest, compared to the carrying value of the investment resulted in an impairment of R31 932 000 (2010: R21 565 000).

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
12. Deferred income tax asset/(liability)				
Beginning of year	**1 537**	(4 900)	**(26)**	(40)
Acquisition of subsidiaries	**3 392**	538	**–**	–
Movement	**2 434**	5 899	**277**	14
End of year	**7 363**	1 537	**251**	(26)
Deferred tax asset	**23 383**	6 116	**251**	–
Deferred tax liability	**(16 020)**	(4 579)	**–**	(26)
Net deferred tax asset/(liability)	**7 363**	1 537	**251**	(26)
Made up as follows				
– taxation losses	**20 330**	5 083	**281**	–
– provisions	**9 462**	6 710	**–**	–
– capitalised costs	**(6 912)**	2	**–**	–
– amortisation of intangibles	**(213)**	–	**–**	–
– work in progress	**(2 832)**	(342)	**–**	–
– impairment of receivables	**977**	1 229	**–**	–
– prepayments	**(1 725)**	(640)	**(30)**	(26)
– retentions	**(943)**	(938)	**–**	–
– section 24C allowance	**(1 482)**	–	**–**	–
– income received in advance	**6 144**	–	**–**	–
– deferred gains and losses on foreign currency contracts	**52**	(10)	**–**	–
– deferred lease payments and income	**323**	344	**–**	–
– finance lease agreements	**(5 246)**	(7 065)	**–**	–
– accelerated depreciation	**(10 572)**	(2 836)	**–**	–
	7 363	1 537	**251**	(26)
13. Other non-current assets				
13.1 Loan to the Jasco Employee Share Incentive Trust			**3 351**	4 058
Loan			**9 522**	9 513
Allowance for impairment			**(6 171)**	(5 455)

The loan attracts interest at a rate which is agreed upon between the parties on an annual basis and has no fixed terms of repayment. The company has no intention of calling for repayment within the next 12 months.

During the current year, interest was charged on the loan. The directors are of the opinion that after the allowance for impairment, the loan is fairly stated. The impairment provision is calculated as the difference between the fair value of the Trust's net assets and the loan. The increase of R715 271 (2010: R1 136 703) relates to an additional provision required.

13.2 Investment in Leseding Electronic Investments (Pty) Limited	**–**	–	**–**	–
Shares at cost	**1**	–	**–**	–
Loan	**10 215**	–	**–**	–
Allowance for impairment	**(10 216)**	–	**–**	–

The shares consist to 100 000 ordinary shares and 235 000 convertible cumulative preference shares.

The loan is unsecured, has no fixed terms of repayment and bears interest at the prime bank overdraft rates. The company has no intention of calling for repayment within the next 12 months.

Notes to the annual financial statements continued
for the year ended 30 June 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
13. Other non-current assets *(continued)*				
13.3 Other loans	**–**	6 822	**–**	6 819
Loan	**555**	7 327	**555**	7 324
Allowance for impairment	**(555)**	(505)	**(555)**	(505)
The loan to Maringo bears interest at the prime interest rate and has no fixed terms of repayment. The company has no intention of calling for repayment within the next 12 months.				
13.4 Finance lease receivable (refer below)	**28 983**	40 572	**–**	–
Total	**28 983**	47 394	**3 351**	10 877
Finance lease receivable				
Future minimum rentals under the finance leases receivable within:				
– one year	**19 327**	19 327	**–**	–
– after one year, within five years	**16 106**	35 433	**–**	–
– after five years	**–**	–	**–**	–
Total	**35 433**	54 760	**–**	–
Less: amounts representing finance income	**(6 450)**	(14 188)	**–**	–
Present value of minimum lease receivables	**28 983**	40 572	**–**	–
The finance lease receivable relates to the leasing of security equipment for a period of five years.				
The effective rate of interest is 21,8% and the lease is repayable by 30 April 2013.				
14. Inventories				
Raw materials	**20 483**	17 400	**–**	–
Work in progress	**15 727**	4 524	**–**	–
– gross work in progress	**18 567**	20 632	**–**	–
– receipts in advance	**(2 840)**	(16 108)	**–**	–
Finished goods and merchandise	**43 614**	36 912	**–**	–
– at cost	**52 004**	44 998	**–**	–
– provision for obsolete and slow moving inventories	**(8 390)**	(8 086)	**–**	–
	79 824	58 836	**–**	–
Inventory expensed, included in cost of sales	**373 603**	310 156	**–**	–
– inventory expensed during the year	**371 530**	307 201	**–**	–
– inventory written off during the year	**2 073**	2 955	**–**	–

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
15. Trade and other receivables				
Trade receivables	**171 997**	124 694	**–**	–
– trade receivables	**176 692**	130 546	**–**	–
– impairment	**(4 695)**	(5 852)	**–**	–
Prepayments	**10 661**	2 284	**108**	96
Retentions	**3 367**	3 248	**–**	–
Other	**10 917**	8 503	**170**	–
	196 942	138 729	**278**	96
Trade receivables are non-interest bearing and generally between 30 – 90 day terms. Trade receivables have been ceded as security for the group's bank overdraft facility.				
The movements in the allowance for impairment of the trade receivables were as follows:				
At the beginning of the year	**5 852**	1 802	**–**	–
Charge for the year	**542**	6 882	**–**	–
Acquisition of subsidiaries	**369**	–	**–**	–
Amounts written off	**(839)**	(2 396)	**–**	–
Unused amounts reversed	**(1 229)**	(436)	**–**	–
At the end of the year	**4 695**	5 852	**–**	–
As at year end the analysis of trade receivables past due but not impaired is as follows:				
Overdue 30 – 60 days not impaired	**32 199**	17 551	**–**	–
Overdue 60 – 90 days not impaired	**6 270**	4 298	**–**	–
Overdue 90 – 120 days not impaired	**6 580**	8 908	**–**	–
Overdue 120 – longer days not impaired	**19 011**	8 214	**–**	–
	64 060	38 971	**–**	–
Net carrying value of impaired trade receivables	**498**	–	**–**	–
Neither past due nor impaired	**107 439**	85 723	**–**	–
Net trade receivables	**171 997**	124 694	**–**	–
Included in "neither past due nor impaired" are debtors with a carrying amount of R117 886 (2010: R1 108 444) whose terms have been renegotiated during the year.				
16. Cash and cash equivalents				
Current accounts	**20 141**	1 331	**–**	–
Call accounts	**1 449**	2 521	**–**	–
Cash on hand	**211**	173	**–**	–
	21 801	4 025	**–**	–

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

The fair value of the cash and cash equivalents is the same as the carrying value.

At year end, the group had R142,6 million (2010: R91,5 million) of general banking facilities available.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
17. Share capital				
17.1 Authorised				
150 000 000 (2010: 150 000 000) ordinary shares of 1 cent each	**1 500**	1 500	**1 500**	1 500
29 884 633 redeemable preference shares of 1 cent each	**299**	299	**299**	299
	1 799	1 799	**1 799**	1 799
17.2 Issued				
146 399 311 (2010: 114 509 435) ordinary shares of 1 cent each				
Beginning of year	**1 145**	1 145	**1 145**	1 145
Issue of share capital	**319**	–	**319**	–
End of year	**1 464**	1 145	**1 464**	1 145

During the year, Jasco issued 31 889 901 ordinary shares to the former shareholders of Spescom Limited as partial consideration for the acquisition (refer to the directors' report for more information).

The unissued shares are under the control of the directors until the forthcoming annual general meeting.

17.3 Treasury shares

The Jasco Employee Share Incentive Trust owns 2 962 038 (2010: 2 952 038) unallocated ordinary shares in Jasco. These shares are recorded in the statement of financial position as treasury shares at a cost of R3 787 288 (2010: R3 773 388).

The Spescom Limited Share Trust owns 2 528 954 (2010: nil) unallocated ordinary shares in Jasco. These shares are recorded in the statement of financial position as treasury shares at a cost of R3 362 845 (2010: Rnil).

17.4 Share-based payments

The Jasco Employee Share Incentive Trust was formed in 1993 to enable executives of the group to acquire shares in Jasco to provide them with incentives to advance the group's interests. The maximum number of shares and/or options that may be issued may not exceed 8 098 982 shares, being 15% of the issued share capital at the inception of the Trust and all subsequent capitalisation issues. The maximum number of shares and/or options allowed for any one person is 2,5% of the issued share capital of the company. In terms of the scheme rules, 50% of the shares/options issued may be traded after two years, 75% after three years and 100% after four years. The shares/options vest at the beginning of the trading period.

Jasco had implemented a share option scheme for the benefit of the former CEO. In terms of the scheme, the CEO will be awarded an option to subscribe for Jasco ordinary shares at the end of each financial year, commencing from 28 February 2007.

The value of the options to be awarded was calculated using a predetermined formula that measures the performance delivered by the CEO against preset targets. The maximum number and value of the options is limited to the lower of 4 990 786 options or R8 138 400. In terms of the scheme rules, 33,3% of the options vest after two, three and four years respectively.

The statement of comprehensive income charge for equity-settled share-based payments is as follows (refer note 4):

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Equity-settled share-based payment	**165**	915	**(25)**	615

Equity-settled share-based payment transactions are valued at grant date, with the expense being recognised over the vesting period.

17. Share capital *(continued)*

17.4 Share-based payments *(continued)*

Fair values for the Share Incentive Trust are calculated at the date of the grant using the Binomial Model. To test the reasonableness of these results, the Black-Scholes-Merton formula has also been applied.

The key assumptions used in the calculations are detailed below:

	Options to CEO		Options to employees	
	2011	2010	**2011**	2010
Maximum term of grant	**10 years**	10 years	**5 years**	5 years
Exercise multiple	**1,5**	1,5	**1,5**	1,5
Volatility				
– two years vesting	**40,84%**	40,84%	**54,04%**	53,30%
– three years vesting	**–**	43,30%	**53,56%**	52,44%
– four years vesting	**–**	48,32%	**52,01%**	52,58%
Dividend yield			**3,73%**	7,26%
– two years vesting	**3,23%**	3,23%		
– three years vesting	**–**	2,92%		
– four years vesting	**–**	2,44%		
Risk free rate				
– two years vesting	**9,55%**	9,55%	**7,44%**	8,24%
– three years vesting	**–**	9,08%	**7,55%**	8,25%
– four years vesting	**–**	8,86%	**7,77%**	8,26%
Forfeiture rate	**25,00%**	25,00%	**10,00%**	10,00%
Performance expectation	**100%**	100%	**100%**	100%

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Reconciliation of number of outstanding options				
Options issued to employees				
Beginning of year	**612**	2 245	**–**	–
Allocated during the year	**2 524**	120	**–**	–
Forfeited through resignation	**(6)**	(360)	**–**	–
Cancelled on resignation	**(139)**	(210)	**–**	–
Options vested by rules of scheme	**(343)**	(1 183)	**–**	–
End of year	**2 648**	612	**–**	–
Options issued to CEO				
Beginning of year	**2 518**	2 518	**2 518**	2 518
End of year	**2 518**	2 518	**2 518**	2 518

17.4.1 Share appreciation rights – cash-settled

Certain key employees have been granted share appreciation rights during the year. Further information is included in note 22.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
17. Share capital *(continued)*				
17.5 Jasco Employee Share Incentive Trust				
Number of ordinary shares reserved	**8 099**	8 099		
Total number of unforfeited options granted	**4 484**	2 830		
– beginning of year	**2 830**	3 280		
– allocation of options to employees during the year	**2 524**	120		
– net forfeiture/cancellation/exercise of options during the year	**(870)**	(570)		
Total number of shares allocated	**370**	380		
– beginning of year	**380**	600		
– net forfeiture/acquisition by/allocation of shares to employees during the year	**(10)**	(220)		
Number of shares in respect of which options and shares have not been granted	**3 245**	4 889		

417 000 shares were allocated effective 6 May 2004 at 70 cents per share. 50% of these shares may be traded after 5 May 2006, a further 25% after 5 May 2007 and the remaining 25% after 5 May 2008. As at 30 June 2011 86 500 (2010: 96 500) shares remained allocated, but not yet traded. All of these shares may be traded by the tenth anniversary of the acceptance date.

736 300 shares were allocated effective 1 March 2002 at 60 cents per share. 50% of these shares may be traded after 29 February 2004, a further 25% after 28 February 2005 and the remaining 25% after 28 February 2006. As at 30 June 2011 54 500 (2010: 54 500) shares remained allocated, but not yet traded. All of these shares may be traded by the tenth anniversary of the acceptance date.

2 742 800 shares were allocated effective 1 June 2001 at 27 cents per share. 50% of these shares may be traded after 31 May 2003, a further 25% after 31 May 2004 and the remaining 25% after 31 May 2005. As at 30 June 2011 228 800 (2010: 228 800) shares remained allocated, but not yet traded. All of these shares may be traded by the tenth anniversary of the acceptance date.

1 463 993 options were granted on 5 May 2011 at 103 cents per share. 50% of these options are exercisable after 5 May 2013, a further 25% after 5 May 2014 and the remaining 25% after 5 May 2015. All these options must be exercised before 5 May 2021.

580 000 options were granted on 21 April 2011 at 101 cents per share. 50% of these options are exercisable after 21 April 2013, a further 25% after 21 April 2014 and the remaining 25% after 21 April 2015. All these options must be exercised before 21 April 2021.

120 000 options were granted on 1 September 2009 at 155 cents per share. 50% of these options are exercisable after 1 September 2011, a further 25% after 1 September 2012 and the remaining 25% after 1 September 2013. All these options must be exercised before 1 September 2019.

225 000 options were granted on 1 March 2009 at 155 cents per share. 50% of these options are exercisable after 1 March 2011, a further 25% after 1 March 2012 and the remaining 25% after 1 March 2013. All these options must be exercised before 1 March 2019.

480 000 options were granted on 13 November 2008 at 210 cents per share. 50% of these options are exercisable after 13 November 2010, a further 25% after 13 November 2011 and the remaining 25% after 13 November 2012. All these options must be exercised before 13 November 2018.

525 000 options were granted on 1 March 2008 at 242 cents per share. 50% of these options are exercisable after 1 March 2010, a further 25% after 1 March 2011 and the remaining 25% after 1 March 2012. All these options must be exercised before 1 March 2018.

1 090 000 options were granted on 1 March 2007 at 298 cents per share. 50% of these options are exercisable after 1 March 2009, a further 25% after 1 March 2010 and the remaining 25% after 1 March 2011. All these options must be exercised before 1 March 2017.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
18. Non-distributable reserves				
Post-acquisition profit of subsidiary	**741**	741	**–**	–
Share-based payment reserve	**9 098**	4 937	**2 893**	2 960
– beginning of year	**4 937**	4 022	**2 960**	2 345
– acquisition of subsidiary	**4 393**	–	**–**	–
– arising during year	**190**	915	**–**	615
– reversed during year	**(25)**	–	**(25)**	–
– utilised during year	**(396)**	–	**(42)**	–
Foreign currency translation reserve	**316**	–	**–**	–
– arising during year	**316**	–	**–**	–
	10 156	5 678	**2 893**	2 960
19. Interest bearing liabilities				
Secured				
Property loan facility: Nedbank Limited	**18 676**	–	**–**	–
Principal amounts owing in respect of finance lease agreements on furniture and office equipment	**412**	631	**–**	–
– gross minimum lease payments	**623**	891	**–**	–
– finance charges	**(211)**	(260)	**–**	–
Principal amounts owing in respect of instalment sale agreements	**3 962**	2 352	**–**	–
– gross minimum lease payments	**4 575**	2 696	**–**	–
– finance charges	**(613)**	(344)	**–**	–
Preference shares	**100 000**	100 000	**–**	–
	123 050	102 983	**–**	–
Unsecured				
Term loan	**13 759**	23 437	**–**	–
Loans from non-controlling shareholders	**13 585**	12 582	**–**	–
	27 344	139 002	**–**	–
Current portion transferred to short term borrowings (refer note 23)	**(14 141)**	(11 303)	**–**	–
– property loan facility	**(1 546)**	–	**–**	–
– finance lease agreements	**(277)**	(333)	**–**	–
– instalment sale agreements	**(1 465)**	(1 337)	**–**	–
– term loan	**(10 853)**	(9 633)	**–**	–
	136 253	127 699	**–**	–

19. Interest bearing liabilities *(continued)*

Particulars

The group is party to a property loan agreement by registering a bond of R31 000 000 over its property, described as Portion 198 (a portion of portion 2) of the farm Waterval No. 5 IR in the extent of 1,9827 hectares. The loan attracts interest at the prime overdraft rate less 1% and is repayable in 120 equal instalments by 30 September 2016.

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 R 277 477 (2010: R372 177).

The instalment sale agreements bear interest at the prime overdraft 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 R2 479 883 (2010: R1 578 263) and will be repaid within 36 months.

The preference shares consist of 40 000 fully paid up cumulative redeemable preference shares that were issued to AfroCentric as part of the purchase consideration for M-TEC. The loan is secured by the investment in M-TEC, bears interest at 80% of the prime overdraft interest rate and is redeemable after five years, but not before three years.

The term loan constitutes a R30 million loan from Standard Bank. It is unsecured, repayable by 30 September 2012 in 12 quarterly payments and bears interest at the three-month JIBAR quoted on the first day of the quarter plus 5,62%. As at 30 June 2011 and 2010, Jasco has complied with the term loan covenants.

The loans from non-controlling shareholders are unsecured, attract interest between 5% and the prime overdraft interest rate, and repayment has been deferred until at least 30 June 2013 (2010: 30 June 2012).

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
20. Deferred maintenance revenue				
Service level agreements are provided as a separate service in addition to the sale of the products.				
Revenue arising from maintenance contracts is recognised on the accrual basis over the period for which services are rendered.				
Within the next twelve months	**18 376**	–	**–**	–
Thereafter	**1 292**	–	**–**	
	19 668	–	**–**	–

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
21. Trade and other payables				
Trade payables	**94 652**	74 171	**25**	6
Deferred lease payments	**1 155**	1 229	**–**	–
Other payables	**46 026**	19 512	**766**	1 253
	141 833	94 912	**791**	1 259
Trade payables are non-interest bearing and are normally settled on 30 – 90 day terms.				
22. Provisions				
Audit fees				
Beginning of year	**2 700**	1 387	**274**	42
Acquisition of subsidiary	**766**	–	**–**	–
Arising during year	**4 834**	3 120	**434**	274
Utilised during year	**(3 841)**	(1 807)	**(379)**	(42)
End of year	**4 459**	2 700	**329**	274
Bonus				
Beginning of year	**9 222**	4 283	**–**	–
Acquisition of subsidiary	**2 470**	–	**–**	–
Arising during year	**18 778**	12 163	**–**	–
Utilised during year	**(10 271)**	(5 799)	**–**	–
Unused amount reversed	**(138)**	(1 425)	**–**	–
End of year	**20 061**	9 222	**–**	–
Leave pay				
Beginning of year	**5 538**	4 939	**–**	–
Acquisition of subsidiary	**1 899**	–	**–**	–
Arising during year	**4 211**	3 414	**–**	–
Utilised during year	**(3 419)**	(2 815)	**–**	–
End of year	**8 229**	5 538	**–**	–
Warranties				
Beginning of year	**650**	150	**–**	–
Acquisition of subsidiary	**282**	–	**–**	–
Arising during year	**51**	600	**–**	–
Utilised during year	**(333)**	(100)	**–**	–
End of year	**650**	650	**–**	–

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
22. Provisions *(continued)*				
Other				
Beginning of year	**8 759**	2 540	**285**	16
Acquisition of subsidiary	**198**	–	**–**	–
Arising during year	**6 060**	6 653	**49**	285
Utilised during year	**(646)**	(434)	**(234)**	(16)
Unused amount reversed	**(9 342)**	–	**(43)**	–
End of year	**5 029**	8 759	**57**	285
Total provisions				
Beginning of year	**26 869**	13 299	**559**	58
Acquisition of subsidiary	**5 615**	–	**–**	–
Arising during year	**33 934**	25 950	**483**	559
Utilised during year	**(18 510)**	(10 955)	**(613)**	(58)
Unused amount reversed	**(9 480)**	(1 425)	**(43)**	–
End of year	**38 428**	26 869	**386**	559

Certain key employees in the group are granted share appreciation rights which may only be settled for cash. These rights will vest when certain growth targets within individual business units have been achieved. The contractual life of these rights is five years. The fair value of these rights is measured on the grant date of 1 March 2007, 1 July 2009 and 1 July 2010, taking into account the terms and conditions on granting of the rights. The services received, and the liability to pay for those services, are recognised over the expected vesting period. Until the liability is settled, it is re-measured to fair value at each reporting date with the changes recognised in profit and loss.

The carrying amount of the liability relating to these rights at the year end is R2 152 839 (2010: R1 309 367) and is recorded in the bonus provision. None of the rights have vested at the year end.

The warranty provision is for product warranties given to customers on the sale of certain products. Other provisions include provisions for contractual future service obligations.

The utilisation of these provisions, other than for leave pay, which is expected to be utilised within three years, and the share appreciation rights, are expected to occur within a year.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
23. Short term borrowings				
Short term borrowings comprise:				
– current portion of non-current interest bearing liabilities (refer note 19)	**14 141**	11 303	**–**	–
– insurance payment plan	**514**	–	**–**	–
– bank overdrafts	**38 735**	8 664	**73 190**	66 403
	53 390	19 967	**73 190**	66 403
The bank overdrafts are secured by a cession over trade receivables of the group.				

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
24. Notes to the cash flow statement				
24.1 Reconciliation of profit before taxation to cash generated from/(utilised in) operations				
Profit/(loss) before taxation	**24 876**	35 993	**(5 255)**	6 584
Adjustments for:				
– amortisation of intangibles	**2 259**		**–**	–
– depreciation of plant and equipment	**10 589**	7 280	**–**	–
– equity-settled share-based payment	**165**	915	**(25)**	615
– impairment of intangibles	**4 353**	–	**–**	–
– unrealised foreign exchange gains	**(649)**	(1 085)	**–**	–
– unrealised foreign exchange losses	**948**	615	**–**	–
– net loss/(profit) on sale of plant and equipment	**306**	(194)	**–**	–
– raising of allowance for impairment	**31 220**	22 070	**–**	1 642
– fair value adjustment on disposal of associate/joint venture	**2 787**	(24 143)	**–**	–
– gain on bargain purchase	**(31 714)**	–	**–**	–
– waiver of subsidiary loan			**–**	(7 200)
– income from joint venture	**–**	(2 246)	**–**	–
– income from associates	**(4 506)**	(7 084)	**–**	–
– net finance cost/(income)	**8 432**	5 636	**(2 192)**	(2 507)
Operating profit/(loss) before working capital changes	**49 066**	37 757	**(7 472)**	(866)
Working capital changes	**(46 086)**	(13 886)	**(1 267)**	(9 975)
– (increase)/decrease in inventories	**(5 334)**	7 039	**–**	–
– (increase)/decrease in trade and other receivables	**(11 372)**	17 228	**(183)**	83
– increase in amounts owing by subsidiaries			**(6 229)**	(8 423)
– decrease in trade and other payables, provisions and current portion of long term liabilities	**(29 380)**	(38 153)	**(12 456)**	(2 356)
– increase in amounts owing to subsidiaries			**17 601**	721
Cash generated from/(utilised in) operations	**2 980**	23 871	**(8 739)**	(10 841)
24.2 Taxation paid				
Net taxation (payable)/refundable at beginning of year	**(2 405)**	9 415	**291**	(37)
Acquisition of subsidiaries	**(5 201)**	(684)	**–**	–
Amounts charged per statement of comprehensive income, excluding deferred taxation	**(12 671)**	(16 229)	**(84)**	(723)
Net taxation (refundable)/payable at end of year	**(1 202)**	2 405	**(646)**	(291)
Cash amounts paid	**(21 479)**	(5 093)	**(439)**	(1 051)
24.3 Acquisition of business operations				
Plant and equipment	**5 821**	–	**–**	–
Deferred taxation	**(364)**	–	**–**	–
Intangibles (including goodwill)	**2 942**	–	**–**	–
Total purchase price	**8 399**	–	**–**	–
Less: future payments	**(4 649)**	–	**–**	–
Cash flow on acquisition	**3 750**	–	**–**	–

Notes to the annual financial statements continued

for the year ended 30 June 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
24. Notes to the cash flow statement *(continued)*				
24.4 Acquisition of subsidiaries, net of cash acquired				
Investment in subsidiary, at cost			**55 823**	–
Gain on bargain purchase	**(31 714)**	–	**–**	–
Equity	**681**	(8 022)	**–**	–
Plant and equipment	**59 968**	5 342	**–**	–
Intangibles	**37 052**	28 722	**–**	–
Non-current receivables	**5 686**	–	**–**	–
Inventories	**15 654**	4 084	**–**	–
Accounts receivable	**46 930**	59 116	**–**	–
Accounts payable	**(89 457)**	(33 541)	**–**	–
Current taxation	**(5 201)**	(684)	**–**	–
Deferred taxation	**3 756**	538	**–**	–
Long term borrowings	**(35 027)**	(9 722)	**–**	–
Net cash and cash equivalents	**49 497**	(2 106)	**–**	–
Total purchase price	**57 825**	43 727	**55 823**	
Excludes: net cash and cash equivalents acquired	**(49 497)**	2 106	**–**	–
Less: investment in associate/joint venture derecognised	**(3 442)**	(36 689)	**–**	–
Less: transaction with shareholders	**(4 943)**	(20)	**–**	–
Less: shares issued as part of purchase price	**(44 008)**	–	**(44 008)**	–
Less: deferred payments	**(12 451)**	(7 000)	**(11 815)**	–
Cash flow on acquisition	**(56 516)**	2 124	**–**	–
24.5 Replacement of plant and equipment				
Plant and machinery	**46**	282	**–**	–
Hi sites	**813**	267	**–**	–
Furniture and office equipment	**874**	703	**–**	–
Motor vehicles	**–**	519	**–**	–
Leasehold improvements	**277**	210	**–**	–
Leased furniture and office equipment	**63**	71	**–**	–
Replacement of plant and equipment	**2 073**	2 052	**–**	–
24.6 Addition to plant and equipment				
Plant and machinery	**5 121**	1 822	**–**	–
Furniture and office equipment	**4 237**	1 807	**–**	–
Motor vehicles	**154**	588	**–**	–
Leasehold improvements	**3 176**	141	**–**	–
Computer and manufacturing equipment	**1 301**	–	**–**	–
Leased furniture and office equipment	**–**	190	**–**	–
Replacement of plant and equipment	**13 989**	4 548	**–**	–
25. Dividend per ordinary share				
Dividend number 19 of 3 cents per ordinary share declared and paid during the year	**3 346**	–	**3 435**	–
Total dividends paid during the year, net of dividends received by the Share Incentive Trust	**3 346**	–	**3 435**	–
Final dividend number 20 of 2,5 cents per ordinary share declared after year end	**3 520**	–	**3 659**	–
Total dividends relating to income for the year	**6 866**	–	**7 094**	–

	GROUP	
	2011 R'000	2010 R'000
26. Operating leases		
26.1 Operating lease commitments		
Future minimum rentals for premises and office equipment under non-cancellable leases payable within:		
– one year	**10 139**	8 524
– after one year, within five years	**16 043**	18 266
– after five years	**240**	267
Total	**26 422**	27 057
26.2 Operating lease income		
Future minimum rentals under non-cancellable leases receivable within:		
– one year	**15 261**	15 558
– after one year, within five years	**7 929**	9 748
– after five years	**2 161**	999
Total	**25 351**	26 305
The operating lease income is derived from rental agreements with customers utilising the group's network of Hi sites.		
27. Capital commitments		
Capital expenditure contracted for at reporting date, but not yet incurred, will be financed using existing banking facilities.		
Plant and machinery	**2 606**	2 614
Capital expenditure approved but not contracted for at reporting date will be financed using existing banking facilities.		
Plant and machinery	**20 973**	250
Total	**23 579**	2 864
28. Contingent liabilities		
Banking facilities		
Bank overdrafts of the group, excluding Spescom and its subsidiaries are cross-guaranteed by the group companies. Spescom and its subsidiaries overdrafts are cross-guaranteed by the Spescom group companies. The net overdrafts of subsidiaries as at 30 June 2011 amounted to Rnil (2010: Rnil). The details of the facilities are as follows.		
Sharing cross-guarantees	**55 650**	52 900
– Standard Bank	**29 650**	27 000
– First National Bank	**26 000**	25 900
Ringfenced facility of WebbLeBLANC Communications (Pty) Limited		
– First National Bank	**8 000**	8 000
Standalone facility of LeBLANC Jasco (Pty) Limited		
– Standard Bank	**5 500**	5 800
Group facility for Spescom Limited		
– Standard Bank	**15 000**	–
Total overdraft facility	**84 150**	66 700
Other general banking facilities	**58 418**	24 800
Total general banking facilities	**142 568**	91 500
The company has provided suretyship of R2 500 000 for the WebbLeBLANC general banking facility of R13,5 million (2010: R13,5 million). At year end the subsidiary had utilised R5 417 262 (2010: Rnil) of the facility.		
29. Borrowings		
The company's borrowings are not limited by its articles of association and are at the directors' discretion.		

30. Retirement benefits

All employees of the group, other than those required by legislation to be members of an industrial fund, are members of a comprehensive pension and/or provident fund, which provides comparable retirement, death and disability benefits. The funds are registered with, and are governed by, the Pension Funds Act, 1956. Because they are defined contribution funds, whereby the benefits are determined solely by the contributions thereto, together with resultant investment earnings on those contributions, the funds are independent of the finances of the group and there is no responsibility for any future unfunded obligations arising therefrom.

31. Related parties

The subsidiaries of the group are identified on page 92.

All purchasing and selling transactions with related parties are concluded at arm's length. Outstanding balances at year end are unsecured, bear interest at 5% (2010: 4%) and settlement occurs in cash.

Interest on inter-group balances is disclosed in note 4.

Details of inter-group revenue are disclosed in the segmental report on page 93.

Amounts owing between subsidiaries are set out on page 92.

Amounts owing from the associate are set out in note 13.

Amounts owing to non-controlling shareholders are set out in note 19.

Directors' emoluments are disclosed in note 33 on pages 88 and 91.

Administration, managerial and secretarial fees between related parties are disclosed in note 4 on page 61.
No other transactions were entered into between the holding company and its subsidiaries.

Key management personnel comprises directors, prescribed officers and executive management.
Refer to notes 4 and 33 for the required disclosures.

32. Financial instruments

The group's principal financial instruments, other than foreign currency contracts, comprise loans, redeemable preference shares, short term borrowings, bank balances and cash. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations.

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

The main risks arising from the group's 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.

No changes were made to the objectives, policies or processes during the years ended 30 June 2011 and 2010.

32.1 Capital management

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changing economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The group's capital consists of its equity and the non-current loans between the group companies for capital management purposes.

Management believes the group has met its capital management objectives for the year under review.

32.2 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 group 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 with a significant effect on the recorded fair value are observable, either directly or indirectly

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

At 30 June 2011 and 2010, the group only had assets that are carried at fair value in level 2.

32. Financial instruments *(continued)*

32.3 Foreign currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entities' functional currency. The currencies, giving rise to currency risk, in which the group primarily deals, are Pound sterling, US dollar, Euro and Japanese yen.

The group entities hedge trade payables and trade receivables, denominated in foreign currencies, by entering into foreign currency contracts or foreign currency option contracts. It is the group's policy not to enter into foreign currency contracts or option contracts until a firm commitment is in place. The forward currency contract or option contract must be in the same currency as the hedged item.

It is the group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. The group does not apply hedge accounting as per IAS 39.

Foreign currency contracts and option contracts open at year end, related to the following specific statement of financial position items:

	Foreign amount		Rand amount	
	2011 '000	2010 '000	**2011 R'000**	2010 R'000
Trade and other receivables			**4 475**	8 799
Foreign currency:				
– Pound sterling	**81**	17	**887**	194
– US dollar	**519**	1 087	**3 588**	8 422
– Euro	**–**	19	**–**	183
Trade and other payables			**31 802**	15 673
Foreign currency:				
– Japanese yen	**6 417**	2 545	**572**	222
– Pound sterling	**6**	95	**64**	1 110
– US dollar	**4 130**	1 262	**28 339**	9 746
– US dollar put option	**1 051**	1 014	**7 145**	7 594
– US dollar call option	**(1 051)**	(1 014)	**(7 416)**	(7 532)
– Euro	**312**	477	**3 098**	4 533
– Euro put option	**210**	–	**2 088**	–
– Euro call option	**(210)**	–	**(2 068)**	–

The following table demonstrates the sensitivity of the group's profit before tax to a reasonable possible change in exchange rates based on management's most recent expectations, with all other variables held constant:

	Increase/ (decrease) in basis points	Group R'000	Company R'000
2011			
– Pound sterling	+10c	(60)	–
	–10c	60	–
– US dollar	+10c	3	–
	–10c	(3)	–
– Euro	+10c	(582)	–
	–10c	582	–
2010			
– Pound sterling	+10c	(8)	–
	–10c	8	–
– US dollar	+10c	(18)	–
	–10c	18	–
– Euro	+10c	(46)	–
	–10c	46	–

Foreign companies

The group has investments in foreign companies which are classified as foreign entities. The rates used in translating the statements of financial position and comprehensive income are as follows:

	2011		2010	
	Average rate	**Closing rate**	Average rate	Closing rate
– Pound sterling	**11,059**	**10,883**	N/A	N/A
– Uganda schilling	**0,003**	**0,003**	N/A	N/A

32. Financial instruments *(continued)*

32.4 Interest rate risk

The group's exposure to market risk for changes in interest rates relates to the group's long term and short term debt.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's profit before tax through the impact on variable rate borrowings

	Increase/ (decrease) in basis points	Group R'000	Company R'000
2011			
Profit before tax	**+0,5%**	**(815)**	**387**
	–0,5%	**815**	**(387)**
2010			
Profit before tax	+0,5%	(669)	269
	–0,5%	669	(269)

32.5 Interest rate risk

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

	Total R'000	Within 1 year R'000	1 to 2 years R'000	2 to 3 years R'000	3 to 4 years R'000
Group					
2011					
Fixed rate					
Interest bearing liabilities	**(4 374)**	**(1 742)**	**(1 600)**	**(1 032)**	**–**
Short term loan	**(514)**	**(514)**	**–**	**–**	**–**
Provisions – share appreciation rights	**(2 153)**	**–**	**(2 153)**	**–**	**–**
Variable rate					
Interest bearing liabilities	**(146 020)**	**(12 399)**	**(104 747)**	**(2 004)**	**(26 870)**
Net cash and cash equivalents	**(16 934)**	**(16 934)**	**–**	**–**	**–**
2010					
Fixed rate					
Interest bearing liabilities	(2 983)	(2 670)	(313)	–	–
Provisions – share appreciation rights	(1 309)	(705)	(411)	(193)	–
Variable rate					
Other loans	6 822	–	6 822	–	–
Interest bearing liabilities	(136 019)	(9 633)	(26 386)	(100 000)	–
Net cash and cash equivalents	(4 639)	(4 639)	–	–	–
Company					
2011					
Variable rate					
Loans due by subsidiaries	**216 989**	**–**	**216 989**	**–**	**–**
Loan to Jasco Employee Share Incentive Trust	**3 351**	**3 351**	**–**	**–**	**–**
Loans due to subsidiaries	**(104 086)**	**–**	**(104 086)**	**–**	**–**
Net cash and cash equivalents	**(73 190)**	**(73 190)**	**–**	**–**	**–**
2010					
Variable rate					
Loans due by subsidiaries	203 441	–	203 441	–	–
Loan to Jasco Employee Share Incentive Trust	4 058	4 058	–	–	–
Loan to Maringo	6 818	6 818	–	–	–
Loans due to subsidiaries	(94 086)	–	(94 086)	–	–
Net cash and cash equivalents	(66 403)	(66 403)	–	–	–

32.6 Credit risk management

The group's main exposure to credit risk arises from the group's normal credit sales to customers and certain financing activities.

The group has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Ownership of goods only passes on receipt of payment.

32. Financial instruments *(continued)*

32.6 Credit risk management *(continued)*

In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

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. There is no significant concentration of credit risk, due to the spread of the trade receivables.

Apart from the loan to the Share Incentive Trusts, Leseding Electronic Investments and Maringo (note 13) and the trade receivables (note 15), no financial assets are past due, but not impaired.

32.7 Liquidity management

The group 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. The group 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. It is anticipated that the year end position will be settled within a 45 – 60 day timeframe.

The table below summarises the maturity profile of the group's financial instruments at year end based on carrying amounts:

	Total payment R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	1 to 5 years R'000
Group					
2011					
Loans receivable	**–**	**–**	**–**	**–**	**–**
Trade and other receivables	**196 942**	**64 060**	**129 513**	**3 369**	**–**
Net cash and cash equivalents	**(16 934)**	**–**	**(16 934)**	**–**	**–**
Interest bearing loans and borrowings	**(46 020)**	**–**	**(3 100)**	**(9 299)**	**(33 621)**
Redeemable preference shares	**(100 000)**	**–**	**–**	**–**	**(100 000)**
Trade and other payables	**(140 678)**	**–**	**(140 678)**	**–**	**–**
Derivative financial instruments	**(483)**	**–**	**(483)**	**–**	**–**
Guarantees	**(2 000)**	**(2 000)**	**–**	**–**	**–**
	(109 173)	**62 060**	**(31 682)**	**(5 930)**	**(133 621)**
2010					
Loans receivable	6 822	–	–	–	6 822
Trade and other receivables	138 729	38 848	94 349	5 532	–
Net cash and cash equivalents	(4 639)	–	(4 639)	–	–
Interest bearing loans and borrowings	(39 002)	–	(3 768)	(7 535)	(27 699)
Redeemable preference shares	(100 000)	–	–	–	(100 000)
Trade and other payables	(93 683)	–	(93 683)	–	–
Derivative financial instruments	(164)	–	(164)	–	–
Guarantees	(2 000)	(2 000)	–	–	–
	(93 937)	36 848	(7 905)	(2 003)	(120 877)
Company					
2011					
Amounts owing by subsidiaries	**234 497**	**–**	**17 508**	**–**	**216 989**
Loans receivable	**3 351**	**–**	**–**	**–**	**3 351**
Bank overdraft	**(73 190)**	**–**	**(73 190)**	**–**	**–**
Trade and other payables	**(791)**	**–**	**(791)**	**–**	**–**
Amounts owing to subsidiaries	**(141 783)**	**–**	**(37 697)**	**–**	**(104 086)**
Guarantees	**(4 500)**	**(4 500)**	**–**	**–**	**–**
	17 584	**(4 500)**	**(94 170)**	**–**	**116 254**
2010					
Amounts owing by subsidiaries	214 719	–	11 278	–	203 441
Loans receivable	10 877	–	–	–	10 877
Bank overdraft	(66 403)	–	(66 403)	–	–
Trade and other payables	(1 259)	–	(1 259)	–	–
Amounts owing to subsidiaries	(114 181)	–	(20 095)	–	(94 086)
Guarantees	(4 500)	(4 500)	–	–	–
	39 253	(4 500)	(76 479)	–	120 232

33. Directors' and prescribed officers' emoluments

	Short term benefits			
	Fees for services as a director R	Basic salary R	Fees paid for acceptance of office R	Fees paid for loss of office R
2011				
Non-executive				
(paid by Jasco Electronics Holdings Limited)				
ATM Mokgokong	293 755	–	–	–
MJ Madungandaba	302 148	–	–	–
JC Farrant	188 675	–	–	–
AMF da Silva (10 months)	157 229	–	–	–
JA Sherry	127 574	–	–	–
J Rothbart	307 707	–	–	–
M Malibye (appointed 29 June 2011)	–	–	–	–
	1 377 088	–	–	–
Executive				
(paid by Jasco Electronics Holdings Limited)				
MH Lotz	–	–	–	–
	–	–	–	–
Executive				
(paid by Jasco Trading (Pty) Limited				
AMF da Silva (2 months)	–	415 037	207 519	–
MH Lotz	–	1 764 262	–	900 000
WA Prinsloo	–	1 233 548	–	–
O Seiphemo (10 months)	–	628 883	–	267 112
	–	4 041 730	207 519	1 167 112
Total directors	1 377 088	4 041 730	207 519	1 167 112
Prescribed officers				
(paid by subsidiaries)				
T Vermeulen	–	1 408 119	–	–
C Lamprecht (6,5 months)	–	487 600	–	–
P du Preez (6,5 months)	–	688 773	–	–
T Petje (1 month)	–	102 485	–	–
Total prescribed officers	–	2 686 977	–	–
Total directors and prescribed officers	1 377 088	6 728 707	207 519	1 167 112

	Short term benefits						
	Bonuses and performance-related payments R	Sums paid by way of expense allowance R	Total short term benefits R	Contributions to defined contribution funds R	Contributions under any other benefit scheme R	Share-based payments R	Total R
	–	–	293 755	–	–	–	**293 755**
	–	–	302 148	–	–	–	**302 148**
	–	–	188 675	–	–	–	**188 675**
	–	–	157 229	–	–	–	**157 229**
	–	–	127 574	–	–	–	**127 574**
	–	–	307 707	–	–	–	**307 707**
	–	–	–	–	–	–	**–**
	–	–	1 377 088	–	–	–	**1 377 088**
	–	–	–	–	–	(24 914)	**(24 914)**
	–	–	–	–	–	(24 914)	**(24 914)**
	–	5 356	627 912	32 217	13 150	27 943	**701 222**
	2 751 667	17 110	5 433 039	117 607	92 292	–	**5 642 938**
	150 000	40 705	1 424 253	70 932	92 856	66 553	**1 654 594**
	–	12 945	908 940	34 148	52 006	–	**995 094**
	2 901 667	76 116	8 394 144	254 904	250 304	94 496	**8 993 848**
	2 901 667	76 116	9 771 232	254 904	250 304	69 582	**10 346 022**
	150 000	22 798	1 580 917	108 422	81 309	655 272	**2 425 920**
	–	16 487	504 087	123 899	–	–	**627 986**
	–	16 788	705 561	122 918	–	–	**828 479**
	–	–	102 485	–	2 358	–	**104 843**
	150 000	56 073	2 893 050	355 239	83 667	655 272	**3 987 228**
	3 051 667	132 189	12 664 282	610 143	333 971	724 854	**14 333 250**

33. Directors' and prescribed officers' emoluments *(continued)*

	Short term benefits		
	Fees for services as a director R	Basic salary R	Bonuses and performance-related payments R
2010			
Non-executive			
(paid by Jasco Electronics Holdings Limited)			
ATM Mokgokong	269 500	–	–
MJ Madungandaba	277 200	–	–
JC Farrant	173 096	–	–
AMF da Silva*	106 979	–	–
JA Sherry	117 040	–	–
J Rothbart	–	–	–
PS Chapwanya**	49 280	–	–
JM Matsipa**	39 013	–	–
FE Emary**	56 056	–	–
	1 088 164	–	–
Executive			
(paid by Jasco Electronics Holdings Limited)			
MH Lotz	–	–	–
	–	–	–
Executive			
(paid by Jasco Trading (Pty) Limited)			
MH Lotz	–	1 561 124	–
WA Prinsloo	–	1 028 931	–
O Seiphemo	–	689 169	–
	–	3 279 224	–
Total directors	1 088 164	3 279 224	–
Prescribed officers			
(paid by subsidiaries)			
T Vermeulen	–	1 243 681	–
Total prescribed officers	–	1 243 681	–
Total directors and prescribed officers	**1 088 164**	**4 522 905**	**–**

* Appointed in October 2009.
** These directors resigned/retired in October 2009.

	Short term benefits					
	Sums paid by way of expense allowance R	Total short term benefits R	Contributions to defined contribution funds R	Contributions under any other benefit scheme R	Share-based payments R	Total R
	–	269 500	–	–	–	**269 500**
	–	277 200	–	–	–	**277 200**
	–	173 096	–	–	–	**173 096**
	–	106 979	–	–	–	**106 979**
	–	117 040	–	–	–	**117 040**
	–	–	–	–	–	**–**
	–	49 280	–	–	–	**49 280**
	–	39 013	–	–	–	**39 013**
	–	56 056	–	–	–	**56 056**
	–	1 088 164	–	–	–	**1 088 164**
	–	–	–	–	619 757	**619 757**
	–	–	–	–	619 757	**619 757**
	14 195	1 575 319	113 195	99 461	–	**1 787 975**
	28 076	1 057 007	57 629	93 266	86 315	**1 294 217**
	17 821	706 990	36 532	60 226	15 319	**819 067**
	60 092	3 339 316	207 356	252 953	101 634	**3 901 259**
	60 092	4 427 480	207 356	252 953	721 391	**5 609 180**
	14 949	1 258 630	93 908	72 568	647 349	**2 072 455**
	14 949	1 258 630	93 908	72 568	647 349	**2 072 455**
	75 041	**5 686 110**	**301 264**	**325 521**	**1 368 740**	**7 681 635**

Subsidiary companies

Information in respect of interest in subsidiary companies

	Issued share capital	Effective percentage		Carrying value of shares		Indebtedness by/ (to) subsidiaries	
		2011 %	2010 %	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Trading companies							
Direct							
Jasco Trading (Pty) Limited	4 180	100	100	877	877	46 821	74 341
Jasco Cables Investments (Pty) Limited	543 780	100	100	131 378	131 378	17 456	9 214
Spescom (Pty) Limited		100	N/A	55 823	N/A	–	N/A
Telesciences (Pty) Limited	4 000	85	100	32 392	30 574	12 476	13 858
Indirect							
LeBLANC Jasco (Pty) Limited*	100	50 5	50 5			–	–
WebbLeBLANC Communications (Pty) Limited*	100	50 5	50 5			–	5
Maringo Communications (Pty) Limited#	228	85	36 54		–	10 309	N/A
Tasslelane Services (Pty) Limited#	100	100	100		–	3 137	3 120
Spescom Limited UK†		100	N/A		N/A	–	N/A
Spescom Edge Technologies (Pty) Limited†			N/A		N/A	–	N/A
Spescom Electronics Holdings (Pty) Limited†	20 000	100	N/A		N/A	–	N/A
Spescom Mobile Solutions (Pty) Limited†	13 400	100	N/A		N/A	2 560	N/A
NewTelco SA (Pty) Limited†	100	100	N/A		N/A	–	N/A
Spescom DataFusion (Pty) Limited†	100	100	N/A		N/A	–	N/A
Spescom Global Systems (Pty) Limited†	1 000	100	N/A		N/A	–	N/A
Spescom Properties (Pty) Limited†	100	100	N/A		N/A	–	N/A
Spescom Systems (Pty) Limited†	100	100	N/A		N/A	(45)	N/A
Spescom DataVoice (Pty) Limited†	100	100	N/A		N/A	–	N/A
Spescom Telecommunications (Pty) Limited†	1 380 120	100	N/A		N/A	–	N/A
Spescom Uganda†		100	N/A		N/A	–	N/A
Dormant							
Jasco Tasslelane (Pty) Limited	10	100	100		–	–	–
Plumbago Technologies 53 (Pty) Limited	100	100	100		–	–	–
Multivid (Pty) Limited#	100	100	100		–	–	–
Special Cables (Pty) Limited	500	100	100		–	–	–
Webb Industries (Pty) Limited*	100	100	100		–	–	–
Webb Masts and Towers (Pty) Limited*	100	100	100		–	–	–
Spescom Measuregraph (Pty) Limited†	100	100	N/A		N/A	–	N/A
Spescom Software South Africa (Pty) Limited†	100	100	N/A		N/A	–	N/A
				220 470	162 829	92 714	100 538

Aggregate amounts owing to subsidiaries – loans	(104 086)	(94 086)
Aggregate amounts owing to subsidiaries – current accounts	(37 697)	(20 095)
Aggregate amounts owing by subsidiaries – loans	216 989	203 441
Aggregate amounts owing by subsidiaries – current accounts	17 508	11 278
	92 714	100 538

With the exception of Spescom Limited UK and Spescom Uganda, all the subsidiary companies are registered in South Africa.

**Shares owned by Jasco Trading (Pty) Limited*
 # Shares owned by TeleSciences (Pty) Limited
† Shares owned directly/indirectly by Spescom (Pty) Limited

Attributable profits/(losses) of subsidiaries

Aggregate profits	43 129	68 557
Aggregate losses	(62 430)	(32 511)

Segmental report
at 30 June 2011

Introduction

For management purposes, the group is organised into business units based on their products and services. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

As mentioned in the directors' report, the group restructured its operating segments at year end. Kindly refer to the directors' report for more information on the old and new segments.

New segments

	ICT Carrier division R'000	ICT Enterprise division R'000	Industry Solutions division R'000	Energy Solutions division R'000	**Sub-total operating division R'000**	Other non-operating division R'000	Adjust-ments	**Total**
1. Income and expenses								
2011								
Revenue	331 620	121 640	107 367	1 117 883	1 678 510	6 380	(902 577)	782 313
– external	331 408	120 412	107 243	1 114 747	1 673 810	1 805	(902 577)	773 038
– inter-group	212	1 228	124	3 136	4 700	4 575	–	9 275
Operating profit/(loss)†	29 521	11 213	7 922	55 480	104 136	(42 746)	(32 588)	28 802
Share of income from associate	–	(412)	–	4 918	4 506	–	–	4 506
2. Financial position								
2011								
Assets	259 254	71 720	70 257	475 523	876 754	56 753	(179 005)	754 502
Liabilities	47 734	46 828	13 690	162 485	270 737	242 143	(101 575)	411 305
Capital expenditure	5 751	677	722	6 609	13 759	2 217	(20)	15 956

Note: no comparatives are shown

Old segments

	Telecoms division R'000	Security division R'000	Domestic Products division R'000	Electrical division R'000	**Sub-total operating division R'000**	Other non-operating division R'000	Adjust-ments	**Total**
1. Income and expenses								
2011								
Revenue	453 261	107 367	132 430	1 080 537	1 773 595	7 930	(997 662)	783 863
– external	451 821	107 243	130 209	1 079 622	1 768 895	1 805	(997 662)	773 038
– inter-group	1 440	124	2 221	915	4 700	6 125	–	10 825
Operating profit/(loss)†	40 734	7 922	23 030	30 253	101 939	(42 746)	(30 391)	28 802
Share of income from associate	(412)	–	–	4 918	4 506	–	–	4 506
2010								
Revenue	300 502	121 638	114 474	906 483	1 443 097	9 434	(884 400)	568 131
– external	300 283	121 638	112 704	906 483	1 441 108	2 561	(884 400)	559 269
– inter-group	219	–	1 770		1 989	6 873	–	8 862
Operating profit/(loss)†	16 300	9 372	15 368	59 898	100 938	(8 704)	(59 936)	32 298
Share of income from associate	51	–	–	9 279	9 330	–	–	9 330
2. Financial position								
2011								
Assets	203 547	70 257	60 581	600 461	934 846	56 753	(237 097)	754 502
Liabilities	91 629	13 690	4 875	220 725	330 919	242 143	(161 757)	411 305
Capital expenditure	6 428	722	1 351	5 258	13 759	2 217	(20)	15 956
2010								
Assets	114 894	87 573	69 375	555 987	827 829	223 537	(480 369)	570 997
Liabilities	30 297	21 498	17 088	214 863	283 746	210 819	(215 279)	279 286
Capital expenditure	3 166	1 597	2 156	3 859	10 778	50	(4 228)	6 600

† *Segmental revenue and operating profit of the operating divisions include the interest received and paid relating to the finance lease receivables, but exclude all other interest paid or received and are stated before making adjustment for inter-group administration fees.*

Ordinary share performance and shareholding

Statistical highlights

	2011	2010	2009*	2008	2007	2006
Jasco share price						
Lowest share price (cents)	**70**	115	113	278	230	195
Highest share price (cents)	**155**	210	360	450	350	260
Closing share price (cents)	**101**	126	168	300	295	247
Analysis of Jasco share transactions						
Total number of transactions recorded on JSE	**1 533**	1 054	2 226	3 206	3 044	1 998
Total number of shares traded (000)	**21 219**	7 965	21 008	25 137	17 557	13 925
Total number of shares traded as a percentage of issued shares (%)	**14,5**	7,0	18,4	35,9	25,3	20,0
Total value of shares traded (R'000)	**24 956**	13 045	47 601	95 753	48 507	31 271

Analysis of Jasco shareholding at 30 June 2011

	Number of shareholders	% of total	Number of shares	% of total
Size of shareholding				
1 – 1 000	1 684	48,81%	582 909	0,40%
1 001 – 5 000	902	26,14%	2 478 210	1,69%
5 001 – 10 000	298	8,64%	2 354 750	1,61%
10 001 – 100 000	447	12,96%	13 925 022	9,51%
100 001 and over	119	3,45%	127 058 420	86,79%
	3 450	**100,00%**	**146 399 311**	**100,00%**
Analysis of shareholders				
Class				
– individuals	3 023	87,62%	28 861 373	19,71%
– financial institutions and corporate bodies	427	12,38%	117 537 938	80,29%
	3 450	**100,00%**	**146 399 311**	**100,00%**
Major shareholders (5% or more of shares in issue)				
– AfroCentric Investment Corporation Limited			39 963 793	27,30%
– Community Investment Holdings (Pty) Limited (CIH)**			27 376 750	18,70%
– Vantage Capital$			8 097 166	5,53%
Jasco ordinary shareholders' spread at 30 June 2011				
Non-public				
– BEE partners	5	0,14%	75 437 709	51,53%
– Jasco directors†	2	0,06%	2 227 108	1,52%
– Associates of Jasco directors	1	0,03%	23 000	0,02%
– Jasco Employee Share Incentive Trust	1	0,03%	3 331 838	2,28%
– Spescom Limited Share Trust	1	0,03%	2 528 954	1,73%
	10	0,29%	83 548 609	57,07%
Public	3 440	99,71%	62 850 702	42,93%
	3 450	**100,00%**	**146 399 311**	**100,00%**

† Refer to the directors' report on page 45 for detailed information of the directors' interest in share capital.
** 16 months*
*** CIH's shares are held by Malesela Holdings No 1 (Pty) Limited and the Inkonkoni Trust.*
$ Vantage Capital's shares are held by Vantage Capital Fund Managers (Pty) Limited and Vantage Capital Group (Pty) Limited No. 2

Annexure A

Pro Forma Financial Information of Jasco Electronics Holdings Limited ("Jasco")

The unaudited pro forma like-for-like operating profit of R42,3 million, the unaudited pro forma like-for-like EPS of 20,3 cents and the unaudited pro forma like-for-like HEPS of 20,5 cents disclosed in this Annexure A ("pro forma information"), has been prepared for illustrative purposes only, to provide information on how certain non-operational accounting adjustments and the former Spescom Limited ("Spescom") first time operating profit and earnings contributions (disclosed in this Annexure A), have affected the audited results for the year ended 30 June 2011, and may not give a fair reflection of the Company's results of operations for the year ended 30 June 2011 or the effect on the future earnings of Jasco.

The pro forma information has been prepared using the accounting policies that comply with IFRS and that are consistent with those applied in the published audited results for the year ended 30 June 2010. The directors of Jasco are responsible for the compilation, contents and preparation of the pro forma financial information and for the financial information from which it has been prepared. The directors' responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Jasco and the pro forma adjustments are appropriate for the purposes of pro forma financial information in terms of the JSE Listings Requirements.

The pro forma financial information should be read in conjunction with the report of the independent reporting accountants, Ernst & Young Inc, which is available for inspection at Jasco's registered office.

Pro Forma effects

(R'000)	Note	Audited 30 Jun 2011	Audited 30 Jun 2010	% change
Audited Operating Profit as reported (BEFORE)	1	28 802	32 298	(11)
Pro forma adjustments (to adjust for non-operating effects):		20 143	(2 578)	
1. Spescom acquisition costs	2, 10	3 478	–	
2. Spescom gain on bargain purchase	3	(31 714)	–	
3. M-TEC impairment taken	4	31 932	21 565	
4. Fair value gain on disposal of joint venture	5	–	(24 143)	
5. Once off merger restructuring costs	6, 10	9 307	–	
6. Fair value loss on disposal of associate	7	2 787	–	
7. Impairment of trade names	8	4 353	–	
Sub-total		48 945	29 720	65
Pro forma adjustment (to adjust for Spescom's six-month operating profit)	9, 10	(6 647)	–	
Unaudited pro forma like-for-like Operating Profit (AFTER)		42 298	29 720	42
% Change from BEFORE to AFTER		47	(8)	
Audited Earnings as reported (BEFORE)	1	9 526	21 271	(55)
Pro forma adjustments (to adjust for non-operating effects):		17 706	(2 578)	
1. Spescom acquisition costs	2, 10	3 478	–	
2. Spescom gain on bargain purchase	3	(31 714)	–	
3. M-TEC impairment taken	4	31 932	21 565	
4. Fair value gain on disposal of joint venture	5	–	(24 143)	
5. Once off merger restructuring costs	6, 10	6 870	–	
6. Fair value loss on disposal of associate	7	2 787	–	
7. Impairment of trade names	8	4 353	–	
Sub-total		27 232	18 693	46
Pro forma adjustment (to adjust for Spescom's six-month earnings)	9, 10	(4 621)	–	
Unaudited pro forma like-for-like Earnings (AFTER)		22 611	18 693	21
% Change from BEFORE to AFTER		137	(12)	
		–	–	
Actual EPS (in cents) (BEFORE)		7,8	19,1	(59)
Unaudited pro forma like-for-like EPS (in cents) (AFTER)	11	20,3	16,8	21
% Change from BEFORE to AFTER		161	(12)	

Pro Forma effects continued

(R'000)	Note	Audited 30 Jun 2011	Audited 30 Jun 2010	% change
Audited Headline Earnings as reported (BEFORE)	1	17 190	18 499	(7)
Pro forma adjustments (to adjust for non-operating effects):		10 348	–	
1. Spescom acquisition costs	2, 10	3 478	–	
2. Once off merger restructuring costs	6, 10	6 870	–	
Sub-total		27 538	18 499	49
Pro forma adjustment (to adjust for Spescom's six-month earnings)	9, 10	(4 621)	–	
Unaudited pro forma like-for-like Headline Earnings (AFTER)		22 917	18 499	24
% Change from BEFORE to AFTER		33	–	
Actual HEPS (in cents) (BEFORE)		14,0	16,6	(16)
Unaudited pro forma like-for-like HEPS (in cents) (AFTER)	12	20,5	16,6	24
% Change from BEFORE to AFTER		47	–	
Weighted average number of shares in issue ('000) (BEFORE)		122 745	111 557	10
Pro forma adjustments		11 188	–	
Weighted average number of shares in issue ('000) (AFTER)	11, 12	111 557	111 557	
% Change from BEFORE to AFTER		10	–	

Notes

1. Extracted from the audited financial statements of Jasco for the year ended 30 June 2011, the abridged version of which was published in the provisional audited results announcement to be published by Jasco on SENS on 27 September 2011.
2. Adjustment to reflect the once-off transaction costs of R3,5 million incurred by Jasco in connection with Jasco's acquisition of a 100% interest in the former Spescom Limited ("Spescom") on 15 December 2010. The R3,5 million transaction costs are of a capital nature and therefore are not deductable for income tax purposes.
3. Adjustment to reflect the once-off R31,7 million fair value gain on the Spescom acquisition in terms of IFRS 3 (Revised): Business Combinations. For purposes of the purchase price allocation exercise performed on the date of the Spescom acquisition of 15 December 2010, the fair value of the underlying assets and liabilities of Spescom was estimated by an independent professional advisor to be R87,5 million. As the purchase price was only R55,8 million, being the cash consideration of R11.8 million and the 31 889 901 new Jasco shares issued at the ruling Jasco share price of 138 cents on 15 December 2010 (equates to R44,0 million), a fair value gain of R31,7 million arose. There are no tax effects.
4. Adjustment to reflect a further once-off R31,9 million impairment of Jasco's investment in M-TEC. The Company processed this further impairment of Jasco's investment in cable manufacturer M-TEC of R31,9 million due to taking a more prudent view on the timing of any recovery in the future. There are no tax effects.
5. Adjustment to reflect the once-off R24,1 million fair value gain on the disposal of the WebbLeBLANC Communications (Proprietary) Limited joint venture on 1 March 2010 in terms of IFRS 3 (Revised): Business Combinations. Refer to Note 9 on page 58 of the June 2010 Annual Report.
6. Adjustment to reflect the once-off merger restructuring costs of R9,3 million (pre-tax) or R6,9 million (post-tax) incurred by Jasco in connection with the merger of the Jasco and Spescom head offices and the restructuring of the operating divisions. These costs include once-off restructuring costs of R3,4 million (pre-tax) and retrenchment & management change costs of R5,8 million (pre-tax). A portion of these costs are of a capital nature and therefore are not deductable for income tax purposes.
7. Adjustment to reflect a once-off R2,8 million fair value loss on the disposal of the associate, Maringo Communications (Proprietary) Limited ("Maringo"), on 1 January 2011 in terms of IFRS 3 (Revised): Business Combinations. This adjustment arose due to requirements of IFRS 3 being applied as a consequence of the acquisition of 100% of Maringo by Telesciences (Proprietary) Limited ("Telesciences") for a purchase consideration of R8 million, discharged by the issue of new ordinary shares in Telesciences to the executive minority shareholders. Consequently Jasco's ownership stake in Telesciences reduced from 100% to 85% with effect from 1 January 2011. There are no tax effects.
8. Adjustment to reflect the once-off R4,4 million impairment of the "Spescom Telecommunications" and "Spescom MediaIT" trade names following the decision by the Jasco board on 29 June 2011 to terminate the use thereof, as a consequence of restructuring the enlarged Jasco group. There are no tax effects.
9. Adjustment to exclude the first time six-month earnings contribution by Spescom of R4,6 million (post-tax). This will have a continuing effect.
10. The adjustments set out in notes 2, 6 and 9 have been extracted from the unaudited management accounts of the Group for the year ended 30 June 2011. The Company is satisfied with the quality of the unaudited management accounts from which the pro forma adjustments made to EPS and HEPS contained in this trading statement, have been derived.
11. Unaudited pro forma like-for-like Earnings per share is based on unaudited pro forma like-for-like Earnings shown above and 111,557,397 shares, being the pro forma weighted average number of shares in issue during the year ended 30 June 2011, less treasury shares and reflects the weighted adjustment (of 11,188,000 shares) to reverse the issue of 31 889 901 new Jasco ordinary shares that were issued on 24 January 2011 pursuant to the acquisition of Spescom.
12. Unaudited pro forma like-for-like Headline Earnings per share is based on unaudited pro forma like-for-like Headline Earnings shown above and 111,557,397 shares, being the pro forma weighted average number of shares in issue during the year ended 30 June 2011, less treasury shares and reflects the weighted adjustment (of 11,188,000 shares) to reverse the issue of 31 889 901 new Jasco ordinary shares that were issued on 24 January 2011 pursuant to the acquisition of Spescom.

Annexure B

27 September 2011

The directors
Jasco Electronics Holdings Limited
Cnr 2nd Street and Alexandra Ave
Midrand
1632

Dear Sirs,

Independent reporting accountant's assurance report on the unaudited *pro forma* financial information of Jasco Electronics Holdings Limited ("Jasco")

Introduction

We have performed our limited assurance engagement in respect of the unaudited *Pro Forma* financial information (the **"*Pro Forma* Financial Information"**) as set out in Annexure A to the Integrated Annual Report to Jasco shareholders for the year ended 30 June 2011 (**"the Integrated Annual Report"**), dated 27 September 2011. The *Pro Forma* Financial Information has been prepared in accordance with the listings requirements of the JSE Limited (the "JSE Listings Requirements"), for illustrative purposes only, to provide information about the like for like operating profit for the year ended 30 June 2011, and the like for like EPS and HEPS for the year ended 30 June 2011.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information contained in Annexure A to the Integrated Annual Report, and for the financial information from which it has been prepared. The directors' responsibility includes determining that: the *Pro Forma* Financial Information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Jasco; and the *pro forma* adjustments are appropriate for the purposes of the *Pro Forma* Financial Information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the Pro *Forma Financial* Information included in Annexure A to the Integrated Annual Report. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *Pro Forma* Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *Pro Forma* adjustments in light of the accounting policies of Jasco, considering the evidence supporting the *Pro Forma* adjustments, and discussing the adjusted *Pro Forma* Financial Information with the directors of the company.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Jasco and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of sections 8.17 and 8.33 of the JSE Listings Requirements:

- the unaudited *Pro Forma* Financial Information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of Jasco, and
- the adjustments are not appropriate for the purposes of the *Pro Forma* Financial Information as disclosed.

Consent

We consent to the inclusion of this report, which will form part of the Integrated Annual Report in the form and context in which it will appear.

Yours faithfully

Ernst & Young Inc.

Registered Auditors

Per: Allister Carshagen
Director
Wanderers Office Park
52 Corlett Drive
Illovo

Corporate partners

Secretary and registered office

MN Sepuru
Jasco Park
C/O Alexandra Avenue & Second Road
Midrand, Halfway House
1685

Transfer secretaries

Link Market Services South Africa (Pty) Limited
13th Floor Rennie House
19 Ameshoff Street
Braamfontein
2001

Auditors

Ernst & Young Inc.
Registered Auditor
Wanderers Office Park
52 Corlett Drive
Illovo 2196

Sponsor

Grindrod Bank Limited
Building 3, 1st Floor, North Wing, Commerce Square
39 Rivonia Road, Corner Helling Road
Sandton 2196

Commercial bankers

The Standard Bank of South Africa Limited
Corporate and Investment Banking
3 Simmonds Street
Johannesburg 2001

First National Bank of South Africa Limited
FNB Corporate
Corner Pritchard and Simmonds Streets
Johannesburg 2001

Shareholders' diary

Annual general meeting	22 November 2011
Reports	
Interim for half year to 31 December 2010	Published 23 March 2011
Provisional audit results for the year to 30 June 2011	Published 27 September 2011
Annual integrated report posting date	25 October 2011

Notice of annual general meeting

Notice is hereby given to shareholders as at 25 October 2011, being the record date to receive the notice of annual general meeting, that the twenty third annual general meeting of the members of the company will be held in the company's boardroom, Jasco Office Park, Cnr Alexandra and Second Road, Midrand, on Tuesday 22 November 2011, at 11:00 for the purpose of considering the following business and if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, Act 71 of 2008 ("the Act") and which meeting is to be participated in and voted at by shareholders registered as such at 17 November 2011, being the record date to participate in and vote at the annual general meeting in terms of section 62(3)(a), read with section 59(1)(b) of the Act.

Shareholders are advised that Jasco Electronics Holdings Limited ("Jasco") will be reviewing its existing constitutional documents, being its Memorandum of Incorporation within the required period to align it with the provisions of the Act. A new Memorandum of Incorporation will be drafted during 2012 and will be brought before the shareholders meeting for final approval. Until such time the new Memorandum of Incorporation is approved by shareholders, Jasco will continue to operate in accordance with the Act and its existing constitutional documents.

In the event of inconsistencies between the constitutional documents and the Act, the constitutional documents will prevail except to the extent that the Act explicitly provide otherwise.

Reference made to the "Memorandum of Incorporation" of the company in this notice of the annual general meeting, means the Memorandum and Articles of Association of the company as it existed prior to the commencement of the Act on 1 May 2011. As of 1 May 2011, the Memorandum of Association and Articles of Association of a preexisting company are deemed to be the "Memorandum of Incorporation" of a company in terms of the definition of "Memorandum of Incorporation" contained in Section 1 of the Act. Accordingly, we refer to the "Memorandum of Incorporation" of the company throughout the document, instead of the "Memorandum and Articles of Association" of the company.

Section 63(1) of the Act – Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

1. **Ordinary resolution number 1**
   Approval of annual financial statements

   To receive and adopt the annual financial statements of the company and the group for the year ended 30 June 2011.

   Resolved that, the group annual financial statements for the year ended 30 June 2011, including the directors' report and the report of the auditors, be received and adopted.

2. To elect by separate resolutions, directors in accordance with the provisions of company' Memorandum of Incorporation and the Act, which provide that:
   - At each general meeting of the company, one-third of the directors, being those who have been longest in service since their last election, shall retire from office, but such directors may offer themselves for re-election; and
   - the directors appointed by the board of directors since the last annual general meeting, shall be eligible for re-election at the next annual general meeting.

   Brief curriculum vitae's of each director standing for election or re-election are detailed on pages 8 and 9 of the integrated annual report.

2.1 **Ordinary resolution number 2**
To elect Mr MJ Madungandaba who retires by rotation and is eligible and available for re-election.

2.2 **Ordinary resolution number 3**
To elect Dr J Rothbart who retires by rotation and is eligible and available for re-election.

2.3 **Ordinary resolution number 4**
To elect Sir JA Sherry who retires by rotation and is eligible and available for re-election.

2.4 **Ordinary resolution number 5**
Ms M Malebye in ratification of an appointment by the board of directors on 29 June 2011; is eligible and available for election.

2.5 **Ordinary resolution number 6**
Mr H Moolla in ratification of an appointment by the board of directors on 5 August 2011, is eligible and available for election.

3. To appoint at the recommendation of the Nominations Committee and the Board the members of the Group Audit and Risk Committee in accordance with the Act and King Code III, 2009. The board has determined that each of the members standing for appointment is independent in accordance with the requirements of the Act and that they possess the required qualifications and experiences as determined by the board.

Notice of annual general meeting continued

3.1 Ordinary resolution number 7

Upon the Board recommendation, that the shareholders elect Mr JC Farrant as an independent non-executive director and as a member of the audit and risk committee.

3.2 Ordinary resolution number 8

Upon the Board recommendation, that the shareholders elect Ms M Malebye as an independent non-executive director and as a member of the audit and risk committee.

3.3 Ordinary resolution number 9

Upon the Board recommendation, that the shareholders elect Mr H Moolla as an independent non-executive director and as a member of the audit and risk committee.

4. Ordinary resolution number 10 Re-appointment of auditors

To re-appoint Ernst & Young Inc. as external auditors, with the designated audit partner Mr A Carshagen, as independent auditors of the Company and of the group until the next annual general meeting and that their remuneration for the past audit be determined by the directors.

5. Ordinary resolution number 11 Remuneration policy

The Board submits the Remuneration Policy for a non-binding vote of shareholders. The Remuneration Policy is contained on page 27 of this integrated annual report of which this notice forms part.

6. Ordinary resolution number 12 control of authorised but unissued shares

Resolved that the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time at their discretion deem fit, subject to the provisions of the Act, the Memorandum of Incorporation of the Company and the JSE Listing Requirements.

- this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 (fifteen) months from the date of passing of this ordinary resolution
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties
- upon any issue of shares which, together with prior issues during any financial year, will constitute 5% (five percent) or more of the number of shares of the class in issue, the company shall, by way of a paid press announcement in terms of the JSE Listing Requirements, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the company's directors
- that issues in the aggregate in any one financial year may not exceed 15% (fifteen percent) of the number of that class of the company's issued shares (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced
- the maximum discount at which securities may be issued is 10% (ten percent) of the weighted average traded price of those securities over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors.

As special resolutions

As special business, to consider and if deemed fit, pass with or without modification the following special resolutions:

7. Special resolution number 1 Authorisation of non-executive directors' remuneration

To approve the remuneration to be paid to the non-executive directors for the financial year ending 30 June 2012, details of which are as follows:

Chairman	351 644
Deputy Chairman	341 427
Audit and Risk Committee Chairman	270 000
Remuneration Committee Chairman	265 000
Member of Audit and Risk Committee	220 000
Member of Remuneration Committee and Nominations Committee	163 127
Member of the board	144 159

Explanatory Note:

In terms of Section 66(8) and (9) of the Act, which took effect on 1 May 2011, remuneration may only be paid to directors, for their service as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company's Memorandum of Incorporation.

Special resolution number 1 is required in order to obtain the approval of the company, at a general meeting, for the remuneration payable to the independent and non-independent non-executive directors for the period commencing immediately until the next annual general meeting. Increases in remuneration are implemented only after formal approval by shareholders.

The percentage of voting rights required for special resolution number 1 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution.

8. Special resolution number 2 General authority to provide financial assistance to related companies and inter-related companies

To resolve as a Special Resolution that subject to compliance with the Memorandum of Incorporation of the Company, the JSE Listing Requirements and the Act, the shareholders approve that the company may provide direct or indirect financial assistance to a related or interrelated company or corporation provided that such financial assistance may only be provided within two years from the date of the adoption of this special resolution and subject further to the terms and conditions of Section 44 and/or Section 45 of the Act as the case may be. Prior to the introduction of the Act, the company provided loans and guarantees for loans and other obligations to subsidiaries and group companies and would like to continue to do so in terms of the new Act and when required.

The directors hereby undertake that prior to the company providing the financial assistance, the company will have satisfied the solvency and liquidity test as set in Section 4 of the Act and that the terms under which the financial assistance is proposed and given are fair and reasonable.

Explanatory Note:

Section 44

The reason for and effect of acquiring this special resolution contemplated under Section 44 of the Act is to grant the board of directors of the company the authority to authorise the company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, subject to the provisions of Section 44.

Section 45

The reason for and effect of this special resolution is to grant the board of directors of the company the authority to authorise the company to provide direct or indirect financial assistance as contemplated in Section 45 of the Act to a related or inter-related company or corporation, or to a member of a related or inter-related or corporation, or to a person related to any such company or corporation so that the recipient of the financial assistance can meet its operational obligations and expenditure subject to the provisions of Section 45. Notice will be provided to shareholders of the company in terms of Section 45(5) of the Act, of a resolution adopted by the Board authorising the company to provide such direct or indirect financial assistance. This Notice will also be provided to any trade union representing any employees of the company:

(a) By the time that this notice of an annual general meeting is delivered to shareholders, the Board will have adopted a resolution ("the Section 45 Board Resolution") authorising the company to provide, at any time and from time to time during the period of 2 (two) years commencing on the date of adoption of this special resolution number 2, any direct or indirect financial assistance, as contemplated in Section 45 of the Act to any one or more related or inter-related companies or corporations of the company and/or to anyone or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation.

(b) This Section 45 Board Resolution will be effective, only if and to the extent that special resolution number 2, pertaining to the Section 45 financial assistance, is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the Board being satisfied that
   (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in Section 45(3)(b)(i) of the Act, and that
   (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in Section 45(3)(b)(ii) of the Act.

(c) The Section 45 Board Resolution contemplates that such financial assistance may in aggregate exceed one-tenth of 1% of the company's net worth at the date of adoption of such resolution, and as such the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the company. Such notice will also be provided to any trade union representing any employees of the company.

The percentage of voting rights required for special resolution number 3 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution.

9. Special resolution number 3
General authority to repurchase shares

To resolve by way of general authority that the company or any of its subsidiaries from time to time, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, subject to the Memorandum of Incorporation of the company; the provisions of the Act and the JSE Listings Requirements (as presently constituted and which may be amended from time to time); the directors of the company be and are hereby authorised at their discretion to procure that the company or subsidiaries of the company may acquire by repurchase on the JSE ordinary shares issued by the company provided:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior under-standing or arrangement between the company or any of its sub-sidiaries and the counterparty
- this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution
- a paid press announcement will be published as soon as the company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, and in respect of every 3% (three percent) thereafter, which announcement shall contain full details of such acquisitions
- acquisitions by the company's ordinary shares in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority
- subsidiaries of the company may acquire, in aggregate, no more than 10% (ten percent) of the company's issued ordinary share capital at any one time
- in determining the price at which the company's ordinary shares are acquired by the company or any of its subsidiaries in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the company or any of its subsidiaries
- the company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf
- the company or any of its subsidiaries may not re-purchase securities during a prohibited period, as defined in the JSE Listing Requirements

The reason for special resolution number 3 is to grant the company or any of its subsidiaries a general authority in

terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Information required in terms of the JSE Listings Requirements with regard to this general authority for the company or any of its subsidiaries to repurchase the company's securities appears in the annual financial statements, to which this notice of annual general meeting is annexed, as indicated below:

- Directors and management of the company: pages 8 to 11.
- Major shareholders: page 94.
- Share capital: page 74.
- Directors' interest in share capital: page 45.

The directors, whose names are given on pages 8 and 9 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no 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 the annual report and notice of the annual general meeting contains all information required by the JSE Listing Requirements.

There has been no material change in the financial or trading position of the company or any of its subsidiaries since 30 June 2010.

There are no legal or arbitration proceedings, either pending or threatened against the company or its subsidiaries, of which the directors are aware, which may have, or have had in the last 12 months, a material effect on the financial position of the company or its subsidiaries.

Pursuant to and in terms of the JSE Listings Requirements, the directors of the company hereby state:

I. That the intention of the company and/or any of its subsidiaries is to utilise the authority if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take into account, inter alia, an appropriate capitalisation structure for the company, the long term cash needs of the company, and will ensure that any such utilisation is in the interest of shareholders

II. That the method by which the company and/or any of its subsidiaries intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined

III. That after considering the effect of a maximum permitted repurchase of securities, the company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the JSE Listing Requirements. Nevertheless, at the time that the contemplated repurchase is to take place, the directors of the company will ensure that:

- The company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting
- The assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these audited annual group financial statements
- The share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting
- The working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting
- The company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listing Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Voting

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than by own-name registration, who wish to attend the annual general meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Proxies

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

Shareholders who hold their shares in certificated form or who are own-name registered dematerialised shareholders who are unable to attend the annual general meeting, but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretaries, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001, by no later than 11:00 on Friday, 18 November 2011.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own-name registration, who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

By order of the board

MN Sepuru
Company secretary

Midrand

25 October 2011

Form of proxy

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

For use ONLY by certificated shareholders and own-name dematerialised shareholders at the annual general meeting of Jasco shareholders to be held in the company's boardroom, Corner Alexandra Avenue and Second Road, Halfway House, Midrand, at 11:00 on Tuesday, 22 November 2011 or such later time that may be applicable ("the annual general meeting").

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

I/We	of
(Please print name in full)	(address)
being the registered holder/s of	ordinary shares in Jasco, hereby appoint (refer note 1):
1.	or failing him/her,
2.	or failing him/her,

3. the chairman of the annual general meeting,

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

As ordinary resolutions		In favour of*	Against*	Abstain*
1. To approve and adopt the financial statements and group financial statements.				
2. To elect Mr MJ Madungandaba who retires by rotation and is eligible and available for re-election.				
3. To elect Dr J Rothbart who retires by rotation is eligible and available for re-election.				
4. To elect Sir JA Sherry who retires by rotation is eligible and available for re-election.				
5. To ratify the appointment of Ms M Malebye, appointment by the board of directors on 29 June 2011 is eligible and available for election.				
6. To ratify the appointment of Mr H Moolla, appointment by the board of directors on 5 August 2011 is eligible and available for election.				
7. Upon the Board recommendation, to elect Mr JC Farrant as an independent non-executive director and as the member of the audit and risk committee.				
8. Upon the Board recommendation, to elect Ms M Malebye as an independent non-executive director and as the member of the audit and risk committee.				
9. Upon the Board recommendation, to elect Mr H Moolla as an independent non-executive director and as the member of the audit and risk committee.				
10. To re-appoint Ernst & Young Inc. as external auditors, with the designated audit partner Mr A Carshagen, as independent auditors of the Company and of the group until the next annual general meeting and that their remuneration for the past audit be determined by the directors.				
11. To approve the Group's Remuneration Policy for a non-binding vote of shareholders. The Remuneration Policy is contained on page 27 of this integrated annual report of which this notice form part.				
12. To place the unissued shares under the directors' control.				
As special resolutions:				
1. To approve the remuneration to be paid to the non-executive directors for the financial period ending 30 June 2012, details of which are as follows:				
	2012			
Chairman	351 644			
Deputy Chairman	341 427			
Audit and Risk Committee Chairman	270 000			
Remuneration Committee Chairman	265 000			
Member of Audit and Risk Committee	220 000			
Member of Remuneration Committee and Nominations Committee	163 127			
Member of the board	144 159			
2. To approve the general authority to provide financial assistance to related companies and inter-related companies.				
3. To renew the general authority granted to directors to repurchase shares.				

* *Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of shares held in respect of which you desire to vote (refer note 2).*

Signed at on 2011

Signature

Assisted by me (where applicable)

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

Please read the notes on page 104

Notes to the form of proxy

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

1. A Jasco shareholder may insert the name of a proxy or the names of two alternative proxies of the Jasco shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the Jasco shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Jasco shareholder or his/her proxy is not obliged to use all the votes exercisable by the Jasco shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this proxy form when it is signed.

4. The completion and lodging of this form of proxy will not preclude the relevant Jasco shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of Jasco or waived by the chairman of the annual general meeting of Jasco shareholders.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Jasco.

8. Forms of proxy must be received by the transfer secretaries, Link Market Services South Africa (Pty) Limited, at 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001 or the Company Secretary at Corner Alexandra Avenue & Second Road, Halfway House, Midrand 1685 (PO Box 860, Wendywood 2144), by no later than 11:00 on Friday, 18 November 2011, being no later than 48 (forty–eight) hours before the annual general meeting to be held at 11:00 on 22 November 2011.

9. Documentary evidence of all meeting participants, including proxies, must be attached to this proxy, unless previously recorded by the Company Secretary. CSDP's or brokers registered, voting on behalf or at the instruction of the from beneficial owners of shares registered, are requested that they identify the beneficial owners in the register on whose behalf they are voting and return a copy of the instruction of such owner to the Company Secretary or to the Transfer Secretaries, Link Market Services.

10. The chairman of the annual general meeting may accept or reject any form of proxy, in her/his absolute discretion, if it is completed other than in accordance with these notes.

11. If required, additional forms of proxy are available from the transfer secretaries of Jasco.

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

STUDIO 5

JASCO
INSPIRE.INNOVATE.

Jasco Park, C/O 2nd Road & Alexandra Avenue, Halfway House, Midrand 1685
Tel No +27 11 266 1500 Fax No +27 11 266 1532
www.jasco.co.za