JASCO
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ANNUAL FINANCIAL STATEMENTS 2016

40 YEARS OF EXCELLENCE
1976 - 2016

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ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

TO THE SHAREHOLDERS OF JASCO ELECTRONICS HOLDINGS LIMITED

The directors are required in terms of the Companies Act, 2008, as amended, of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate 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 consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, No. 71 of 2008, as amended and the Listings Requirements of the JSE Limited. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year. The directors take full responsibility for the preparation of the consolidated and separate financial statements.

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.

Based on the information and explanations given by management, the directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate 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 ensuing 12 months from the approval of these annual financial statements and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on page 2 in the annual financial statements, which are available on the website www.jasco.co.za.

The consolidated and separate annual financial statements set out on pages 3 to 56, 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
16 September 2016

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF JASCO ELECTRONICS HOLDINGS LIMITED

Report on the financial statements

We have audited the consolidated and separate annual financial statements of Jasco Electronics Holdings Limited set out on pages 8 to 55, which comprise the statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate annual 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated and separate 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 group'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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of Jasco Electronics Holdings Limited and its subsidiaries as at 30 June 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the directors' report, the audit and risk committee's report and the company secretary's certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young has been the auditor of Jasco Electronics Holdings Limited for 29 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director, David Ian Cathrall
Registered Auditor (RA)
Chartered Accountant (SA)

Johannesburg
16 September 2016

COMPANY SECRETARY'S CERTIFICATION

I, the group company secretary, certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No. 71 of 2008, as amended, and that all such returns are true, correct and up-to-date.

CD du Plessis
Group company secretary

Midrand
16 September 2016

AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2016

Jasco's independent audit and risk committee ("the committee") is pleased to submit its report to the shareholders for the financial year ended 30 June 2016 in accordance with section 94(7)(f) of the South African Companies Act of 2008.

Introduction

The committee's duties and objectives is governed by a formal charter which is in line with the Companies Act and King III requirements. This independent statutory committee is appointed by Jasco's board of directors, which has delegated duties and responsibilities to the committee.

Composition, meeting and assessments

The committee consists of three independent non-executive directors who meet at least four times per year as per the committee's mandate and charter. Biographical details of the committee members are provided below and the fees paid to the committee members are outlined on pages 46 and 47.

The group's chief executive officer, chief financial officer, group financial executive, outsourced internal auditors and independent external auditors attend meetings by invitation.

During the year under review, four meetings were held:

Name of member	8 September 2015	17 November 2015	2 February 2016	7 June 2016
Mr JC Farrant	Present	Present	Present	Present
Mr H Moolla	Present	Present	Present	Present
Sir JA Sherry	Present	Present	Present	Present

Audit and risk committee mandate

The committee is governed by a formal charter adopted and approved by the board, which is reviewed annually. The board supports and endorses the committee, which operates independently of management and is free of any organisational influence. The provisions of the Companies Act together with the King III requirements and best practice are incorporated in the charter. The charter guides the committee in terms of its role, responsibilities and duties.

The 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's charter prescribes that the effectiveness of the committee, its chairman and individual members are annually assessed and evaluated by the board chairman. No significant issues that require improvement were highlighted during the most recent evaluation conducted in 2016. The committee is satisfied that it has fulfilled all its statutory duties and duties assigned to it by the board during the financial year under review, as further detailed below.

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 workplan and monitored adherence of internal audit to its annual plan;
- Reviewed the reports of both internal and external auditors detailing their findings 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 group and the level of adoption of the group policies and procedures within each operating division;
- Nominated for appointment Ernst & Young Inc. and Mr Dave Cathrall as auditors of the company and the group for the current financial year and Mr Gerwin Weinreich for the next financial year;
- The committee considered the proposed external audit fees and approved the group audit fees in consultation with group management. The committee is responsible for determining the nature and extent of any non-audit services that the external auditors may provide to the group and pre-approve any proposed contract with the external auditors for the provision of non-audit services to 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 committee is satisfied that the external auditors are independent of the group and are thereby able to conduct their audit functions without any influence from the group;

- The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations;
- The committee has satisfied itself that the group chief financial officer, Mr WA Prinsloo, has the appropriate expertise and experience to act in his capacity;
- The committee is responsible for considering and making recommendations to the board relating to the group's Integrated Annual Report, the financial statements and any other reports (with reference to the financial affairs of the group) for external distribution or publication, including those required by any regulatory or statutory authority. The Integrated Annual Report of the company for the year under review has been approved by the board upon the recommendation of the committee.

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 reviews the results of all material operating subsidiary companies in detail with the external auditors and the management of respective subsidiaries.

JC Farrant
Audit and risk committee chairman

Midrand
16 September 2016

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2016

The directors have pleasure in submitting their report on the activities of the group and the company for the year ended 30 June 2016.

Nature of the business

The trading activities of the group companies are divided into four main business segments, namely Carrier, Enterprise, Intelligent Technologies and Electrical Manufacturers.

Financial results

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

Going concern

The consolidated and separate 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.

The board has considered all operational and financial-related activity and forecasts for the ensuing 12 months from the approval of these annual financial statements.

Plant and equipment

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

Share capital

The authorised share capital is 750 000 000 ordinary shares and 29 884 633 redeemable preference shares. The issued share capital is 229 319 191 ordinary shares.

For further information on the Jasco ordinary shareholders' spread, refer to page 56.

Share incentive scheme

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 32 759 885 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 8 735 969 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 note 18.1 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

Details of the present directorate of the company are set out on pages 26 to 27 of the Integrated Annual Report. In terms of the memorandum of incorporation of the company, Mr MJ Madungandaba and Mr H Moolla retire at the forthcoming annual general meeting and are eligible for re-election. Sir JA Sherry retired from the board on 13 September 2016.

Subsidiary companies

Details are given on page 22.

Borrowings

In terms of the memorandum of incorporation, 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 2016, the total borrowings less cash resources was R117 279 000 (2015: R187 276 000). At 30 June 2016, the group had approved general banking facilities of R121 860 000 (2015: R126 796 000).

Subsequent events

The directors are not aware of any material changes of circumstances or facts occurring between the accounting date and the date of this report, apart from the dividends declared.

Special resolutions

The following special resolutions were passed at the previous annual general meeting:

- Non-executive directors' remuneration
- Financial assistance to a related or inter-related company or companies.

Dividend

Dividend number 22 of 2 cents per share was declared on 13 September 2016. The record date will be 14 October 2016.

Directors' interests in share capital

At the close of business on 30 June 2016, the interests of the directors in the issued share capital of the company amounted to:

	2016	2015
Direct – Beneficial		
JC Farrant	**150 000**	150 000
H Moolla	**14 918**	14 918
JA Sherry	**2 077 108**	2 077 108
MSC Bawa	**50 509**	50 509
AMF da Silva	**8 491 106**	7 162 288
WA Prinsloo	**4 863 711**	4 003 830
Indirect – Beneficial		
MJ Madungandaba	**19 163 725**	19 163 725
ATM Mokgokong	**8 213 025**	8 213 025
MSC Bawa	**3 538 815**	3 538 815
Indirect – Non-beneficial		
JC Farrant	**5 500**	5 500
Total	**46 568 417**	44 379 718

Options	2016	2015
Direct – Beneficial		
AMF Da Silva	**–**	1 463 993
WA Prinsloo	**–**	580 000
Total	**–**	2 043 993

As announced on SENS on 14 June 2016, AMF da Silva and WA Prinsloo were awarded 1 328 818 and 834 881 shares respectively at 81 cents per share on 13 June 2016 by the Jasco Employee Share Incentive Trust.

As announced on 30 June 2015, AMF da Silva and WA Prinsloo were awarded 5 892 288 and 3 253 830 shares respectively at 55 cents per share on 2 June 2015 by the Jasco Employee Share Incentive Trust.

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

Prescribed officers' interest in share capital

Options	2016	2015
Direct – Beneficial		
M Janse van Vuuren	**2 394 488**	1 658 942

As announced on SENS on 30 June 2016, M Janse van Vuuren was awarded 735 546 options at 81 cents per share on 28 June 2016 by the Jasco Employee Share Incentive Trust.

As announced on 30 June 2015, M Janse van Vuuren was awarded 1 021 942 options at 55 cents per share on 2 June 2015 by the Jasco Employee Share Incentive Trust.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Revenue	4	**1 076 429**	1 123 818	**4 089**	3 784
Turnover		**1 070 033**	1 117 431	**–**	–
Cost of sales		**(759 558)**	(792 811)	**–**	–
Profit before other income and expenses		**310 475**	324 620	**–**	–
Other income		**12 746**	19 133	**8 604**	7 776
Selling and distribution costs		**(2 137)**	(1 443)	**–**	–
Administrative expenses		**(205 990)**	(227 330)	**(7 757)**	(9 345)
Other expenses		**(73 417)**	(187 436)	**(281)**	(64 214)
Operating profit/(loss)		**41 677**	(72 456)	**566**	(65 783)
Finance income	5	**6 396**	6 387	**4 089**	3 784
Finance costs	5	**(21 596)**	(22 433)	**(16 309)**	(9 150)
Equity accounted share of loss from associate	11	**–**	(689)	**–**	–
Profit/(loss) before taxation	5	**26 477**	(89 191)	**(11 654)**	(71 149)
Taxation	6	**(10 534)**	6 343	**261**	397
Profit/(loss) for the year		**15 943**	(82 848)	**(11 393)**	(70 752)
Other comprehensive income		**31**	(1 190)	**–**	–
(this may subsequently be reclassified to profit or loss)					
Foreign currency translation reserve arising during the year		**31**	–	**–**	–
Reclassification adjustment on deregistration of foreign subsidiary		**–**	(1 190)	**–**	–
Total comprehensive income/(loss) for the year		**15 974**	(84 038)	**(11 393)**	(70 752)
Income/(loss) for the year attributable to:					
– non-controlling interests		**1 765**	424	**–**	–
– ordinary shareholders of the parent		**14 178**	(83 272)	**(11 393)**	(70 752)
		15 943	(82 848)	**(11 393)**	(70 752)
Total comprehensive income/(loss) attributable to:					
– non-controlling interests		**1 765**	424	**–**	–
– ordinary shareholders of the parent		**14 209**	(84 462)	**(11 393)**	(70 752)
		15 974	(84 038)	**(11 393)**	(70 752)
Earnings per ordinary share (cents) – basic	7	**6,3**	(38,7)		
– diluted	7.1	**6,3**	(38,7)		

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
ASSETS					
Non-current assets		**223 974**	203 254	**147 842**	104 195
Plant and equipment	8	**61 082**	59 419	**–**	–
Intangible assets	9	**88 731**	79 891	**–**	–
Investment in subsidiaries	10			**112 738**	102 098
Investment in associates	11	**–**	–	**–**	–
Deferred income tax	6	**31 779**	37 483	**652**	391
Other non-current assets	12	**42 382**	26 461	**34 452**	1 706
Non-current assets held for sale	11	**–**	58 000	**–**	–
Current assets		**408 686**	488 169	**64 225**	133 890
Inventories	13	**108 722**	99 301	**–**	–
Trade and other receivables	14	**261 689**	370 215	**174**	151
Amounts owing by group companies	10			**54 370**	133 739
Foreign currency contracts		**210**	497	**–**	–
Taxation refundable		**6 131**	4 037	**–**	–
Short-term portion of other non-current assets	12	**24 678**	13 276	**9 681**	–
Cash and cash equivalents	15	**7 256**	843	**–**	–
Total assets		**632 660**	749 423	**212 067**	238 085
EQUITY AND LIABILITIES					
Shareholders' equity		**231 849**	213 103	**56 422**	67 815
Share capital	16.2	**281 283**	281 283	**281 283**	281 283
Treasury shares	17	**(6 232)**	(6 912)	**–**	–
Non-distributable reserves	18	**6 599**	5 484	**14**	14
Retained loss		**(56 901)**	(72 087)	**(224 875)**	(213 482)
Equity attributable to equity holders of the parent		**224 749**	207 768	**56 422**	67 815
Non-controlling interests		**7 100**	5 335	**–**	–
Non-current liabilities		**110 747**	134 712	**87 065**	95 215
Interest-bearing liabilities	19	**104 717**	126 901	**87 065**	95 215
Deferred maintenance revenue	20	**2 721**	3 355	**–**	–
Deferred income tax	6	**3 309**	4 456	**–**	–
Current liabilities		**290 064**	401 608	**68 580**	75 055
Trade and other payables	21	**180 581**	272 637	**2 859**	2 891
Provisions	22	**22 597**	23 436	**446**	673
Amounts owing to group companies	10			**223**	313
Foreign currency contracts		**5 009**	731	**–**	–
Taxation payable		**1 656**	2 493	**–**	–
Deferred maintenance revenue	20	**60 403**	41 093	**–**	–
Short-term borrowings	23	**19 818**	61 218	**65 052**	71 178
Total equity and liabilities		**632 660**	749 423	**212 067**	238 085

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital R'000	Treasury shares R'000	Non-distri-butable reserves R'000	Retained earnings/ (loss) R'000	Total parent share-holders' equity R'000	Non-controlling interest R'000	Total equity R'000
GROUP								
Balance as at 30 June 2014		275 335	(6 912)	11 693	6 465	**286 581**	1 111	**287 692**
Issue of new shares	16.2	5 948	–	–	–	**5 948**	–	**5 948**
Equity-settled share-based payment	18.1	–	–	806	–	**806**	–	**806**
Recycling of equity-settled share-based payment reserve		–	–	(5 825)	5 825	**–**	–	**–**
Transactions with non-controlling shareholders		–	–	–	(1 105)	**(1 105)**	3 963	**2 858**
Dividend paid to non-controlling shareholder		–	–	–	–	**–**	(163)	**(163)**
Total comprehensive income		–	–	(1 190)	(83 272)	**(84 462)**	424	**(84 038)**
(Loss)/profit for the year		–	–	–	(83 272)	**(83 272)**	424	**(82 848)**
Other comprehensive income		–	–	(1 190)	–	**(1 190)**	–	**(1 190)**
Balance as at 30 June 2015		**281 283**	**(6 912)**	**5 484**	**(72 087)**	**207 768**	**5 335**	**213 103**
Treasury shares – Share Incentive Trust	17	–	680	–	–	**680**	–	**680**
Equity-settled share-based payment	18.1	–	–	2 505	–	**2 505**	–	**2 505**
Recycling of equity-settled share-based payment reserve		–	–	(1 008)	1 008	**–**	–	**–**
Utilisation of equity-settled share-based payment reserve		–	–	(413)	–	**(413)**	–	**(413)**
Total comprehensive income		–	–	31	14 178	**14 209**	1 765	**15 974**
Profit for the year		–	–	–	14 178	**14 178**	1 765	**15 943**
Other comprehensive income		–	–	31	–	**31**	–	**31**
Balance as at 30 June 2016		**281 283**	**(6 232)**	**6 599**	**(56 901)**	**224 749**	**7 100**	**231 849**
COMPANY								
Balance as at 30 June 2014		275 335	–	2 893	(145 609)	**132 619**	–	**132 619**
Issue of new shares	16.2	5 948	–	–	–	**5 948**	–	**5 948**
Recycling of equity-settled share-based payment reserve	18.1	–	–	(2 879)	2 879	**–**	–	**–**
Total comprehensive income		–	–	–	(70 752)	**(70 752)**	–	**(70 752)**
Loss for the year		–	–	–	(70 752)	**(70 752)**	–	**(70 752)**
Other comprehensive income		–	–	–	–	**–**	–	**–**
Balance as at 30 June 2015		**281 283**	**–**	**14**	**(213 482)**	**67 815**	**–**	**67 815**
Total comprehensive income		–	–	–	(11 393)	**(11 393)**	–	**(11 393)**
Loss for the year		–	–	–	(11 393)	**(11 393)**	–	**(11 393)**
Other comprehensive income		–	–	–	–	**–**	–	**–**
Balance as at 30 June 2016		**281 283**	**–**	**14**	**(224 875)**	**56 422**	**–**	**56 422**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Cash flows from operating activities		**54 513**	(3 678)	**(9 612)**	(7 621)
Cash receipts from customers		**1 235 888**	1 058 906	**12 365**	5 714
Cash paid to suppliers and employees		**(1 156 533)**	(1 042 285)	**(9 409)**	(7 969)
Cash generated from/(utilised in) operations	24.1	**79 355**	16 621	**2 956**	(2 255)
Interest received		**5 662**	6 387	**3 741**	3 784
Interest paid		**(21 596)**	(22 433)	**(16 309)**	(9 150)
Taxation paid	24.2	**(8 908)**	(4 225)	**–**	–
Dividend withholding tax paid		**–**	(28)	**–**	–
Cash flows from investing activities		**7 266**	(7 795)	**23 978**	(103 526)
Proceeds on disposal of associate (M-TEC)	24.3	**17 745**	–	**–**	–
Disposal of subsidiary, net of cash disposed of	24.4	**–**	(413)	**–**	–
Additions to intangibles		**(12 152)**	(8 078)	**–**	–
Decrease/(increase) in group company loan accounts				**24 693**	(103 526)
Receipts from finance lease asset		**15 132**	14 908	**–**	–
Increase in loan to the Jasco Employee Share Incentive Trust				**(715)**	–
Purchase of plant and equipment		**(14 538)**	(15 616)	**–**	–
Replacement of plant and equipment	24.5	**(2 918)**	(560)	**–**	–
Additions to plant and equipment	24.6	**(11 620)**	(15 056)	**–**	–
Proceeds on disposal of plant and equipment		**1 079**	1 404	**–**	–
Cash flows from financing activities		**(23 081)**	(11 557)	**(8 240)**	101 192
Cash flows from treasury shares		**(262)**	–	**–**	–
New shares issued		**–**	5 948	**–**	5 948
Non-current loans repaid		**(22 819)**	(115 415)	**(8 150)**	–
Non-current loans raised		**–**	95 215	**–**	95 215
Transactions with non-controlling shareholders		**–**	2 695	**–**	–
(Decrease)/increase in loan amounts owing to group companies				**(90)**	29
Net increase/(decrease) in cash and cash equivalents		**38 698**	(23 030)	**6 126**	(9 955)
Cash and cash equivalents at beginning of year		**(31 140)**	(8 110)	**(71 178)**	(61 223)
Revaluation of foreign cash balances		**(302)**	–	**–**	–
Net cash and cash equivalents at end of year		**7 256**	(31 140)	**(65 052)**	(71 178)
Cash and cash equivalents	15	**7 256**	843	**–**	–
Bank overdrafts	23	**–**	(31 983)	**(65 052)**	(71 178)
Net cash and cash equivalents at end of year		**7 256**	(31 140)	**(65 052)**	(71 178)

1. Corporate information

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors. 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 and separate annual financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate annual financial statements set out on pages 3 to 56 have been prepared on a historical cost basis, unless otherwise stated. The consolidated and separate annual financial statements are presented in Rand, which is also the group's presentation currency, and are rounded to the nearest thousand, except where otherwise indicated.

2.2 Statement of compliance

The consolidated and separate 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.

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 remeasured 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 in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured 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.

When the group acquires an investment in an entity that has all the characteristics of a common control business combination, the group elected to use the pooling of interest method. The pooling of interest method requires that the assets and liabilities are reflected at their previous book values, no goodwill is recorded and any difference arising between the carrying amount of assets and liabilities and the purchase price are accounted for in equity.

2.3.2 Investments in subsidiaries, joint ventures and associates in the separate annual financial statements

Investments in subsidiaries are recognised from the date of acquisition, being the date on which the company obtains control, and continue to be recognised until the date that such control ceases.

Investments in subsidiaries, joint ventures and associates are carried at cost, being the consideration transferred, less any impairment in value. Acquisition costs are expensed.

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 in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

2.3.3 Investment in associate

The group's investment in an associate is accounted for under the equity method of accounting. This 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.

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 shareholders' funds 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 shareholders' equity in the statement of financial position.

Dividends received on treasury shares are eliminated on consolidation.

2.4 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.

2.5 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.

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 the statement of comprehensive income 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 as part of profit or loss.

Dividend income is recognised in profit or loss when the right to receive the dividend has been established.

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 bases:

- 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 recognised in 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 the statement of comprehensive income, except to the extent that it relates to items charged or credited in other comprehensive income or directly to equity.

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates, and laws, that have been enacted or substantively enacted at the reporting date. The measurement of the deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which 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 the statement of comprehensive income, except to the extent that it relates to items previously charged or credited to other comprehensive income directly to equity.

Deferred tax assets and liabilities are offset for presentation in the statement of financial position where 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

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

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

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

2.8 Employee benefits

2.8.1 Short-term employee benefits

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

The provisions for employee entitlements to wages, salaries and annual leave represent the amount that 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.

2.8.2 Retirement benefits

The group contributes to defined contribution funds.

A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future contribution payments is available.

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

2.8.3 Share-based compensation

The group operates an equity-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 the statement of comprehensive income 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.

2.9 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.

2.10 Plant and equipment

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

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

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

Average rates used	
Plant and machinery	10% – 20%
Motor vehicles	25%
Leased furniture and office equipment	10% – 33,3%
Hi-Sites	5% – 20%
Leasehold improvements	20%
Furniture and office equipment	10% – 33,3%
Computer and manufacturing equipment	10% – 20%

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

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

2.11 Impairment of non-financial 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 unit's 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 cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The group bases its value-in-use 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.

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 revalued 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.

2.12 Inventories

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

Allowance is made for slow-moving and obsolete inventories.

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

2.13 Leases

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

2.13.1 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 statement of comprehensive income.

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.

2.13.2 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 basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Where the group enters into a service agreement as a supplier or a customer that depends on the use of a specific asset, and conveys the right to control the use of the specific asset, the arrangement is assessed to determine whether it contains a lease. Once it has been concluded that an arrangement contains a lease, it is assessed against the criteria in IAS 17 to determine if the arrangement should be recognised as a finance lease or operating lease. Assets held under a finance lease are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

2.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally-generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised, on a straight-line basis, 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%
Customer-related intangibles	10 – 20%
Trade names	6,7 – 10%
Computer software	14,3%

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 the 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; and
- the ability to measure reliably the expenditure during development.

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.

2.15 Financial instruments

2.15.1 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 timeframe 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.

2.15.2 Subsequent measurement

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

Trade and other receivables

Trade receivables, which generally have 30- to 90-day terms, are recognised and carried at amortised cost, using the effective interest rate method, less any impairment. An estimate of any impairment is made to an allowance account on individual debtors when there is an indication (such as the probability of insolvency or significant difficulties of the debtor) that the collection of the full amount under the original

terms of the invoice is no longer probable. Impaired debts are derecognised when they are assessed as uncollectible. Trade receivables whose terms have been renegotiated are recalculated as a change in estimate.

Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost.

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 the statement of comprehensive income.

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.

2.15.3 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 the statement of comprehensive income.

2.16 Significant accounting judgement and estimates

The preparation of the group's consolidated and separate 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 and separate financial statements:

2.16.1 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.

2.16.2 Impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current 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.

2.16.3 Impairment of financial assets

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

An impairment of trade receivables 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.

2.16.4 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.

2.16.5 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 note 18.1. The factors that influence the valuation include employee turnover percentages, the expected life of the share option, volatility and dividend yield.

2.16.6 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.16.7 Assessment of control

Even though the group owned 51% of the shares in Malesela Taihan Electric Cable (Pty) Limited, it did not have control over the company as the fellow shareholder has control of the board and the management of the company in terms of the shareholders' agreement.

2.17 Standards and interpretations issued and not yet effective

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

Number	Name	Details of amendment	Effective date**
	Annual improvements projects	Clarification of certain sections in IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
IFRS 10	Consolidated Financial Statements	IFRS 10 exception to the principle that all subsidiaries must be consolidated.	1 January 2016
IAS 1	Presentation of Financial Statements	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.	1 January 2016
IFRS 11	Joint Arrangements	Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.	1 January 2016
IFRS 12 and IAS 28	Disclosure of Interests in Other Entities (IFRS 12) and Investments in Associates and Joint Ventures (IAS 28)	Investment Entities: Applying the Consolidation Exception: Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.	1 January 2016
IAS 16 and IAS 38	Property, Plant and Equipment (IAS 16) and Intangible Assets (IAS 38)	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 27	Consolidated and Separate Financial Statements	Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016
IAS 7	Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017
IAS 12	Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017
IFRS 9	Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, as well as hedge accounting.	1 January 2018
IFRS 15	Revenue from Contracts with Customers	IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard will supersede all current revenue recognition requirements under IFRS.	1 January 2018
IFRS 16	Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The new lease standard will supersede all current revenue recognition requirements under IFRS.	1 January 2019

*** Annual periods beginning on or after, 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.

3. Subsidiary companies included in these results

	Issued share capital	EFFECTIVE OWNERSHIP 2016 %	2015 %
Trading companies			
Direct			
Jasco Trading (Pty) Limited	4 180	**100**	100
Jasco Cables Investments (Pty) Limited	543 780	**100**	100
Jasco Carrier Solutions (Pty) Limited	4 000	**100**	100
Jasco Energy and Industry Solutions (Pty) Limited	78 768 056	**100**	100
Jasco Networks (Pty) Limited	13 400	**100**	100
Jasco East Africa Limited	100	**99**	99
Jasco Enterprise (Pty) Limited	100	**100**	100
Jasco Systems (Pty) Limited	100	**100**	100
Jasco Managed Solutions (Pty) Limited (formerly Jasco Telecommunications (Pty) Limited)	1 380 120	**100**	100
Indirect			
Ferro Resonant Technologies (Pty) Limited$	1 000	**100**	100
Maringo Communications (Pty) Limited#	228	**100**	100
MV Fire Protection (Pty) Limited$	297	**51**	51
NewTelco South Africa (Pty) Limited$	100	**67**	67
Jasco Services (Pty) Limited$	100	**82**	82
Dormant			
Jasco Converged Solutions (Pty) Limited$	1 001	**100**	100
Jasco Properties (Pty) Limited	100	**100**	100
Jasco Transmission & Distribution (Pty) Limited*	100	**100**	100
Spescom Electronics Holdings (Pty) Limited	20 000	**100**	100
Telesto Communications (Pty) Limited	1 000	**100**	100
Webb Industries (Pty) Limited@	1 000	**100**	100
Webb Masts and Towers (Pty) Limited	400	**100**	100

With the exception of Jasco East Africa (Kenya) all the subsidiary companies are registered in South Africa.

* *Shares owned by Jasco Trading (Pty) Limited*
\# *Shares owned by Jasco Carrier Solutions (Pty) Limited*
$ *Shares owned by Jasco Energy and Industry Solutions (Pty) Limited*
@ *Shares owned by Webb Masts and Towers (Pty) Limited*

	2016 R'000	2015 R'000
Aggregate profits of subsidiaries	**58 034**	59 652
Aggregate losses of subsidiaries	**(2 851)**	(188 392)
	55 183	(128 740)

Acquisitions in 2016

The Group acquired no businesses or subsidiaries during the year under review.

Acquisitions in 2015

With effect from 1 March 2014, the group acquired a wholly-owned interest in MV Fire Protection Services (Pty) Limited (MV Fire) for R5 500 000. MV Fire provides fire protection and suppression services which will complement Jasco Security Solutions portfolio and help make the business more competitive in the marketplace.

The group also acquired the Firecare business from Firecare CC for R1 500 000 on 1 March 2014. Firecare provides fire protection solutions, installation, maintenance and alterations of fire sprinkler systems. The owner of Firecare CC owns a non-controlling 49% in the Firecare business.

With effect from 1 January 2015, the Firecare and MV Fire businesses were merged by transferring all assets and liabilities into MV Fire. The non-controlling shareholder retained his 49% interest through the issuing of new shares to him for R2 695 000.

With effect from 1 May 2014, the group acquired all the shares in Telesto Communications (Pty) Limited for a maximum purchase consideration of R9 850 000, subject to the achievement of a specific profit after tax for the year ending on 31 August 2014. Telesto provides solutions to the contact centre environment with a specific focus on products and solutions for outbound contact centres. Due to the target profit not being achieved, the purchase price was decreased by R3 200 000.

The group elected to measure the non-controlling interest in the acquiree at the non-controlling shareholder's proportionate shares in the recognised amounts of the acquiree's identifiable net assets.

Jasco East Africa was founded in Kenya during the year.

Nocdesk (Pty) Limited was sold on 1 January 2015 for R4 596. Spescom Limited UK was deregistered resulting in a gain of R772 000 based on the net asset value derecognised.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
4. Revenue				
Finance income	**6 396**	6 387	**4 089**	3 784
Turnover	**1 070 033**	1 117 431	**–**	–
– sale of goods	**702 016**	819 621	**–**	–
– rendering of services	**343 004**	273 745	**–**	–
– rental income	**25 013**	24 065	**–**	–
Total revenue	**1 076 429**	1 123 818	**4 089**	3 784

Turnover represents the net invoiced value of local and export sales, services and rental income, but excludes value-added tax and inter-company sales.

5. Profit/(loss) before taxation

The operating profit/(loss) is stated after allowing for the following:

Income				
Administration, managerial and secretarial fees received from subsidiaries			**7 491**	7 691
Foreign exchange gains arising from financial instruments at fair value through profit and loss	**10 163**	8 892	**–**	–
– realised	**7 668**	7 211	**–**	–
– unrealised arising from change in fair value	**2 495**	1 681	**–**	–
Finance income	**6 396**	6 387	**4 089**	3 784
– finance income from loans and receivables	**2 442**	894	**4 089**	3 784
• amounts owing by subsidiaries			**3 741**	3 784
• bank interest	**968**	568	**–**	–
• other loans	**1 401**	180	**348**	–
• other	**73**	146	**–**	–
– finance income from finance lease agreements	**3 954**	5 493	**–**	–
Gain on decrease in Telesto purchase price	**–**	3 200	**–**	–
Profit on disposal of plant and equipment	**456**	431	**–**	–
Profit on deregistration/disposal of subsidiary	**–**	777	**–**	–
Reversal of impairment of the loan to the Jasco Employee Share Incentive Trust			**979**	–
Expenditure				
Administration, managerial and secretarial fees paid to subsidiaries			**3 719**	3 926
Administration, managerial and secretarial fees paid to others	**6**	198	**–**	–
Amortisation of intangible assets (refer to note 9)	**3 312**	10 275	**–**	–
Auditor's remuneration	**4 281**	4 989	**297**	673
– audit fees (current year)	**4 233**	4 000	**446**	673
– audit fees (prior year)	**(124)**	989	**(149)**	–
– consulting and taxation services	**172**	–	**–**	–

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Expenditure (continued)				
Depreciation of plant and equipment (refer to note 8)	**12 098**	11 766	**–**	–
Finance costs of other financial liabilities	**21 596**	22 433	**16 309**	9 150
– finance costs	**21 178**	21 845	**16 309**	9 150
• amounts owing to subsidiaries			**15**	–
• bank loans and overdrafts	**5 550**	5 573	**4 667**	4 509
• corporate bond	**11 627**	4 640	**11 627**	4 640
• other loans	**3 570**	11 347	**–**	–
• other	**431**	285	**–**	1
– finance charges	**418**	588	**–**	–
• finance lease agreements	**323**	133	**–**	–
• instalment sale agreements	**95**	455	**–**	–
Foreign exchange losses arising from financial instruments at fair value through profit and loss	**15 512**	6 254	**11**	–
– realised	**9 619**	4 893	**11**	–
– unrealised arising from change in fair value	**5 893**	1 361	**–**	–
Impairment of the current amount advanced to Jasco Cables Investment (Pty) Limited (refer to note 10)			**–**	62 545
Impairment of the loan to the Jasco Employee Share Incentive Trust			**–**	1 184
Impairment of long-outstanding receivables	**–**	18 100	**–**	–
Impairment of investment in the associate (refer to note 11)	**–**	57 421	**–**	–
Impairment of intangibles (refer to note 9)	**–**	29 560	**–**	–
Loss on disposal of plant and equipment	**154**	2 636	**–**	–
Loss on disposal of associate held for sale (refer to note 11)	**255**	–	**–**	–
Operating lease charges	**18 389**	19 295	**–**	–
– rental premises	**17 035**	18 031	**–**	–
– equipment	**305**	355	**–**	–
– motor vehicles	**1 049**	909	**–**	–
Research and development costs	**315**	219	**–**	–
Royalties paid	**408**	92	**–**	–

5. Profit before taxation (continued)

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Expenditure (continued)				
Staff costs	**273 014**	270 355	**2 014**	1 802
– short-term benefits	**245 750**	248 161	**2 014**	1 802
• non-executive directors	**1 984**	1 908	**1 984**	1 908
• executive directors	**4 846**	5 132	**–**	–
• executive management	**15 187**	15 841	**–**	–
• other staff (including other benefits)	**223 733**	225 280	**30**	(106)
– equity-settled share-based payment (refer to note 18.1)	**2 505**	806	**–**	–
• executive directors	**2 186**	656	**–**	–
• executive management	**305**	150	**–**	–
• other staff	**14**	–	**–**	–
– cash-settled share-based payment	**–**	423	**–**	–
• executive management	**–**	423	**–**	–
– post-employment benefits – total amounts contributed to defined contribution funds	**23 936**	20 405	**–**	–
• executive directors	**952**	942	**–**	–
• executive management	**1 768**	1 869	**–**	–
• other staff	**21 216**	17 594	**–**	–
– other short-term benefits	**823**	560	**–**	–
• executive directors	**407**	313	**–**	–
• executive management	**416**	247	**–**	–

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
6. Taxation				
South African normal taxation				
Current	**5 151**	2 740	**–**	–
– current year charge	**5 153**	2 747	**–**	–
– prior year over provision	**(2)**	(7)	**–**	–
Deferred	**4 557**	(9 111)	**(261)**	(397)
– relating to origination and reversal of temporary differences	**7 344**	(9 575)	**(261)**	(397)
– prior year change in estimate[&]	**(2 787)**	464	**–**	–
Foreign taxes	**826**	–	**–**	–
Total normal tax	**10 534**	(6 371)	**(261)**	(397)
Dividends tax	**–**	28		
Total taxation	**10 534**	(6 343)	**(261)**	(397)
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 change in estimate	**5,0**	(0,5)	**–**	–
Non-deductible expenses*	**20,4**	(30,6)	**(28,1)**	(27,4)
Non-taxable income	**(0,2)**	1,4	**2,3**	–
(Utilisation)/raising of unused tax credit	**(13,5)**	13,9	**–**	–
Differences in corporate tax rates	**0,1**	(5,1)	**–**	–
Effective taxation rate	**39,8**	7,1	**2,2**	0,6
	R'000	R'000	**R'000**	R'000
Deferred income tax asset/(liability)				
Beginning of year	**33 027**	23 916	**391**	(6)
Movement	**(4 557)**	9 111	**261**	397
End of year	**28 470**	33 027	**652**	391
Deferred tax asset	**31 779**	37 483	**652**	391
Deferred tax liability	**(3 309)**	(4 456)	**–**	–
Net deferred tax asset	**28 470**	33 027	**652**	391
Made up as follows				
– taxation losses	**29 443**	28 669	**675**	408
– provisions	**5 479**	6 382	**–**	–
– capitalised costs	**24**	6	**–**	–
– amortisation of intangibles	**(2 345)**	(2 773)	**–**	–
– impairment of receivables	**403**	460	**–**	–
– pre-payments	**(6 579)**	(5 202)	**(23)**	(17)
– retentions	**(269)**	(348)	**–**	–
– section 24C allowance	**(7 088)**	(1 288)	**–**	–
– loans waived	**(6 332)**	–	**–**	
– income received in advance	**17 513**	13 282	**–**	–
– deferred gains and losses on foreign currency contracts	**1 344**	14	**–**	–
– deferred lease payments and income	**2 822**	2 149	**–**	–
– finance lease agreements	**(2 602)**	(3 335)	**–**	–
– accelerated depreciation	**(3 343)**	(4 989)	**–**	–
	28 470	33 027	**652**	391
Estimated taxation losses available for set-off against future taxable profits	**105 323**	156 646	**2 412**	1 460
Estimated taxation losses recognised as an asset	**105 154**	102 389	**2 412**	1 460
Effective recognition (%)	**99,8**	65,4	**100,0**	100,0

* *This consists mainly of the interest on the corporate bond.*

& *This relates mainly to the recognition of previously unrecognised tax losses, resulting from the improved profitability of the subsidiaries.*

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

7. Earnings per ordinary share

The earnings per share of 6,3 cents (2015: 38,7 cents loss) is based on earnings of R14 177 530 (2015: R83 272 366 loss) and 224 615 505 (2015: 215 154 670) 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 of 6,3 cents: (2015: 2,4 cents) is based on headline earnings of R14 130 679 (2015: 5 136 980) and 224 615 505 (2015: 215 154 670) shares, being the weighted average number of shares in issue during the year, less the treasury shares.

	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Reconciliation of headline earnings:				
Net profit/(loss) attributable to ordinary shareholders	**14 178**	(83 272)		
Adjusted for	**(47)**	88 409		
– net (profit)/loss on disposal of plant and equipment	**(302)**	2 205		
– impairment of goodwill	**–**	29 560		
– impairment of investment in associate	**–**	57 421		
– loss on disposal of associate held for sale	**255**	–		
– profit on disposal of subsidiary	**–**	(777)		
Headline earnings	**14 131**	5 137		

7.1 Diluted earnings and diluted headline earnings per ordinary share

The same earnings and headline earnings as per note 7 were used to calculate the diluted earnings per share (6,3 cents) and headline earnings per share (6,3 cents). The shares and options issued by the Share Incentive Trusts impacted the weighted average number of shares used in the calculation as follows:

	2016	2015
Weighted average number of shares	**224 615 505**	215 154 670
Dilutive shares or options	**104 559**	–
	224 720 064	215 154 670

8. Plant and equipment

GROUP	Lease-hold improve-ments R'000	Plant and machi-nery R'000	Hi-Sites R'000	Furniture, fixtures and office equip-ment R'000	Motor vehicles R'000	Computer and manu-facturing equip-ment R'000	Leased furniture and office equip-ment R'000	Total plant and equip-ment R'000
2016								
Net book value – beginning of year	**2 266**	**26 810**	**2 800**	**18 909**	**1 188**	**7 101**	**345**	**59 419**
– cost	**4 978**	**51 337**	**12 144**	**41 043**	**3 683**	**16 601**	**1 119**	**130 905**
– accumulated depreciation	**(2 712)**	**(24 527)**	**(9 344)**	**(22 134)**	**(2 495)**	**(9 500)**	**(774)**	**(71 486)**
Current year movements	**478**	**(6)**	**400**	**(1 902)**	**88**	**1 186**	**1 419**	**1 663**
– additions	**1 081**	**3 772**	**655**	**2 502**	**587**	**4 009**	**1 932**	**14 538**
– net book value of disposals	**–**	**(152)**	**(8)**	**(426)**	**(2)**	**–**	**(189)**	**(777)**
– depreciation	**(603)**	**(3 626)**	**(247)**	**(3 978)**	**(497)**	**(2 823)**	**(324)**	**(12 098)**
End of year	**2 744**	**26 804**	**3 200**	**17 007**	**1 276**	**8 287**	**1 764**	**61 082**
Made up as follows:								
– cost	**5 859**	**54 233**	**12 790**	**33 104**	**3 889**	**18 199**	**2 300**	**130 374**
– accumulated depreciation	**(3 115)**	**(27 429)**	**(9 590)**	**(16 097)**	**(2 613)**	**(9 912)**	**(536)**	**(69 292)**
Net book value	**2 744**	**26 804**	**3 200**	**17 007**	**1 276**	**8 287**	**1 764**	**61 082**
2015								
Net book value – beginning of year	4 239	28 881	2 716	13 096	1 274	8 811	524	59 541
– cost	6 857	50 559	11 885	35 778	4 358	17 393	1 118	127 948
– accumulated depreciation	(2 618)	(21 678)	(9 169)	(22 682)	(3 084)	(8 582)	(594)	(68 407)
Current year movements	(1 973)	(2 071)	84	5 813	(86)	(1 710)	(179)	(122)
– additions	37	1 418	258	10 037	391	3 475	–	15 616
– net book value of disposals	(905)	(154)	–	(291)	(88)	(2 534)	–	(3 972)
– depreciation	(1 105)	(3 335)	(174)	(3 933)	(389)	(2 651)	(179)	(11 766)
End of year	2 266	26 810	2 800	18 909	1 188	7 101	345	59 419
Made up as follows:								
– cost	4 978	51 337	12 144	41 043	3 683	16 601	1 119	130 905
– accumulated depreciation	(2 712)	(24 527)	(9 344)	(22 134)	(2 495)	(9 500)	(774)	(71 486)
Net book value	2 266	26 810	2 800	18 909	1 188	7 101	345	59 419

Pledged as security

Certain motor vehicles and equipment are secured as per note 19.

9. Intangible assets

GROUP	Goodwill R'000	Trade names R'000	Voice transaction management applications R'000	Computer software R'000	Customer-related intangible assets R'000	Total intangible assets R'000
2016						
Net book value – beginning of year	**65 841**	**2 835**	**–**	**1 975**	**9 240**	**79 891**
– cost	**65 841**	**16 465**	**24 822**	**2 027**	**13 827**	**122 982**
– accumulated amortisation	**–**	**(13 630)**	**(24 822)**	**(52)**	**(4 587)**	**(43 091)**
Current year movements	**–**	**(405)**	**9 206**	**2 109**	**(2 070)**	**8 840**
– additions	**–**	**–**	**9 524**	**2 628**	**–**	**12 152**
– amortisation	**–**	**(405)**	**(318)**	**(519)**	**(2 070)**	**(3 312)**
End of year	**65 841**	**2 430**	**9 206**	**4 084**	**7 170**	**88 731**
Made up as follows:						
– cost	**65 841**	**4 002**	**9 524**	**4 654**	**13 802**	**97 823**
– accumulated amortisation	**–**	**(1 572)**	**(318)**	**(570)**	**(6 632)**	**(9 092)**
Net book value	**65 841**	**2 430**	**9 206**	**4 084**	**7 170**	**88 731**
2015						
Net book value – beginning of year	85 197	3 260	11 437	–	11 392	111 286
– cost	85 197	4 002	34 525	–	13 892	137 616
– accumulated amortisation	–	(742)	(23 088)	–	(2 500)	(26 330)
Current year movements	(19 356)	(425)	(11 437)	1 975	(2 152)	(31 395)
– additions	–	–	6 413	2 027	–	8 440
– impairments	(19 356)	–	(10 140)	–	(64)	(29 560)
– amortisation	–	(425)	(7 710)	(52)	(2 088)	(10 275)
End of year	65 841	2 835	–	1 975	9 240	79 891
Made up as follows:						
– cost	65 841	16 465	24 822	2 027	13 827	122 982
– accumulated amortisation	–	(13 630)	(24 822)	(52)	(4 587)	(43 091)
Net book value	65 841	2 835	–	1 975	9 240	79 891

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. At the previous year-end, the carrying value of these assets was tested for impairment on the expectation that the software applications would reach technical obsolescence in 2017. Based on the value-in-use calculation, the carrying value was fully impaired in 2015.

The customer-related intangible assets relate to the customer contracts and relationships acquired in the Telesto, MV and Spescom acquisitions.

During the year, assets with a net book value of R nil were scrapped.

The goodwill relating to each reporting segment is as follows:

	CARRYING VALUE		IMPAIRMENT	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Carrier	**33 879**	33 879	**–**	6 119
Enterprise	**28 302**	28 302	**–**	13 237
Intelligent Technologies	**3 049**	3 049	**–**	–
Electrical Manufacturers	**611**	611	**–**	–
	65 841	65 841	**–**	19 356

As at the reporting date, the goodwill was 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 of 14,56% (2015: 16,53%). Revenue growth assumptions after the first year was based on an inflationary increase. A long-term growth rate of 3% was assumed into perpetuity.

Sensitivity analysis

Management has performed a sensitivity analysis for the material goodwill balances, being the goodwill relating to the investments in the Carrier Solutions cash-generating unit (CGU) and the Enterprises CGU.

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.

A reasonable possible change in any of the key assumptions would not result in the carrying amount of any of the CGUs exceeding their recoverable amounts.

Key assumptions

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

Conclusion

Based on the result of the valuation, no impairment of the goodwill is required for the current year.

10. Investment in subsidiaries

	COMPANY	
	2016 R'000	2015 R'000
Unlisted shares at cost less amounts written off		
– Jasco Cables Investment (Pty) Limited*	**–**	–
– Jasco Carrier Solutions (Pty) Limited	**38 891**	38 891
– Jasco East Africa Limited*	**–**	–
– Jasco Energy and Industry Solutions (Pty) Limited	**55 823**	55 823
– Jasco Properties (Pty) Limited*	**–**	–
– Jasco Networks (Pty) Limited	**136**	136
– Jasco Systems (Pty) Limited*	**–**	–
– Jasco Trading (Pty) Limited	**877**	877
– Spescom Electronics Holdings (Pty) Limited	**6 371**	6 371
– Webb Masts and Towers (Pty) Limited*	**–**	–
– Jasco Enterprise (Pty) Limited	**6 645**	–
– Jasco Managed Solutions (Pty) Limited (formerly Jasco Telecommunications (Pty) Limited	**3 995**	–
	112 738	102 098
Amounts owing by group companies on current account, net of impairments		
– Jasco Trading (Pty) Limited	**51 298**	73 514
– Jasco Cables Investment (Pty) Limited	**–**	57 952
– Jasco Carrier Solutions (Pty) Limited	**1 379**	722
– Ferro Resonant Technologies (Pty) Limited	**467**	385
– Jasco Networks (Pty) Limited	**455**	447
– Jasco Systems (Pty) Limited	**771**	719
	54 370	133 739
Amounts owing to group companies on current account		
– Jasco Services (Pty) Limited	**(223)**	(313)
	(223)	(313)

The loans to group companies attract interest at a rate which is agreed upon between both parties on an annual basis.

The investment in Jasco Cables Investment (Pty) Limited of R131 378 382 and the current amount advanced to them of R87 123 526 (2015: R145 208 751) was impaired in 2015 as per note 5, to decrease the carrying amount to its recoverable amount, which is based on a value-in-use calculation.

As part of the group's restructuring process, Jasco entered into an unbundling agreement with Spescom Electronics Holdings (Pty) Limited, transferring the investment in Jasco Properties (Pty) Limited; with Jasco Networks (Pty) Limited, transferring the investment in Jasco Enterprise (Pty) Limited; with Webb Masts and Towers (Pty) Limited, transferring the investments in Jasco Systems (Pty) Limited and Jasco Telecommunications (Pty) Limited to Jasco Electronics Holding Limited through a loan account.

* The carrying value of these investments are less than R1 000 each.

11. Non-current asset held for sale

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

The group owned a 51% interest in its associate, M-TEC, but did not control the investment, either during or at the end of the year. M-TEC is involved in the manufacture of cables for the power and telecommunications industry.

A decision was made by the board to dispose of its 51% shareholding and a binding heads of agreement was reached for the sale of the M-TEC investment to Malesela Holdings No. 1 (Pty) Limited for R60 million on 30 June 2015, subject to various suspensive conditions.

Consequently, the investment was classified as held for sale in the previous financial year and measured at fair value of R60 million less anticipated costs to sell of R2 million. The recoverable amount of the investment has been determined on a held-for-sale basis for valuation purposes and assumptions used are consistent with those used in prior periods.

The group's interest in the associate's net assets and liabilities at 30 June 2015 and the income and expenses for the year then ended, was as follows:

	2015 R'000
Financial position	
	492 170
– current assets	378 030
– non-current assets	114 140
	170 242
– current liabilities	151 803
– non-current liabilities	18 439
Net asset value	321 928
Income and expenses	
Revenue	822 266
Cost of sales	(752 591)
Administrative expenses	(103 971)
Finance income	742
Finance costs	(2 454)
Loss before taxation	(36 008)
Taxation	–
Loss for the year	(36 008)

The sale agreement became unconditional as at 1 May 2016 upon fulfilment of all suspensive conditions.

The total costs of disposal amounted to R2 254 554, resulting in a loss on the disposal reflected in the current financial year of R254 554.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
12. Other non-current assets				
12.1 Loan to the Jasco Employee Share Incentive Trust			**3 399**	1 706
Loan			**9 762**	9 048
Allowance for impairment			**(6 363)**	(7 342)
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 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 decrease of R978 975 (2015: R1 183 778 increase) relates to an increase in the fair value of the Trust's net assets.				
12.2 Deferred proceeds on disposal of M-TEC	**31 053**	–	**31 053**	–
Loan	**40 734**	–	**40 734**	–
Current portion transferred to current assets	**(9 681)**	–	**(9 681)**	–
The loan attracts interest at prime, and is repayable in equal monthly instalments of R1 521 772 from 30 November 2016 until 30 April 2019.				
The loan is secured by a pledge of the shares in M-TEC and a pledge of CIH's shareholding in Jasco.				
12.3 Investment in Leseding Electronic Investments (Pty) Limited	**–**	–	**–**	–
Shares at cost	**–**	1	**–**	–
Loan	**–**	10 215	**–**	–
Allowance for impairment	**–**	(10 216)	**–**	–
The shares consisted of 100 000 ordinary shares and 235 000 convertible cumulative preference shares.				
The loan was unsecured, had no fixed terms of repayment and bore interest at the prime bank overdraft rates.				
The investment and loan was written off on the anticipated deregistration of the company.				
12.4 Finance lease receivable	**11 329**	26 461	**–**	–
Total	**26 326**	39 737	**–**	–
– future minimum rentals under the finance lease receivables	**28 943**	46 308	**–**	–
– unearned finance income	**(2 617)**	(6 571)	**–**	–
Current portion transferred to current assets	**(14 997)**	(13 276)	**–**	–
The finance lease receivable relates to the leasing of points of presence (POPs) for a period of five years.				
The effective rate of interest is 12,25% and the lease is repayable in equal monthly instalments by 1 February 2018.				
Total	**42 382**	26 461	**34 452**	1 706

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
13. Inventories				
Raw materials	**26 807**	21 435	**–**	–
Work in progress	**14 992**	19 649	**–**	–
Finished goods and merchandise	**66 923**	58 217	**–**	–
– at cost	**72 320**	64 853	**–**	–
– provision for obsolete stock	**(5 397)**	(6 636)	**–**	–
	108 722	99 301	**–**	–
Inventory expensed, included in cost of sales	**623 498**	676 763	**–**	–
– inventory expensed during the year	**623 771**	675 702	**–**	–
– inventory (write off reversed)/written off during the year	**(273)**	1 061	**–**	–
Inventory with a carrying value of Rnil (2015: R67 632 062) was pledged as a security for the loan from TMM under a general notarial bond. Refer to note 19.				
14. Trade and other receivables				
Trade receivables	**186 004**	289 813	**2**	–
– trade receivables	**187 923**	292 285	**2**	–
– impairment	**(1 919)**	(2 472)	**–**	–
Pre-payments	**55 194**	50 421	**–**	151
Retentions	**962**	1 235	**–**	–
Other	**19 529**	28 746	**172**	–
	261 689	370 215	**174**	151
Trade receivables are non-interest bearing and generally between 30- and 90-day terms. Trade receivables have been ceded as security for the group's bank overdraft facilities.				
The movements in the allowance for impairment of the trade receivables were as follows:				
At the beginning of the year	**2 472**	2 018	**–**	–
Charge for the year	**894**	2 041	**–**	–
Acquisition of subsidiaries	**–**	–	**–**	–
Amounts written off	**(341)**	(1 045)	**–**	–
Unused amounts reversed	**(1 106)**	(542)	**–**	–
At the end of the year	**1 919**	2 472	**–**	–
As at year-end the analysis of trade receivables past-due but not impaired is as follows:				
Overdue 30 – 60 days not impaired	**37 183**	34 216	**–**	–
Overdue 60 – 90 days not impaired	**9 023**	27 473	**–**	–
Overdue 90 – 120 days not impaired	**5 196**	3 652	**–**	–
Overdue 120 – longer days not impaired	**16 859**	12 041	**–**	–
	68 261	77 382	**–**	–
Net carrying value of impaired trade receivables	**5 988**	1 031	**–**	–
Neither past-due nor impaired	**111 755**	211 399	**2**	–
Net trade receivables	**186 004**	289 812	**2**	–

Included in "neither past-due nor impaired" are debtors with a carrying amount of Rnil (2015: Rnil) whose terms have been renegotiated during the year.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
15. Cash and cash equivalents				
Current accounts	**5 811**	541	**–**	–
Call accounts	**1 382**	156	**–**	–
Cash on hand	**63**	146	**–**	–
	7 256	843	**–**	–
Cash at banks earn interest at floating rates based on daily bank deposit rates.				
The fair value of the cash and cash equivalents approximates the carrying value.				
At year-end, the group had R121,9 million (2015: R127,8 million) of general banking facilities available (refer to note 27).				
16. Share capital				
16.1 Authorised				
750 000 000 ordinary shares with no par value				
29 884 633 redeemable preference shares with no par value				
16.2 Issued				
229 319 191 ordinary shares				
Beginning of year	**281 283**	275 335	**281 283**	275 335
Issue of share capital	**–**	6 006	**–**	6 006
Costs incurred in issuing of shares	**–**	(58)	**–**	(58)
End of year	**281 283**	281 283	**281 283**	281 283
Jasco issued 10 919 961 new shares at 55 cents per share on 28 April 2015.				
17. Treasury shares				
The Jasco Employee Share Incentive Trust owns 2 541 562 (2015: 2 964 538) unallocated ordinary shares	**3 112**	3 788		
The Spescom Limited Share Trust owns 2 162 124 (2015: 2 164 837) unallocated ordinary shares	**3 120**	3 124		
Treasury shares at cost	**6 232**	6 912		

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
18. Non-distributable reserves				
Post-acquisition profit of subsidiary	**–**	–	**–**	–
– beginning of year	**–**	741	**–**	–
– recycled to retained earnings	**–**	(741)	**–**	–
Equity settled share-based payment reserve (note 18.1)	**6 568**	5 484	**14**	14
– beginning of year	**5 484**	9 762	**14**	2 893
– recycled to retained earnings	**(1 008)**	(5 084)	**–**	(2 879)
– utilised during the year	**(413)**	–	**–**	–
– arising during year	**2 505**	806	**–**	–
Foreign currency translation reserve	**31**	–	**–**	–
– beginning of year	**–**	1 190	**–**	–
– arising during the year	**31**	–	**–**	–
– reclassified on deregistration of subsidiary	**–**	(1 190)	**–**	–
	6 599	5 484	**14**	14

18.1 Equity-settled share-based payments

Jasco Employee Share Incentive Trust

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 32 759 897 shares, being 15% of the issued share capital at the inception of the Trust and all subsequent capitalisation and rights issues. The maximum number of shares and/or options allowed for any one person 8 735 969. 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. The options lapse after five years.

	2016	2015
Number of ordinary shares reserved	**32 759 885**	32 759 885
Total number of shares allocated	**12 972 617**	10 808 918
– beginning of year	**10 808 918**	1 662 800
– allocation of shares to employees during the year	**2 163 699**	9 146 118
Total number of unforfeited options granted	**3 992 787**	5 406 527
– beginning of year	**5 406 527**	3 203 993
– allocation of options to employees during the year	**1 680 114**	2 322 534
– net forfeiture/cancellation of options during the year	**(3 093 854)**	(120 000)
Number of shares in respect of which options and shares have not been granted	**15 794 481**	16 544 440

18. Non-distributable reserves (continued)

18.1 Equity-settled share-based payments (continued)

Summary of shares/options issued

				NUMBER ALLOCATED NOT YET TRADED		NUMBER OF UNVESTED SHARES/OPTIONS	
Date issued	Date lapsing	Number	Price per share (c)	2016	2015	2016	2015
Shares							
13 June 2016	N/A	2 163 699	81	**2 163 699**	–	**2 163 699**	–
2 June 2015	N/A	9 146 118	55	**9 146 118**	9 146 118	**9 146 118**	9 146 118
5 February 2014	N/A	1 470 000	72	**1 470 000**	1 470 000	**735 000**	1 470 000
6 May 2004	N/A	417 000	70	**54 000**	54 000	**–**	–
1 March 2002	N/A	736 300	60	**25 500**	25 500	**–**	–
1 June 2001	N/A	2 742 800	27	**113 300**	113 300	**–**	–
		16 675 917		**12 972 617**	10 808 918	**12 044 817**	10 616 118
Options							
28 June 2016	28 June 2021	1 206 071	81	**1 206 071**	–	**1 206 071**	–
4 January 2016	4 January 2021	790 071	60	**790 071**	–	**790 071**	–
2 June 2015	2 June 2020	2 322 534	55	**1 675 673**	2 322 534	**1 675 673**	2 322 534
5 February 2014	5 February 2019	1 040 000	72	**637 000**	1 040 000	**318 500**	1 040 000
5 May 2011	5 May 2016	1 463 993	103	**–**	1 463 993	**–**	–
21 April 2011	21 April 2016	580 000	101	**–**	580 000	**–**	–
1 September 2009	1 September 2014	120 000	200	**–**	–	**–**	–
		7 522 669		**4 308 815**	5 406 527	**3 990 315**	3 362 534

	SHARES		OPTIONS	
	2016	2015	2016	2015
Reconciliation of number of outstanding, unvested shares and options				
Beginning of year	**10 616 118**	1 470 000	**3 362 534**	1 550 998
Allocated during the year	**2 163 699**	9 146 118	**1 996 142**	2 322 534
Shares/options lapsing	**–**	–	**(1 049 861)**	–
Shares/options vested by rules of scheme	**(735 000)**	–	**(318 500)**	(510 998)
End of year	**12 044 817**	10 616 118	**3 990 315**	3 362 534

Spescom Employee Share Incentive Trust

Summary of options issued (Jasco equivalent)

				NUMBER ALLOCATED NOT YET TRADED		NUMBER OF UNVESTED OPTIONS	
Date issued	Date lapsing	Number	Price per share (c)	2016	2015	2016	2015
21 February 2007	21 February 2017	462 046	82	**44 838**	44 838	**–**	–
15 December 2006	15 December 2016	1 328 300	68	**560 601**	583 153	**–**	–
		1 790 346		**605 439**	627 991	**–**	–

Expense

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

Fair values for the Jasco Employee 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:

	2016	2015
Maximum term of grant	**5 years**	5 years
Exercise multiple	**1,5**	1,5
Volatility		
– two years vesting	**76,01% – 80,60%**	72,12%
– three years vesting	**74,59% – 79,32%**	65,92%
– four years vesting	**72,66% – 76,46%**	66,52%
Dividend yield	**0,00%**	0,00%
Risk-free rate		
– two years vesting	**8,13% – 9,05%**	7,49%
– three years vesting	**8,16% – 9,10%**	7,73%
– four years vesting	**8,20% – 9,13%**	7,91%
Forfeiture rate	**10%**	10%
Performance expectation	**100%**	100%

The statement of comprehensive income charge for equity-settled share-based payments is as follows (refer to note 5).

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Equity-settled share-based payment	**2 505**	806	**–**	–

19. Interest-bearing liabilities

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Secured	**92 955**	109 182	**87 065**	95 215
Corporate bond	**87 065**	95 215	**87 065**	95 215
Term loan: TMM Holdings (Pty) Limited	**–**	10 000	**–**	–
Principal amounts owing in respect of finance lease agreements on furniture and office equipment	**1 822**	477	**–**	–
– gross minimum lease payments	**2 480**	588	**–**	–
– finance charges	**(658)**	(111)	**–**	–
Principal amounts owing in respect of instalment sale agreements	**4 068**	3 490	**–**	–
– gross minimum lease payments	**4 476**	3 861	**–**	–
– finance charges	**(408)**	(371)	**–**	–
Unsecured	**30 940**	45 850	**–**	–
Vendor financing	**25 926**	40 728	**–**	–
Term loan: Nedbank Limited	**2 268**	2 953	**–**	–
Loans from non-controlling shareholders	**2 746**	2 169	**–**	–
Total	**123 895**	155 032	**87 065**	95 215
Current portion transferred to short-term borrowings (refer to note 23)	**(19 178)**	(28 131)	**–**	–
– finance lease agreements	**(332)**	(228)	**–**	–
– instalment sale agreements	**(1 797)**	(2 337)	**–**	–
– vendor loan	**(16 001)**	(14 802)	**–**	–
– term loan	**(1 048)**	(10 764)	**–**	–
	104 717	126 901	**87 065**	95 215

Particulars

The listed corporate bond was issued on 30 January 2015, bears interest at the three-month JIBAR plus 3,25%. Interest is repaid quarterly and the capital is repayable by 30 January 2018. During the year, Jasco's black ownership dropped below 50,1%, one of the covenant requirements of the bond. This has been condoned by the bondholder.

The loan from TMM Holdings (Pty) Limited has secured over a general notarial bond over stock of Jasco Trading (Pty) Limited, bore interest at 8,5% and was repayable by 1 October 2015.

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 R1 763 697 (2015: R344 757).

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 R3 003 113 (2015: R5 892 725) and will be repaid within 36 months.

The Cisco Systems Capital term loan entered into in January 2013 by New Telco South Africa (Pty) Limited constituted a R70,6 million loan. It is unsecured, repayable by 11 January 2018 in 59 monthly payments and bears interest at 7.8%. Jasco Electronics Holdings Limited and New Telco GmbH have provided guarantees for the loan.

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 2018 (2015: 30 June 2017).

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 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 12 months	**60 403**	41 093	**–**	–
Thereafter	**2 721**	3 355	**–**	–
	63 124	44 448	**–**	–

21. Trade and other payables

Trade payables	**130 928**	220 403	**43**	198
Deferred lease payments	**10 079**	7 676	**–**	–
Other payables	**39 574**	44 558	**2 816**	2 693
	180 581	272 637	**2 859**	2 891

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

22. Provisions

Audit fees

Beginning of year	**3 497**	3 928	**673**	506
Arising during year	**3 747**	4 265	**446**	673
Utilised during year	**(2 657)**	(4 503)	**(524)**	(506)
Unused amount reversed	**(223)**	(193)	**(149)**	–
End of year	**4 364**	3 497	**446**	673

Bonus

Beginning of year	**7 812**	4 454	**–**	–
Arising during year	**7 418**	11 649	**–**	–
Utilised during year	**(8 547)**	(7 900)	**–**	–
Unused amount reversed	**(136)**	(391)	**–**	–
End of year	**6 547**	7 812	**–**	–

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
22. Provisions (continued)				
Leave pay				
Beginning of year	**11 976**	12 142	**–**	–
Arising during year	**6 122**	6 441	**–**	–
Utilised during year	**(6 145)**	(6 517)	**–**	–
Unused amount reversed	**(537)**	(90)	**–**	–
End of year	**11 416**	11 976	**–**	–
Warranties				
Beginning of year	**150**	150	**–**	–
Arising during year	**110**	–	**–**	–
End of year	**260**	150	**–**	–
Other				
Beginning of year	**1**	951	**–**	–
Arising during year	**10**	–	**–**	–
Utilised during year	**–**	(909)	**–**	–
Unused amount reversed	**(1)**	(41)	**–**	–
End of year	**10**	1	**–**	–
Total provisions				
Beginning of year	**23 436**	21 625	**673**	506
Arising during year	**17 407**	22 355	**446**	673
Utilised during year	**(17 349)**	(19 829)	**(524)**	(506)
Unused amount reversed	**(897)**	(715)	**(149)**	–
End of year	**22 597**	23 436	**446**	673

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 are expected to occur within a year.

23. Short-term borrowings				
Short-term borrowings comprise:				
– current portion of non-current interest-bearing liabilities (refer to note 19)	**19 178**	28 131	**–**	–
– insurance payment plan	**640**	615	**–**	–
– short-term loan	**–**	489	**–**	–
– bank overdrafts	**–**	31 983	**65 052**	71 178
	19 818	61 218	**65 052**	71 178

The bank overdrafts are secured by a cession over trade receivables of the group.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
24. Notes to the statements of cash flows				
24.1 Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations				
Profit/(loss) before taxation	**26 477**	(89 191)	**(11 654)**	(71 149)
Adjustments for:				
– amortisation of intangibles	**3 312**	10 275	**–**	–
– depreciation of plant and equipment	**12 098**	11 766	**–**	–
– equity-settled share-based payment	**2 505**	806	**–**	–
– gain on adjustment of purchase price	**–**	(3 200)	**–**	–
– (reversal of)/impairment of Jasco Cables investment and loan			**(134)**	62 545
– (reversal of)/impairment of loan to the Jasco Share Incentive Trust			**(979)**	1 184
– impairment of investment in associate	**–**	57 421	**–**	–
– impairment of loan receivable	**–**	3 801	**–**	–
– impairment of intangibles	**–**	29 560	**–**	–
– unrealised foreign exchange gains	**(2 495)**	(1 681)	**–**	–
– unrealised foreign exchange losses	**5 893**	1 361	**–**	–
– net (profit)/loss on sale of plant and equipment	**(302)**	2 205	**–**	–
– net loss on disposal of associate held for sale	**255**	–	**–**	–
– profit on disposal of business operation/subsidiary	**–**	(777)	**–**	–
– equity accounted loss from associates	**–**	689	**–**	–
– net interest paid	**15 200**	16 046	**12 220**	5 366
Cash flows from operations before working capital changes	**62 943**	39 081	**(547)**	(2 054)
Working capital changes	**16 412**	(22 460)	**3 503**	(201)
– increase in inventories	**(9 421)**	(2 580)	**–**	–
– decrease/(increase) in trade and other receivables	**107 545**	(101 758)	**(22)**	(37)
– decrease/(increase) in amounts owing by subsidiaries			**3 784**	(2 025)
– (decrease)/increase in trade and other payables, provisions and current portion of long-term liabilities	**(81 712)**	81 878	**(259)**	1 737
– increase in amounts owing to subsidiaries			**–**	124
Cash generated from/(utilised in) operations	**79 355**	16 621	**2 956**	(2 255)
24.2 Taxation paid				
Net taxation refundable at beginning of year	**1 544**	51	**–**	–
Net acquisition/disposal of subsidiaries/business operations	**–**	8	**–**	–
Amounts charged per statement of comprehensive income, excluding deferred taxation	**(5 977)**	(2 740)	**–**	–
Net taxation refundable at end of year	**(4 475)**	(1 544)	**–**	–
Cash amounts paid	**(8 908)**	(4 225)	**–**	–
24.3 Disposal of associate (M-TEC)				
Investment in associate held for sale at carrying value	**58 000**	–	**–**	–
Loss on disposal	**(255)**	–	**–**	–
Total proceeds less disposal costs	**57 745**	–	**–**	–
Less: Deferred payments	**(40 000)**	–	**–**	–
Cash flow on disposal	**17 745**	–	**–**	–

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
24. Notes to the statements of cash flows (continued)				
24.4 Disposal of subsidiaries, net of cash disposed of				
Gain on disposal	–	777	–	–
Equity	–	(1 190)	–	–
Cash and cash equivalents	–	418	–	–
Total purchase price	–	5	–	–
Exclude: Net cash and cash equivalents disposed of	–	(418)	–	–
Cash flow on disposal	–	(413)	–	–
24.5 Replacement of plant and equipment				
Plant and machinery	**(88)**	(124)	–	–
Furniture, fittings and office equipment	**(1 017)**	(399)	–	–
Motor vehicles	**(186)**	–	–	–
Computer and manufacturing equipment	**(4)**	–	–	–
Leasehold improvements	**(195)**	(37)	–	–
Leased furniture and office equipment	**(1 428)**	–	–	–
Total replacement	**(2 918)**	(560)	–	–
24.6 Additions to plant and equipment				
Plant and machinery	**(3 684)**	(1 294)	–	–
Hi-Sites	**(655)**	(258)	–	–
Furniture, fittings and office equipment	**(1 485)**	(9 638)	–	–
Motor vehicles	**(401)**	(391)	–	–
Leasehold improvements	**(886)**	–	–	–
Computer and manufacturing equipment	**(4 005)**	(3 475)	–	–
Leased furniture and office equipment	**(504)**	–	–	–
Total additions	**(11 620)**	(15 056)	–	–
25. Operating leases				
25.1 Operating lease commitments				
Future minimum rentals for premises and office equipment under non-cancellable leases payable within:				
– one year	**19 861**	19 864	–	–
– after one year, within five years	**54 723**	53 370	–	–
– after five years	**49 923**	60 689	–	–
Total	**124 507**	133 923	–	–
25.2 Operating lease income				
Future minimum rentals under non-cancellable leases receivable within:				
– one year	**26 109**	24 571	–	–
– after one year, within five years	**19 431**	16 074	–	–
– after five years	**971**	1 718	–	–
Total	**46 511**	42 363	–	–

The operating lease income is derived from rental agreements with customers utilising the group's network of Hi-Sites.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

26. Contingent liabilities

Jasco issues guarantees and suretyships for strategic and business purposes to facilitate other business transactions.

– guarantee for loan to New Telco South Africa (Pty) Limited from Cisco Capital			**25 926**	40 728
– guarantee received from New Telco GmbH for New Telco South Africa (Pty) Limited loan from Cisco Capital			**(8 642)**	(13 576)
– guarantee for standalone facility for Ferro Resonant Technologies (Pty) Limited to Nedbank			**7 500**	7 500
– guarantee for loan to Telesto Communications (Pty) Limited to Nedbank			**2 268**	2 953
– guarantees provided to group companies			**95 734**	96 157
			122 786	133 762

27. Banking facilities

Bank overdrafts of the group, excluding FerroTech, MV Fire and Telesto are cross-guaranteed by the group companies. The net overdrafts of subsidiaries as at 30 June 2016 amounted to Rnil (2015: Rnil).
The details of the facilities are as follows:

Sharing cross guarantees	**62 900**	70 443	**61 900**	71 443
– Standard Bank	**39 000**	46 543	**38 000**	47 543
– First National Bank	**23 900**	23 900	**23 900**	23 900
Separate facility of Ferro Resonant Technologies (Pty) Limited				
– Nedbank	**1 500**	1 500	**–**	–
Separate facility of MV Fire Protection Services (Pty) Limited				
– Absa	**1 000**	1 000	**–**	–
Separate group facility for Telesto Communications (Pty) Limited				
– Nedbank	**860**	860	**–**	–
Total overdraft facility	**66 260**	73 803	**61 900**	71 443
Other general banking facilities	**55 600**	52 993	**49 600**	46 993
– Standard Bank	**26 000**	23 393	**26 000**	23 393
– First National Bank	**23 600**	23 600	**23 600**	23 600
– Nedbank	**6 000**	6 000	**–**	–
Total general banking facilities	**121 860**	126 796	**111 500**	118 436

28. Directors' and prescribed officers' emoluments

	Short-term benefits		
	Fees for services as a director R	Basic salary R	Bonuses and performance-related payments R
2016			
Non-executive			
(paid by Jasco Electronics Holdings Limited)			
ATM Mokgokong	**410 810**	**–**	**–**
MJ Madungandaba	**398 870**	**–**	**–**
JC Farrant	**315 432**	**–**	**–**
JA Sherry	**239 636**	**–**	**–**
H Moolla	**309 581**	**–**	**–**
MS Bawa	**309 581**	**–**	**–**
	1 983 910	**–**	**–**
Executive			
(paid by Jasco Trading (Pty) Limited)			
AMF Da Silva	**–**	**2 859 976**	**–**
WA Prinsloo	**–**	**1 960 392**	**–**
	–	**4 820 368**	**–**
Total directors	**1 983 910**	**4 820 368**	**–**
Prescribed officers			
(paid by Jasco Trading (Pty) Limited)			
M Janse van Vuuren	**–**	**2 064 920**	**169 953**
T Petje	**–**	**1 490 635**	**3 390**
(paid by Jasco Enterprise (Pty) Limited)			
MMS Ebrahim	**–**	**864 705**	**–**
Total prescribed officers	**–**	**4 420 260**	**173 343**
Total directors and prescribed officers	**1 983 910**	**9 240 628**	**173 343**
2015			
Non-executive			
(paid by Jasco Electronics Holdings Limited)			
ATM Mokgokong	398 844	–	–
MJ Madungandaba	387 252	–	–
JC Farrant	306 240	–	–
JA Sherry	198 084	–	–
H Moolla	300 564	–	–
MS Bawa	232 038	–	–
M Malebye*	85 162	–	–
	1 908 184	–	–
Executive			
(paid by Jasco Trading (Pty) Limited)			
AMF Da Silva	–	2 675 708	3 333
WA Prinsloo	–	1 889 575	530 000
	–	4 565 283	533 333
Total directors	1 908 184	4 565 283	533 333
Prescribed officers			
(paid by Jasco Trading (Pty) Limited)			
M Janse van Vuuren	–	1 918 536	–
T Petje	–	1 379 927	–
Total prescribed officers	–	3 298 463	–
Total directors and prescribed officers	1 908 184	7 863 746	533 333

* Until 1 October 2014.
D Dempers (resigned on 31 August 2015) did not receive directors' emoluments from Jasco.

Sums paid by way of expense allowance R	Contributions under any other benefit scheme R	Total short-term benefits R	Contributions to defined contribution funds R	Share-based payments R	Total R
–	**–**	**410 810**	**–**	**–**	**410 810**
–	**–**	**398 870**	**–**	**–**	**398 870**
–	**–**	**315 432**	**–**	**–**	**315 432**
–	**–**	**239 636**	**–**	**–**	**239 636**
–	**–**	**309 581**	**–**	**–**	**309 581**
–	**–**	**309 581**	**–**	**–**	**309 581**
–	**–**	**1 983 910**	**–**	**–**	**1 983 910**
12 600	**254 300**	**3 126 876**	**674 292**	**1 331 376**	**5 132 544**
12 600	**152 508**	**2 125 500**	**277 989**	**854 911**	**3 258 400**
25 200	**406 808**	**5 252 376**	**952 281**	**2 186 287**	**8 390 944**
25 200	**406 808**	**7 236 286**	**952 281**	**2 186 287**	**10 374 854**
12 600	**24 066**	**2 271 539**	**298 800**	**233 961**	**2 804 300**
12 600	**16 724**	**1 523 349**	**240 746**	**–**	**1 764 095**
2 085	**10 072**	**876 862**	**87 210**	**–**	**964 072**
27 285	**50 862**	**4 671 750**	**626 756**	**233 961**	**5 532 467**
52 485	**457 670**	**11 908 036**	**1 579 037**	**2 420 248**	**15 907 321**
–	–	398 844	–	–	398 844
–	–	387 252	–	–	387 252
–	–	306 240	–	–	306 240
–	–	198 084	–	–	198 084
–	–	300 564	–	–	300 564
–	–	232 038	–	–	232 038
–	–	85 162	–	–	85 162
–	–	1 908 184	–	–	1 908 184
18 098	190 778	2 887 917	663 927	369 061	3 920 905
14 911	122 560	2 557 046	277 786	286 722	3 121 554
33 009	313 338	5 444 963	941 713	655 783	7 042 459
33 009	313 338	7 353 147	941 713	655 783	8 950 643
26 799	21 117	1 966 452	296 303	89 411	2 352 166
18 225	15 730	1 413 882	239 235	–	1 653 117
45 024	36 847	3 380 334	535 538	89 411	4 005 283
78 033	350 185	10 733 481	1 477 251	745 194	12 955 926

29. Borrowings

The group's borrowings are not limited by its memorandum of incorporation 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. Refer to note 5 for the company contributions made.

31. Related parties

The subsidiaries of the group are identified on page 22.

All purchasing and selling transactions with related parties are concluded at arm's length. Outstanding balances at year-end are unsecured, bear interest at 5,75% (2015: 5,5%) and settlement occurs in cash.

Interest on inter-group balances are disclosed in note 5.

Details of inter-group revenue are disclosed in the segmental report on page 55.

Amounts owing between subsidiaries are set out on page 32.

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

Directors' emoluments are disclosed in note 28 on pages 46 to 47.

Administration, managerial and secretarial fees between related parties are disclosed in note 5 on page 24.

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 5 and 28 for the required disclosures.

M-TEC was sold to a related party with effect from 1 May 2016. Please refer to notes 11 and 12 for more information.

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 and capital projects. 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 2016 and 2015.

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 most frequently applied valuation techniques include forward pricing models using present value calculations. The models incorporate various inputs, including the foreign exchange spot and forward rates, forward rate curves of currency basis spreads between the respective currencies, and forward rate curves of the underlying commodity.

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 that have a significant effect on the recorded fair value are observable, either directly or indirectly.

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

At 30 June 2016 and 2015, the group's only financial instruments carried at fair value were foreign currency contracts. These were classified as level 2.

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 Australian Dollar.

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	
	2016 '000	2015 '000	2016 '000	2015 '000
GROUP				
Trade and other receivables			**33 279**	23 035
Foreign currency:				
– Pound Sterling	**5**	5	**101**	92
– US Dollar	**839**	1 397	**12 391**	16 968
– Euro	**1 280**	441	**20 787**	5 975
Trade and other payables			**76 119**	135 217
Foreign currency:				
– Pound Sterling	**18**	31	**350**	591
– US Dollar	**3 214**	8 414	**47 189**	102 001
– Euro	**1 755**	2 407	**28 499**	32 601
– Australian Dollar	**7**	3	**81**	24

32. Financial instruments (continued)

32.3 Foreign currency risk (continued)

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:

		GROUP		COMPANY	
	Increase/ (decrease) in basis points	2016 R'000	2015 R'000	2016 R'000	2015 R'000
– Pound Sterling	+10c	**(1)**	(4)	**–**	–
	–10c	**1**	4	**–**	–
– US Dollar	+10c	**(681)**	(1 212)	**–**	–
	–10c	**681**	1 212	**–**	–
– Euro	+10c	**(148)**	(267)	**–**	–
	–10c	**148**	267	**–**	–

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:

	2016		2015	
	Average rate	Closing rate	Average rate	Closing rate
– Kenyan Shilling	**0,1561**	**0,1464**	0,1289	0,1289

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 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	After 3 years R'000
GROUP					
2016					
Fixed rate					
Finance lease receivable	**26 326**	**14 997**	**11 329**	**–**	**–**
Interest-bearing liabilities	**(25 926)**	**(16 001)**	**(9 925)**	**–**	**–**
Variable rate					
Proceeds on disposal of M-TEC	**40 734**	**9 681**	**15 170**	**15 883**	**–**
Corporate bond	**(87 065)**	**–**	**(87 065)**	**–**	**–**
Interest-bearing liabilities	**(11 544)**	**(3 817)**	**(6 655)**	**(425)**	**(647)**
Net cash and cash equivalents	**7 256**	**7 256**	**–**	**–**	**–**
2015					
Fixed rate					
Finance lease receivable	39 737	13 276	14 997	11 464	–
Interest-bearing liabilities	(40 728)	(14 802)	(16 001)	(9 925)	–
TMM loan	(10 000)	(10 000)	–	–	–
Variable rate					
Corporate bond	(95 215)	–	–	(95 215)	–
Interest-bearing liabilities	(10 193)	(4 433)	(4 092)	(1 668)	–
Net cash and cash equivalents	(31 140)	(31 140)	–	–	–

32. Financial instruments (continued)

32.4 Interest rate risk (continued)

	Total R'000	Within 1 year R'000	1 to 2 years R'000	2 to 3 years R'000	After 3 years R'000
COMPANY					
2016					
Variable rate					
Amounts owing by subsidiaries	**54 370**	**54 370**	**–**	**–**	**–**
Loan to Jasco Employee Share Incentive Trust	**3 399**	**–**	**3 399**	**–**	**–**
Proceeds on disposal of M-TEC	**40 734**	**9 681**	**15 170**	**15 883**	**–**
Corporate bond	**(87 065)**	**–**	**(87 065)**	**–**	**–**
Amounts owing to subsidiaries	**(223)**	**(223)**	**–**	**–**	**–**
Net cash and cash equivalents	**(65 052)**	**(65 052)**	**–**	**–**	**–**
2015					
Variable rate					
Amounts owing by subsidiaries	133 739	133 739	–	–	–
Loan to Jasco Employee Share Incentive Trust	1 706	–	1 706	–	–
Corporate bond	(95 215)	–	–	(95 215)	–
Amounts owing to subsidiaries	(313)	(313)	–	–	–
Net cash and cash equivalents	(71 178)	(71 178)	–	–	–

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 and no other impact on equity:

		GROUP		COMPANY	
	Increase/ (decrease) in basis points	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Profit before tax	+0,5%	**(253)**	(707)	**(269)**	(180)
	–0,5%	**253**	707	**269**	180

32.5 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.

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 certain trade receivables (note 14), no financial assets are past-due, but not impaired.

32.6 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- to 60-day timeframe.

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

	Net payment R'000	Future interest R'000	Total payment R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Thereafter R'000
GROUP							
2016							
Loans receivable	**26 326**	**(2 617)**	**28 943**	**–**	**4 341**	**13 024**	**11 578**
Proceeds on disposal of M-TEC	**40 734**	**(7 075)**	**47 809**	**–**	**–**	**14 339**	**33 470**
Trade and other receivables	**206 496**	**–**	**206 496**	**74 249**	**132 247**	**–**	**–**
Net cash and cash equivalents	**7 256**	**–**	**7 256**	**5 874**	**1 382**	**–**	**–**
Interest-bearing loans and borrowings	**(37 470)**	**2 785**	**(40 255)**	**–**	**(5 636)**	**(16 244)**	**(18 375)**
Corporate bond	**(87 065)**	**22 428**	**(109 493)**	**–**	**(2 601)**	**(8 196)**	**(98 696)**
Trade and other payables	**(170 502)**	**–**	**(170 502)**	**–**	**(170 502)**	**–**	**–**
Derivative financial instruments	**(4 799)**	**–**	**(4 799)**	**–**	**(4 799)**	**–**	**–**
	(19 024)	**15 521**	**(34 545)**	**80 123**	**(45 568)**	**2 923**	**(72 023)**
2015							
Loans receivable	39 737	(6 571)	46 308	–	4 341	13 024	28 943
Trade and other receivables	319 794	–	319 794	78 413	241 381	–	–
Net cash and cash equivalents	(31 140)	–	(31 140)	(31 296)	156	–	–
Interest-bearing loans and borrowings	(60 921)	4 378	(65 299)	–	(5 473)	(26 420)	(33 406)
Corporate bond	(96 778)	29 018	(125 796)	–	(2 357)	(7 019)	(116 420)
Trade and other payables	(263 398)	–	(263 398)	–	(263 398)	–	–
Derivative financial instruments	(234)	–	(234)	–	(234)	–	–
	(92 940)	26 825	(119 765)	47 117	(25 584)	(20 415)	(120 883)

32. Financial instruments (continued)

32.6 Liquidity management (continued)

	Net payment R'000	Future interest R'000	Total payment R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Thereafter R'000
COMPANY							
2016							
Proceeds on disposal of M-TEC	**40 734**	**(7 075)**	**47 809**	**–**	**–**	**14 339**	**33 470**
Trade and other receivables	**174**	**–**	**174**	**–**	**174**	**–**	**–**
Amounts owing by subsidiaries	**54 370**	**–**	**54 370**	**–**	**54 370**	**–**	**–**
Loans receivable	**3 399**	**(217)**	**3 616**	**–**	**–**	**–**	**3 616**
Corporate bond	**(87 065)**	**22 428**	**(109 493)**	**–**	**(2 601)**	**(8 196)**	**(98 696)**
Bank overdraft	**(65 052)**	**–**	**(65 052)**	**(65 052)**	**–**	**–**	**–**
Trade and other payables	**(2 859)**	**–**	**(2 859)**	**–**	**(2 859)**	**–**	**–**
Amounts owing to subsidiaries	**(223)**	**–**	**(223)**	**–**	**(223)**	**–**	**–**
Net guarantees given	**(122 786)**	**1 147**	**(123 933)**	**–**	**(3 172)**	**(112 750)**	**(8 011)**
	(179 308)	**16 283**	**(195 591)**	**(65 052)**	**45 689**	**(106 607)**	**(69 621)**
2015							
Trade and other receivables	151	–	151	–	151	–	–
Amounts owing by subsidiaries	133 739	–	133 739	–	133 739	–	–
Loans receivable	1 708	(109)	1 817	–	–	–	1 817
Corporate bond	(96 778)	29 018	(125 796)	–	(2 357)	(7 019)	(116 420)
Bank overdraft	(71 178)	–	(71 178)	(71 178)	–	–	–
Trade and other payables	(1 328)	–	(1 328)	–	(1 328)	–	–
Amounts owing to subsidiaries	(313)	–	(313)	–	(313)	–	–
Net guarantees given	(133 762)	4 378	(138 140)	–	(3 101)	(112 960)	(22 079)
	(167 761)	33 287	(201 048)	(71 178)	126 791	(119 979)	(136 682)

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
33. Events after the reporting period				
Dividend per ordinary share				
Final dividend number 22 of 2 cents per ordinary share declared after year-end relating to income for the year	**4 492**	–	**4 586**	–

SEGMENTAL REPORT AT 30 JUNE 2016

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.

Kindly refer to the directors' report for more information on the segments.

	INCOME AND EXPENSES				FINANCIAL POSITION		
	Revenue			Operating profit/ (loss)† R'000			
	External R'000	Inter-group R'000	Total R'000		Assets R'000	Liabilities R'000	Capital expenditure R'000
2016							
Carriers	**413 833**	**320**	**414 153**	**47 778**	**151 209**	**40 307**	**1 783**
Enterprise	**308 251**	**9 709**	**317 960**	**3 736**	**147 783**	**94 507**	**12 088**
Intelligent Technologies	**186 993**	**3 704**	**190 697**	**17 549**	**84 428**	**50 935**	**262**
Electrical Manufacturers	**164 910**	**852**	**165 762**	**12 600**	**84 301**	**23 382**	**4 374**
Sub-total operating divisions	**1 073 987**	**14 585**	**1 088 572**	**81 663**	**467 721**	**209 131**	**18 507**
Other non-operating divisions	**2 442**	**–**	**2 442**	**(36 786)**	**100 213**	**191 875**	**9 612**
Adjustments	**–**	**(14 585)**	**(14 585)**	**(3 200)**	**64 726**	**(195)**	**(1 429)**
Total	**1 076 429**	**–**	**1 076 429**	**41 677**	**632 660**	**400 811**	**26 690**
2015							
Carriers	412 772	1 547	414 319	48 293	195 008	100 854	947
Enterprise	376 043	4 342	380 385	935	194 373	135 929	9 250
Intelligent Technologies	159 817	4 814	164 631	13 302	105 593	67 087	4 674
Electrical Manufacturers	174 291	615	174 906	12 947	78 749	20 103	1 645
Sub-total operating divisions	1 122 923	11 318	1 134 241	75 477	573 723	323 973	16 516
Other non-operating divisions	895	–	895	(42 716)	113 237	214 991	8 379
Adjustments	–	(11 318)	(11 318)	(105 217)	62 463	(2 644)	(18)
Total	1 123 818	–	1 123 818	(72 456)	749 423	536 320	24 877

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

The group has one customer that contributed more than 10% to group revenue, in the Electrical Manufacturers segment.

No secondary information is disclosed as the group mainly operated in one geographical segment during the year.

ORDINARY SHARE PERFORMANCE AND SHAREHOLDING

Statistical highlights for the six years ended 30 June 2016

	2016	2015	2014	2013	2012	2011
Jasco share price						
Lowest share price (cents)	**38**	47	58	85	90	70
Highest share price (cents)	**87**	125	114	175	150	155
Closing share price (cents)	**84**	56	90	99	150	101
Analysis of Jasco share transactions						
Total number of transactions recorded on JSE	**1 241**	1 717	1 684	3 151	2 390	1 533
Total number of shares traded ('000)	**23 220**	15 696	20 246	24 594	24 365	21 219
Total number of shares traded as a percentage of weighted average issued shares (%)	**10,1**	7,1	11,6	16,8	16,6	14,5
Total value of shares traded (R'000)	**14 018**	12 035	16 564	35 213	27 870	24 956

Analysis of Jasco shareholding at 30 June 2016

	Number of shareholders	% of total	Number of shares	% of total
Size of shareholding				
1 – 1 000	**1 413**	**49,01**	**442 927**	**0,19**
1 001 – 5 000	**624**	**21,64**	**1 690 216**	**0,74**
5 001 – 10 000	**245**	**8,50**	**1 968 407**	**0,86**
10 001 – 100 000	**481**	**16,68**	**15 645 112**	**6,82**
100 001 and over	**120**	**4,17**	**209 572 529**	**91,39**
	2 883	**100,00**	**229 319 191**	**100,00**
Analysis of shareholders				
Class				
– individuals	**2 572**	**89,21**	**48 359 446**	**21,09**
– financial institutions and corporate bodies	**311**	**10,79**	**180 959 745**	**78,91**
	2 883	**100,00**	**229 319 191**	**100,00**
Major shareholders (5% or more of shares in issue)				
– Goldsol II (Pty) Limited			**50 000 000**	**21,80**
– AfroCentric Investment Corporation Limited			**44 263 793**	**19,30**
– Community Investment Holdings (Pty) Limited (CIH)*			**27 376 750**	**11,94**
– TMM Holdings (Pty) Limited			**23 564 619**	**10,28**
Analysis of Jasco shareholders' spread at 30 June 2016				
Non-public				
– BEE partners	**6**	**0,21**	**129 062 945**	**56,28**
– Jasco directors†	**7**	**0,24**	**9 945 225**	**4,34**
– Associates of Jasco directors	**1**	**0,03**	**5 500**	**–**
– Jasco Employee Share Incentive Trust	**1**	**0,03**	**3 469 362**	**1,51**
– Spescom Limited Share Trust	**1**	**0,03**	**2 164 837**	**0,94**
	16	**0,54**	**144 647 869**	**63,07**
Public	**2 867**	**99,46**	**84 671 322**	**36,93**
	2 883	**100,00**	**229 319 191**	**100,00**

† *Refer to the directors' report on page 7 for detailed information of the directors' interest in share capital.*

* *CIH's shares are held by Malesela Holdings No 1 (Pty) Limited and the Inkonkoni Trust.*

CORPORATE INFORMATION

Group company secretary
Sekretari (Pty) Limited (represented by CD du Plessis)

Registered office
Jasco Electronics Holdings Limited
Jasco Park
Corner Alexandra Avenue and 2nd Street
Midrand, Halfway House,1685
(PO Box 860, Wendywood, 2144)
Telephone: +27 11 266 1500

Auditors
Ernst & Young Inc.
Registered Auditor
102 Rivonia 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 Southern Africa Limited
RMB Corporate
Corner Pritchard and Simmonds Streets
Johannesburg, 2001

Transfer secretaries
Link Market Services South Africa (Pty) Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

Sponsor
Grindrod Bank Limited
Fourth Floor Grindrod Towers
8A Protea Place
Sandton, 2196

SHAREHOLDERS' DIARY

Annual general meeting	2 November 2016

Reports

Interim for half-year to 31 December 2015	Published 10 February 2016
Audited results for the year to 30 June 2016	Published 26 September 2016
Integrated annual report posting date	30 September 2016