JASCO
INSPIRE.INNOVATE.

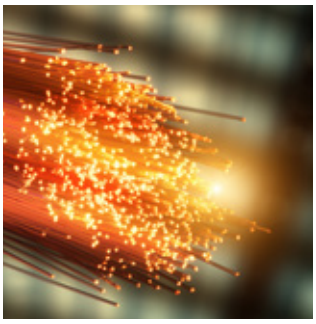
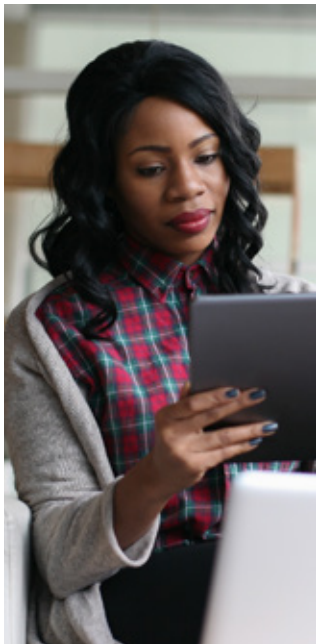









INTEGRATED ANNUAL REPORT 2017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ABOUT THIS REPORT

Scope and boundary

This integrated report provides information relating to Jasco's strategy and business model, operating context, material risks and opportunities, as well as governance and operational performance for the period 1 July 2016 to 30 June 2017. The group operates in Southern Africa, East Africa and the Middle East.

This integrated annual report was compiled while considering the recommendations of the King III Report on Corporate Governance (King III) for South African reports and the International Integrated Reporting Council. We have documented our assessment of the King III principles in a separate register.

The group is evaluating the recommendations included in the King IV Report and is on track to apply the principles by the due date in 2018.

The annual financial statements comply with International Financial Reporting Standards (IFRS), the JSE Listings Requirements and the South African Companies Act and have been audited by Ernst & Young Inc.

Forward-looking statements

This report contains certain forward-looking statements with respect to Jasco's financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These statements have not been audited.

Directors' responsibility

The Jasco board, supported by the audit and risk committee, takes overall responsibility and accountability for this report. Executive management is responsible for the preparation and consolidation of this report. The board has collectively reviewed this report and confirms the integrity of the content. The board believes that this report is a balanced and appropriate presentation of the profile and performance of Jasco. Upon recommendation from the audit and risk committee, the board approved this report on 13 September 2017.

Dr ATM Mokgokong
Chairman

13 September 2017

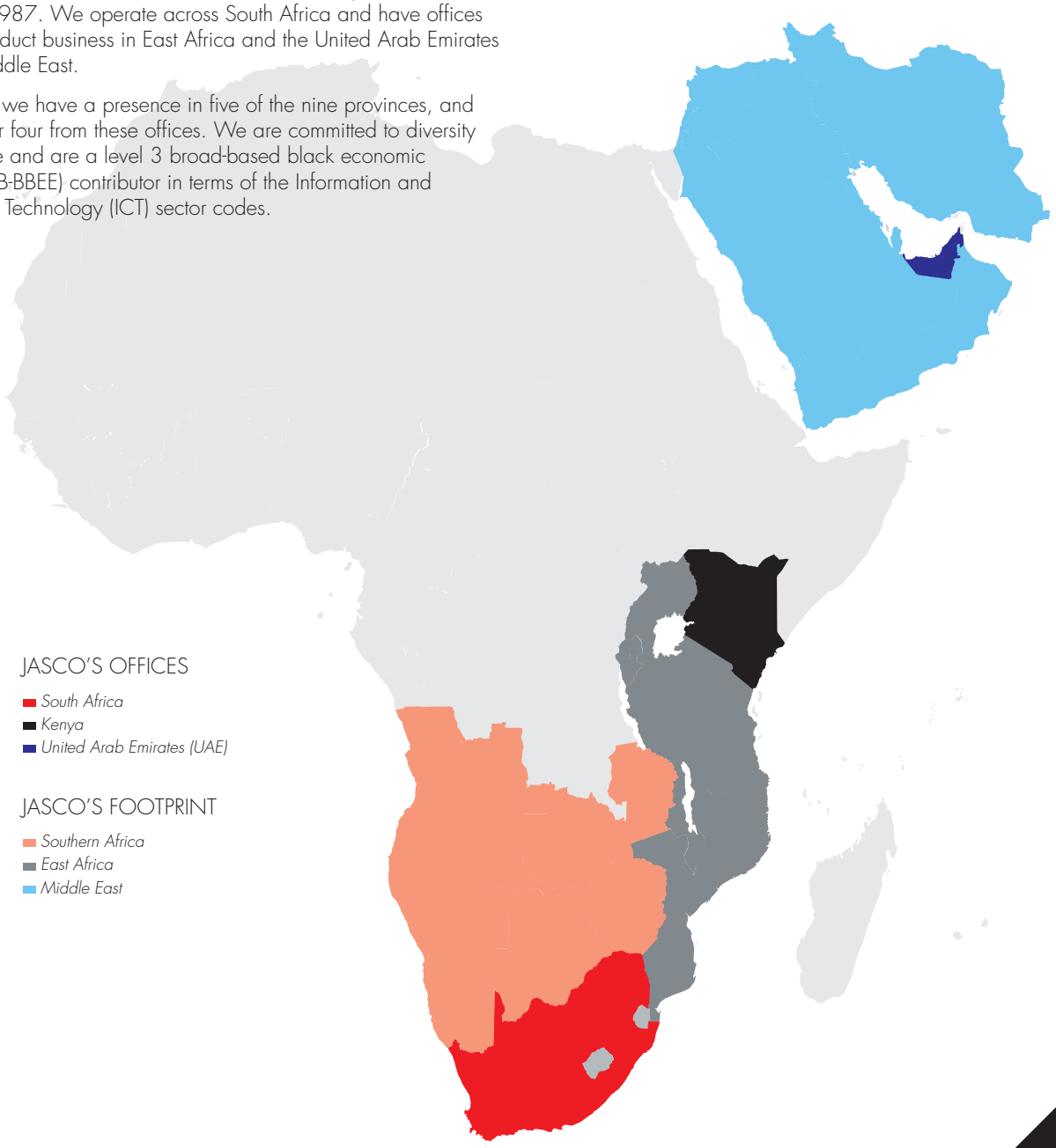
ABOUT JASCO

Jasco is a South African-based group that delivers smart technologies across the disciplines of telecommunications, information technology, energy and industry.

We are an integrator and service provider serving the information and communication technology (ICT), power (including renewables), water management sectors, broadcast and building management sectors. Jasco has the internal ability to operate across the complete value chain – from engineering, solutions development, procurement, construction and integration to maintenance. These offerings combine to enable Jasco to be an integrator for "Smart Cities".

Jasco has been listed on the South African stock exchange, the JSE Limited, since 1987. We operate across South Africa and have offices in Kenya to conduct business in East Africa and the United Arab Emirates to serve the Middle East.

In South Africa, we have a presence in five of the nine provinces, and service the other four from these offices. We are committed to diversity in our workforce and are a level 3 broad-based black economic empowerment (B-BBEE) contributor in terms of the Information and Communication Technology (ICT) sector codes.



JASCO'S SOLUTIONS

TELECOMMUNICATIONS

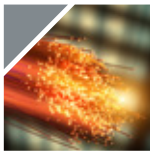
Jasco offers a complete range of infrastructure products and services for access, transmission, operational support systems and outside plant equipment. Jasco's infrastructure allows telecommunications operators and service providers an opportunity to rent space with full complementary site management and technical services.

CONTACT CENTRES

Jasco is a value-added reseller and system integrator of world-class contact centres and communications tools and services. We manage and centralise our unique business solutions by making use of these products and services to assist customers to enhance their contact centre communications. This can be done on site, hosted in a cloud or as a pure managed service. We specialise in all aspects of contact centres, including scoping, design, supply, implementation and integration, project management, training and support and maintenance.

UNIFIED COMMUNICATIONS

Our offering enables seamless integration of communications technologies from multiple vendors. Collaboration tools include video into the traditional communications environment, enabling teams to communicate face to face without having to leave their office. Our infrastructure is designed to provide a highly-reliable, quality voice service to connect customers to the rest of the world. We monitor customers' voice networks and offer solutions that will provide cost-effective business continuity options. Instant messaging allows users to communicate quickly and effectively, while audio, video and web conferencing, with document and application sharing, further enhances collaboration and reduces travelling expenses and time.



FIBRE TO THE PREMISE (FTTX) AND OPEN ACCESS

We supply products and services that allow companies to deploy fibre to the home or business markets quickly and efficiently. The offering includes software automation, backhaul services, specialised passive optical networking equipment and the interconnection to internet service providers.

IT INFRASTRUCTURE

Businesses rely on IT infrastructure to deliver an efficient and professional service to their customers, as well as for effective internal systems operation. Networks are at the heart of effective IT infrastructure and have to be both resilient and agile to cater for a business environment. In today's world, networks are required to adapt to new services and applications, which are essential for the successful delivery of business strategy and objectives. Jasco provides a full set of solutions to assist customers to address business needs and achieve flexible and resilient networks.

CLOUD SERVICES

We provide full Infrastructure as a Service (IAAS) and Platform as a Service (PAAS) offerings from our own dedicated data centre. This has been designed specifically for efficient uptime and cloud-specific solutions.

SECURITY & FIRE

Jasco offers design, installation and maintenance of smart technology solutions that include surveillance (CCTV), monitoring of physical security detection, biometric access control solutions, fire detection systems and suppression solutions. Our bespoke turnkey solutions are delivered by experienced teams. All employees and implementations are accredited by relevant authorities and certification agencies.

DATA CENTRES

Jasco's offering provides a number of services, most notably co-location solutions through the NewTelco SA brand. The company offers a fully outsourced and virtualised network operations service to the global carrier community that requires a footprint in Africa or to African carriers that require a global footprint. The offering includes more than data centre operators, and ensures that all requirements for equipment procurement or leasing, interconnection, hosting and operations are met in accordance with stringent service level agreements.

POWER

Jasco offers full turnkey assurance and protection of power supply systems, including uninterruptible power supplies (UPS), generators, transformers, voltage regulators and lightning protection. These include remote monitoring solutions, which are tailored to the specific requirements of the customer. These offerings are supported by a highly skilled team of engineers and system integrators.

RENEWABLE ENERGY

Jasco delivers Photovoltaic (PV) solutions to the commercial sector, including rooftop and carport installation. We also offer a consulting energy optimisation service that includes the installation of Advanced Metering Infrastructure (AMI), which provides an accurate reading of consumption in real time, as well as audits to establish a baseline. Recommendations are provided to reduce energy consumption through a combination of technologies and approaches.

WATER MANAGEMENT

Jasco is a leading provider of integrated water network management solutions, which enable water utilities to improve efficiencies and reduce their non-revenue water (NRW) challenges.

SMART BUILDINGS

Connectivity is the heart of a "Smart Building", which ensures access to the internet through bespoke solutions. Jasco offers energy optimisation and management tools, energy continuity such as UPS and generators, renewable energy solutions, security solutions and fire detection and suppression. A "Smart Building" also includes our rooftop solutions, which offer alternate revenue streams. These are all enhanced through world-class building management solutions (BMS).

BROADCASTING

This offering consists of the design, build, integration and maintenance of all aspects of technologies in the broadcast industry – from image capture through to transmission and storage. Jasco delivers complete video and audio solutions, from studio builds to mixing desks, cameras, tripods, tapes and post-editing archiving.

COMPONENT MANUFACTURERS

Jasco manufactures a range of plastic injection moulded components, metal pressings and wire harnesses for the domestic appliances and water heating industries. A full manufacturing service is offered, which involves processing goods from raw materials to finished products that conform to the highest safety and quality standards.

OUR BUSINESS MODEL

The International Integrated Reporting Council (IIRC) promotes disclosure on companies' value creation as part of its corporate reporting. Key to this is an integrated model, which demonstrates how six capitals represent all the resources and relationships organisations use to create value. The group is currently evaluating its position in terms of these issues. This year we outline the start of our approach for the first time.

SOURCES OF CAPITAL

FINANCIAL | MANUFACTURED | HUMAN | INTELLECTUAL | SOCIAL | NATURAL

INPUTS – WHAT WE USE/WHAT OUR BUSINESS DELIVERS

Jasco is a South African-based group that delivers smart technologies across the disciplines of telecommunications, information technology, energy and industry. We are an integrator and service provider across the information, and communication technologies (ICT), power (including renewables), water management, broadcast and building management sectors.

OUR OUTPUTS

Our outputs are the services and products we deliver. Refer to pages 2 and 3 for a breakdown.

FINANCIAL CAPITAL (Refer to the CFO's review)	Our financial resources consist of funding from investors and financiers, as well as our retained profits, which are used to invest, develop and grow our business. Managing Jasco's financial capital receives stringent management attention. Although we remain focused on both an organic and bolt-on acquisitive strategy, during our restructuring phase, we faced particular challenges to manage our financial resources. During the year, we have improved a number of financial measures. Particularly pleasing is the improvement in our gearing level and the maintenance of our operating profit against tough market conditions. The prevailing economic climate is creating consolidation opportunities. However, any future acquisitions will require funding, firstly from equity sources such as from a new share issue, and secondly from a new issue of debt.
MANUFACTURED CAPITAL (Refer to the Operational review)	Our manufactured capital consists mainly of the products manufactured by the Electrical Manufacturers business unit. During the year, we invested an additional R9,6 million to expand its manufacturing capacity and improve the operational efficiencies of this business unit as part of our customer diversification strategy.
HUMAN CAPITAL (Refer to the Chairman's review, the CEO's review and group scorecard)	South Africa's technology sector is facing a skills shortage in a number of areas. The calibre of our people is a key differentiator in an increasingly competitive ICT sector and we therefore strive to attract and retain the talent we need to support our business model through incentives and training and development. The management of our skills base remains a critical success factor in our achievement of growth objectives. To address this, we have implemented a talent management strategy to deliver on planned growth objectives. This includes attracting skilled employees, retaining key resources and continuing with a mentorship and coaching programme.
INTELLECTUAL CAPITAL	In an ever-changing market, Jasco's ability to innovate and maintain customer loyalty through a strong brand and reputation are increasingly important. We continue to invest in developing our own brand of voice recording, internet of things (IoT) and power solutions. Through our innovation forum we continue to investigate and assess new technologies to ensure that our integrated offerings remain world-class. Furthermore, we continuously seek like-minded partners to ensure that our combined intellectual capital brings value to our customers.
SOCIAL AND RELATIONSHIP CAPITAL	Jasco invests in the areas that are close to its operations or are relevant to its business. As education is fundamental to developing an economy, Jasco has invested in a number of educational institutions. Jasco has contributed R1 million over three years to the development and support of the institutions and its learners. Some of our investments are outlined below. **Kaalfontein Primary School** This school is close to the group's head office and was established by community members in 2001 and officially registered in 2003 with only 735 learners. The number of learners has grown considerably to 2 024 in 2017 with 64 employees. The majority of the learners are from child-headed households, single or unemployed parents. Jasco's investments have included building of classrooms, installing surveillance equipment for the protection of the school, furniture, as well as the establishment of a vegetable garden to supply the school and community. **Matjiesfontein Primary School** Jasco's contribution towards Matjiesfontein Primary School for their telecommunication resources has improved the efficient operating of the school. **Centre of Excellence (CoE) at University of Cape Town (UCT)** Jasco's sponsorship has involved PHD and Masters students studying towards Engineering by supporting their research in the field of telecommunications. The outcome of the research is presented by the students to industry players, which has allowed the concepts and outcomes to be deployed in the telecommunications sector.
NATURAL CAPITAL	Although the group is not a heavy user of natural capital, as outlined on page 13 we have concentrated on reducing our energy footprint by investing in a solar Photovoltaic carpark. Our initiatives have had significant success during the last few years.

BOARD OF DIRECTORS

Dr ATM (Anna) **Mokgokong** (60)

BSc, MBChB

Chairman (non-executive)

Dr Anna joined the Jasco board in 2003. She is the co-founder and executive chairman of Community Investment Holdings (Pty) Limited (CIH). In addition to chairing the Jasco board, Dr Anna also serves in a non-executive capacity on the boards of a few listed and unlisted companies. Her business, education and public sector achievements are extensive and she has received numerous local and international awards. She has served on councils and committees for the University of South Africa (Unisa) and the University of Pretoria (UP). In the public sector, Dr Anna was the deputy chairman of the Independent Commission for the Remuneration of Public Office Bearers and the chairman on the Board of the Small Development Enterprise Agency. In 1999 she was honoured as South Africa's Businesswoman of the Year and between 1998 and 2007 she received eight international awards recognising her business success. She is a member of the Clinton Global Initiative, where she contributes as a healthcare leader.

AMF (Pete) **da Silva** (57)

Chief executive officer (executive)

Pete studied Light Current Engineering at the Germiston Technikon. His management development programme was completed through Siemens and Duke University. Pete currently holds various board positions in the fields of telecommunications, electrical engineering, property development and the medical industry. Pete's previous positions included that of group CEO for A1GP and Siemens Southern Africa. He also was a senior council member of the German chamber, a board member of the National Business Initiative (NBI), the Business Trust (BT) and Business Leadership South Africa (BLSA). Pete joined the board in 2009 as an independent non-executive director and became the CEO in 2011.

JC (John) **Farrant** (77)

CA(SA)

Director (lead independent non-executive)

John was a partner of Ernst & Young from 1967 until his retirement at the end of 1997. He was appointed to the Jasco board in 1997 and also serves as chairman of the Audit and Risk Committee and is the lead independent non-executive director.

John is the chairman of a number of pension/provident and retirement annuity funds and a trustee of numerous family trusts. He is a director at Robson Savage (Pty) Limited, an actuarial science company.

TP (Thandeka) **Zondi** (34)

CA(SA)

Director (independent non-executive)

Thandeka joined the board on 1 January 2017 as an independent non-executive director of Jasco and a member of the Audit and Risk Committee. She is also an executive director at SekelaXabiso where she is responsible for strategy and business development. She is an independent board member and chairperson of the Administration and Finance sub-committee of the Old Mutual Superfund Pension and Provident Funds.

SM (Samantha) **Samuels** (43)

PR National Diploma/Marketing, Business Management Diploma

Executive director (supply chain management)

Samantha has consulted to Jasco since 2011 and formally joined the group in 2012. During this period she has assisted to define the group's marketing and communications strategies, as well as the brand consolidation of Jasco. She has more than 16 years of experience in marketing, events management, external and internal communications and socio-economic development. She has worked at the Department of Economic Affairs and Tourism, Vodacom Sport & Entertainment, Sail Sport & Entertainment, Vodacom group and 360x Holdings. After her five-year tenure in marketing and communications at Jasco, she took over the leadership of the supply chain management of the group. Samantha was appointed to the board of directors on 19 June 2017.

MJ (Joe) **Madungandaba** (59)

CPA(SA), MDP

Deputy chairman (non-executive)

Joe was appointed to the board of Jasco as an executive director in 2003. He became the non-executive deputy chairman in 2006. Joe is one of South Africa's leading black entrepreneurs who co-founded CIH, a large black-owned company, where the combined annual revenue of its investments exceeds R15 billion. He serves and has served on the boards and sub-committees of several companies. Joe also advised the South African Government Cabinet committee on RDP. He studied towards a BCom at the University of the North/Witwatersrand, obtained a Certificate in Taxation (cum laude) from Unisa, and completed the Management Development Programme at Cranfield. Joe is a past winner of the BMF/Pretoria News Manager of the Year Award. He gained extensive lecturing and consulting experience as a lecturer at Potchefstroom University's Business Advisory Bureau.

WA (Warren) **Prinsloo** (45)

CA(SA)

Chief financial officer (executive)

Warren joined the board in 2006 as the financial director. He qualified as a Chartered Accountant in 1998. Before Jasco, he spent six years with the Massmart group in various senior financial management positions. He is a board member of several of Jasco's subsidiaries. Warren is a member of the Institute of Directors.

PF (Pumla) **Radebe** (60)

CD(SA), BA (Social Sciences)

Director (independent non-executive)

Pumla joined the board on 1 January 2017 as an independent non-executive director, chairman of the Social and Ethics Committee, and a member of the Audit and Risk Committee. She is a Certified Chartered Director and a member of the Institute of Directors. She is a non-executive director on the board of the Institute of Directors and the chairman of a listed company in the construction sector.

MSC (Shaheen) **Bawa** (58)

BSc (Hons), (Applied Physics and Computer Control), MSc (Electrical Engineering)

Director (non-executive)

Shaheen joined the Board in 2014. He is the CEO of Eclipse Unlimited Holdings (Pty) Limited, which invests in the ICT, energy, gaming, property and distribution sectors. In addition to serving as a director on the Jasco board, Shaheen also serves, in an executive and non-executive capacity, on the boards of several unlisted companies.

TS (Thapelo) **Petje** (55)

MCom (UP), BCom (Hons) (SA), SEP (University of the Witwatersrand/Harvard University)

Executive director (group strategic sales)

Thapelo joined Jasco in 2011 and heads up strategic sales across the group. His role focuses on strategic projects, new business development and maintenance of the existing customer base. He is involved in key sectors of the business that includes fixed and mobile telecommunications, transport (rail), power (energy) utilities and mining, as well as exploring opportunities in the rest of Africa. His expertise lies in strategy, business development and supply chain management. Thapelo was appointed to the main board of directors on 19 June 2017.

EXECUTIVE COMMITTEE

Pete da Silva (57)

Chief executive officer (CEO)

Refer to page 6 for his CV, as he is also a board member.

Warren Prinsloo (45)

Chief financial officer (CFO)

Refer to page 7 for his CV, as he is also a board member.

Samantha Samuels (43)

Executive director (supply chain management)

Refer to page 6 for her CV, as she is also a board member.

Thapelo Petje (55)

Executive director (group strategic sales)

Refer to page 7 for his CV, as he is also a board member.

Mark Janse van Vuuren (50)

MBA

Chief operating officer (COO)

Mark was appointed as COO in 2013. Prior to this, he was the managing director of Jasco ICT Solutions from 2011 and the divisional managing director of Telesciences from 2010 to 2011. Before joining Jasco, Mark was the managing director of Maringo Telecommunications, the COO of Nokia Siemens Networks SA and the managing director of Fixed Networks at Siemens Telecommunications. He has over 15 years' experience within the ICT sector, with expertise in management, operations and telecommunications.

Simoné Scheepers-Tait (41)

NHD Business and Commercial AD Certificate Advance Labour Law (Unisa)

Group executive (Human resources)

After qualifying in labour law, Simoné started her career with Coetzee & Associates in 1998, a labour law firm specialising in labour and industrial relations. After six years, she joined Jasco as its group human resources manager in 2004, gaining experience in the telecommunications, manufacturing and security sectors. In 2013 she was promoted to the position of Group executive: human resources. Simoné has over 18 years' experience in the field of labour relations and human resources. Simoné is a member of both the South African Rewards Association and the South African Payroll Association.

Makwe Ngwato (42)

Graduate Diploma in Marketing (IMM)

Group executive (marketing and communications)

Makwe joined Jasco group marketing and communications in 2013 as group marketing manager. He was promoted to group executive: marketing and communications in 2016. Makwe has over 18 years' experience in strategic marketing and corporate communications. He has worked for the Advtech group, Monash University, Tsogo Sun, Absa, Trinergy Brand Connectors on Vodacom Sponsorship Marketing.

Neo Modisakeng (29)

BA (Industrial and Organisational Psychology) LLB, Law

Company secretary and legal executive

Neo joined Jasco in August 2017. He is a qualified and admitted attorney of the High Court of South Africa. He gained experience in mergers and acquisitions, as well as telecommunications, media, technology and intellectual property, during his time at a major law firm.

OPERATING CONTEXT AND STRATEGY

CHAIRMAN'S REVIEW

During the year under review, the South African economy has remained very challenging, with several industries under pressure. The consensus is that the projected gross domestic product (GDP) growth rate in South Africa will remain below 1%, largely due to the sovereign rating downgrade and the continued depressed commodity price levels.

Kenyan elections, the planned Angolan elections and the continued debate around the Democratic Republic of Congo (DRC) elections are also expected to dampen growth in countries relevant to Jasco in the short-term.

Against these conditions, Jasco continues to focus on gaining critical mass in South Africa, and diversifying its earning potential by growing in East Africa and the Middle East.

DEVELOPING OUR RESOURCES

In the current tough economic conditions, retaining the required skills and investing in our people have become even more vital.

The weak economy and the socio-political environment in South Africa have resulted in the emigration of skilled resources, particularly in the technical, engineering and financial fields. The resources which remain are therefore in high demand. To address this, key senior and technical management resources were either issued share options or placed on retention schemes. This will be reviewed on an ongoing basis. The group will also evaluate its long-term incentive scheme in the new financial year in an attempt to retain key and scarce skilled employees.

We remain focused on the training of technical employees, with significant investment in this area. Jasco is placing particular emphasis on black employees in terms of technical training and personal development. We intend to again double our training efforts during the forthcoming year in the areas of functional discipline and self-improvement.

The group also runs a mentorship programme for key employees.

With transformation recognised as a competitive advantage in our home market of South Africa, our skills development programme focuses on the development of existing talent, as well as on fast-tracking black employees to ensure that the workforce reflects the national demographics of the country. Jasco invested R2,4 million on external skills development programmes during the year under review. 237 employees, representing 35% of employees, received training, of which 66% were black employees.

We offered 21 internships through our Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA). These interns are currently conducting their internships at the group's Enterprise and Intelligent Technologies business units, as well as in the group IT department. In addition, the group is planning to increase its internship and learnership intake during the next financial year.

Jasco has also embarked on a training and development programme with an external training provider to offer training and development to 250 unemployed black learners.

A SETA-approved Adult Basic Education Training (ABET) programme is available to employees. Employee training and skills upgrading of technical employees extend to technologies and methodologies of Jasco partner solutions, including new products.

LINKING VALUES TO OPERATIONAL DELIVERY

During the year, Jasco continued to drive the implementation of the group's values to ensure that employees operate in line with our ethos and deliver their job requirements within that context.

As mentioned in the CFO review on page 25, during the year, the group became aware of fraudulent actions by the Enterprise financial director. We took this very seriously and launched an investigation and suspended the director. We are also taking further action. Although our systems were robust, he was able to over-ride some of the controls. These controls have since been further strengthened. We will also implement training around ethical behaviour in the coming year to ensure the group's employees fully understand what will not be tolerated.

To drive the value of innovation, an innovation forum was established. This forum meets monthly, with participants

from the business units and the executive committee to drive innovation within the group.

The second round of our mentorship programme is well under way, with the selection of mentors and mentees having been completed. Training to drive the values of leadership and learning will commence shortly.

GOVERNANCE

We remain committed to high standards of governance and continue to monitor our performance against our strategy. This year is the fifth time we provide key measures at both a group and team level for stakeholders to track our delivery. Refer to pages 35 to 41 for these measures.

Due to the reduced performance of the group, no short-term incentives were paid to the group executive management team.

The board appreciates the importance of risk management and maintains a risk and opportunity register that outlines a detailed mitigation process in line with the formal risk management policy. Management is accountable for the design, implementation and monitoring of this register. The register is monitored through a detailed process that involves rating the risk and categories, with equivalent estimated values. The mitigation process involves allocating responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the register is monitored by the board at every meeting.

TRANSFORMATION

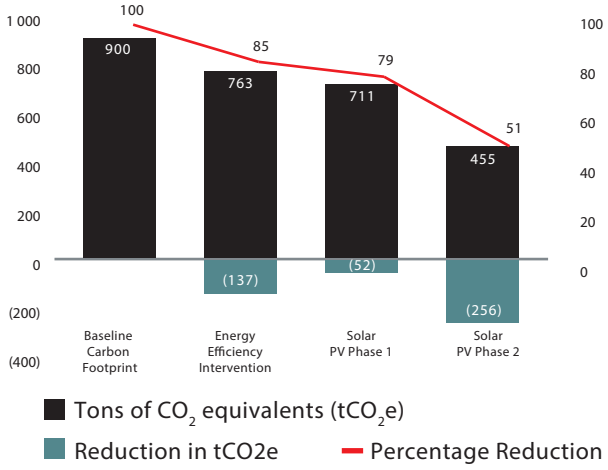
During the year, we made further significant investments in the area of broad-based black economic empowerment (B-BBEE). The new codes, in our case the Information and Communications Technology (ICT) sector codes, are extremely difficult to achieve and maintain. We have found it very onerous and costly as a medium-sized business. As a group we intend to engage with the Department of Trade and Industry on the best approach going forward.

Jasco currently has a level 3 B-BBEE rating. We continue to comply with the requirements of the ICT sector codes and, where possible, meet and exceed targets to ensure we will maintain a good rating in our next verification in November 2017. Our focus is on ownership, skills development and supplier and enterprise development as these are our priority elements.

REDUCING OUR CARBON FOOTPRINT

Although the group has a low environmental impact, it continues to implement interventions to reduce the carbon footprint at its head office in Midrand, Johannesburg. These include an energy efficiency project of replacing all energy inefficient lamps, together with the control of all lamps and heating and ventilation systems. In addition, two phases of

Jasco's electricity usage carbon footprint reduction



solar Photovoltaic (PV) carport projects have been deployed. These projects have allowed Jasco to benefit from a reduced carbon footprint and at the same time being able to showcase its renewable offerings to its customers.

The PV installation generates a capacity of 125 kiloWatt (kW), which has significantly reduced Jasco's dependency on the national grid and reduced its carbon footprint by 50% (444 tCO_2e) per annum, as shown in the graph above. This saving is equivalent to 1,7 million kilometres driven by an average passenger vehicle each year.

OUTLOOK

We expect the depressed South African economy to continue for the foreseeable future. To negate this, Jasco will continue to drive its strategy, remain focused on cost management and additional savings, as well as investing in carefully considered acquisitions to reach critical mass.

In East Africa and the Middle East, the group will continue with its investment to decrease its dependency on South Africa.

APPRECIATION

My appreciation goes out to my fellow board members for their contribution during the year. Their support remained key to ensure that we make the best decisions we can for all our stakeholders. I would like to express my sincere gratitude to the CEO, management team and all the employees for their commitment.

The coming year will no doubt present its fair share of challenges, but I am confident we can overcome the obstacles to help us grow Jasco into a leading smart technology provider.

CHIEF EXECUTIVE OFFICER'S REVIEW

Our strategy will remain focused on both organic and acquisitive growth, together with regional geographic expansion. This will be done without compromising the health of our balance sheet or cash position.

INTRODUCTION

As outlined in the Chairman's review, Jasco continued to experience tough economic conditions in 2017, with the second half seeing a particularly sharp downturn in the South African economy.

Against these conditions, revenue decreased by 3%, operating profit was maintained and reported earnings decreased by 43%. As outlined in the CFO review, earnings were impacted by a number of unusual factors. Refer to page 19.

Against these challenging conditions, we continued to focus on delivering on our strategy.

DELIVERY ON STRATEGY

Refer to the Operational reviews for more detail on our operational performance.

Jasco continues to progress its strategy of offering services across the ICT, power, water management, broadcast and building management sectors. We operate across the entire value chain, from engineering, solutions development, procurement, construction and integration to maintenance.

The group focused on four key areas this year to further deliver on its strategy:

1. Create scale through bolt-on acquisitions

   The group acquired 51% of Reflex Solutions, which contributed earnings of R1,7 million for two months. This acquisition enabled Jasco's entry into the fibre to the premise growth-market and expanded its IT infrastructure and management services offering.

   Unfortunately, our strategy to bolster our in-house Fire business was dealt a severe blow following the Competition Commission prohibiting our intended acquisition of 65% in Cross Fire Management.

   Although we disagree with the Commission's findings, we have decided not to challenge the decision and have expensed all related costs in the current reporting period. We will re-evaluate our Fire strategy in the new financial year.

2. Geographic diversification

   The second area of our strategy this year was to continue growing our business outside of South Africa to limit the impact from the slow local growth and exchange rate fluctuations.

In this regard, we continued to invest in Kenya, which is the base for our East African expansion. This business experienced volume growth of 58% off a low base.

Our initial success has been around the Enterprise business unit offering to corporate customers in East Africa. This will be expanded to Jasco's broader offering.

Our office in Dubai that will serve the Middle East region, has been established and a regional team deployed. The initial focus in the region will be around renewable power projects, with a specific focus on Photovoltiac solutions. As we are a 40% shareholder and share control with our business partners, we will equity account this investment.

3. Customer diversification in Electrical Manufacturers

   We are further diversifying our manufacturing business. During the year, we successfully secured four new large customers.

4. Strengthening our balance sheet

   The continued focus on working capital during the year is evident in the cash flows generated. The debt to equity ratio pleasingly improved from 51% to 47%, which is now within the group's maximum range of below 50%.

   Management made good progress during the year to reduce long-term debt following the accelerated receipt of the remainder of the M-TEC sale proceeds. During the year, we also entered into a strategic loan agreement with the Bank of China, which allowed us to evaluate our operational capital and implement a debt structure that is suitable to the business. Refer to the CFO review for more information around this.

   The priority is to continue reducing the corporate bond obligation over the next financial year from the cash generated by our operations.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

The new codes and more specifically, the Information and Communication Technology (ICT) sector codes in terms of which Jasco reports, are extremely difficult to achieve and maintain. During the year, this required significant investment to avoid a downgrade from Jasco's current B-BBEE rating. Our rating should be available during November 2017, and we are hopeful that the investment made during this period will aid in maintaining an acceptable rating.

As outlined in the Chairman's review, we intend to engage with the Department of Trade and Industry (DTI) on the way forward, as the cost of maintaining an acceptable level for small- to medium-sized businesses has become prohibitive.

LOOKING FORWARD

The current economic climate is expected to prevail throughout 2018, which will continue to impact results.

Against tough conditions, Jasco will continue to execute its strategy and focus on the following additional key areas over the next six to 18 months:

- Maintain our focus on costs and ensure a return to acceptable and sustainable profitability levels in the Enterprise business.
- Maintain financial gearing at less than 50% from the cash generated by Jasco's operations.
- Further expand into the rest of Africa by leveraging off the established base in East Africa and the recently-established base in the Middle East.
- Evaluate acquisitions to ensure that smaller businesses achieve the required critical mass, as well as continue to investigate the further exiting of non-core manufacturing.
- Continue the transformation of Jasco, with black ownership, employment equity and skills development key priorities to maintain the group's B-BBEE rating.

APPRECIATION

I express my appreciation to the board members for their input during a challenging year. To my team, thank you for your continued support and working with me to address the tough market conditions. A special word of thanks to the executive team who worked tirelessly to drive our strategy. Every employee is crucial in ensuring we progress on our strategy. My gratitude goes out to our employees for their diligence. I look forward to continue working with all of you in the coming year.

MATERIAL ISSUES

The group engaged with a range of stakeholders during the year. The issues communicated to management by our stakeholders were considered during the compilation of this integrated annual report. The board and management consider what constitutes material issues to the group. This year, we continued to interrogate the material issues through various forums, such as our main board and board sub-committee meetings.

1 EMPLOYEE RETENTION

The weak economy and the socio-political environment in South Africa have resulted in the emigration of skilled resources, particularly in the technical, engineering and financial fields. The resources that remain are therefore in high demand, with pressure in terms of salary packages to ensure retention.

Key senior and technical management resources were either issued share options or placed on retention schemes. This will be reviewed on an ongoing basis. We expect to review our long-term incentive scheme in the next financial year.

2 EMPLOYEE TRAINING

Employees are trained at significant cost, with a focus during the last two years on cross-skilling. Jasco is placing particular emphasis on black employees in terms of technical training and development. However, these skill sets are in high demand in the market, which makes retention challenging.

We intend to double our training efforts again during the forthcoming year in the areas of functional discipline and self-improvement. In particular, on-the-job training will receive focus to improve efficiencies in the workplace and improve customer satisfaction levels.

3 FUNDING OF ACQUISITIONS

Jasco acquired Reflex Solutions during the current year.

The prevailing economic climate is creating consolidation opportunities, but any future acquisitions will require funding, from equity sources such as a new share issue, or from a new issue of debt either in terms of the corporate bond programme or from other sources.

Any issue of shares by Jasco will not be allowed to result in a dilution of earnings for existing shareholders. Any new debt issued will also have to be within the maximum gearing ratio of 50% set by management and the board.

4 GEARING AND INTEREST COVER

It has been Jasco's target to reduce the gearing to below 50% and improve the EBITDA interest cover to above 5,0 times.

The debt levels were reduced during the year on the accelerated receipt of the proceeds from the M-TEC sale. The corporate bond has reduced to R44,6 million at 30 June 2017 and the term of the corporate bond was extended to 31 January 2019.

The group has entered into an agreement with the Bank of China for a medium-term working capital facility of R150 million, which replaced the overdraft facilities. The first draw down of R105 million was made in May 2017. Due to this change in funding structure, Jasco amended the way it calculates the debt:equity ratio to include short-term banking facilities.

Including the short-term banking facilities, the group's debt:equity ratio was 50,6% in 2016.

In 2017 the ratio improved to 47,1%. This is therefore now strategically below the maximum limit of 50%.

The EBITDA interest cover of 4,9 times is pleasingly in line with the target of 5,0 times.

5 ENSURING SUSTAINED PERFORMANCE OF THE ENTERPRISE BUSINESS UNIT

The Enterprise business unit terminated a security contract with a large financial institution during the year. This business had to consequently retrench employees and reduce the vehicle fleet to substantially reduce the cost base.

In addition, two problematic Security and Fire projects were closed in the second half, which led to a reduction in the gross margin, as costs to complete were higher than expected.

The resulting financial performance was very disappointing and well below expectation. This necessitated changes in the business unit management team.

6 TRANSFORMATION OF JASCO

Jasco's B-BBEE rating was maintained at level 3 in 2016 on the current B-BBEE ICT sector codes. However, this will be difficult to maintain when Jasco is assessed in terms of the new ICT sector codes, which are much more onerous.

The executive team has formulated a strategic plan to meet the requirements of the revised codes for the 2017 verification.

This includes increasing the black ownership to 51% and the black women ownership to 30%, as well as a continued focus on skills development.

Although the planned rights issue was delayed due to the disappointing financial performance in this financial year, Jasco's key B-BBEEE shareholders are expected to increase their shareholding in order to return to 51%. The timing is dependent on whether Afrocentric is able to return their black ownership to 51%, to ensure that its modified flow-through principle applies to their 19,3% shareholding in Jasco.

8 CUSTOMER DEPENDENCY

The consolidation of the telecommunication sector continued during the year, which slowed down capital expenditure of major carrier customers. Progress with diversification into Tier 2 operators was slower than expected due to the tough economic environment.

Although good progress was made by Electrical Manufacturers in growing volumes with two new large customers contributing during the year, it still remains exposed to one of the major appliance manufacturers.

7 MACRO-ECONOMIC RISKS

The weakening Rand places continued pressure on the affordability of contracts that have Dollar-denominated product and support elements.

Against this, and a number of other risks, such as the lack of growth in South Africa and commodity pricing levels, we are diversifying into:

Diversify into East Africa

The environment in Kenya in the run-up to the recent general elections was cautious. Although volumes increased, it was off a low base. As operating and technical capacity was increased during the year, profitability was negatively impacted.

This territory offers good growth opportunities for Jasco's entire portfolio of integrated technology solutions. Jasco is assessing potential targets to complement the organic growth achieved.

The Middle East

The Middle East business commenced in the second half on a joint venture basis with local partners. While the prospects in solar energy are promising, the environment is competitive. This business is expected to contribute to revenue in the coming financial year.

PERFORMANCE

CHIEF FINANCIAL OFFICER'S REVIEW

As outlined in the CEO's review, Jasco continued to experience tough economic conditions.

REVENUE	OPERATING PROFIT	EPS	GEARING
▼3%	▲1%	▼43%	improved
to R1 044m	*to R41,9m*	*to 3,6cps*	*to 47%*

Against these conditions, revenue decreased by 3% and operating profit was maintained. However, reported earnings decreased by 43% and headline earnings by 61%. These were impacted by a number of unusual factors, which included:

Negative after-tax impact on earnings	
Exiting unprofitable Security customer contracts and the resultant retrenchment costs	R4,3 million
Further business development costs in East Africa	R3,0 million
Unutilised foreign tax credits in Kenya	R2,3 million
Transaction costs on two acquisitions, mainly from the unsuccessful CrossFire acquisition	R2,2 million
Investments in the newly-established Middle East operation	R1,8 million
A fraud that occurred in the Enterprise business, plus related costs to investigate	R1,1 million
Additional skills development costs due to the new, more onerous broad-based black economic empowerment codes	R0,9 million

Positive after-tax impact on earnings	
Once-off cost savings	R4,7 million
Profit from the disposal of security technical services to an enterprise development partner (headline earnings adjustment)	R2,6 million
First-time contribution from Reflex	R1,7 million

Excluding these factors, earnings for 2017 would have been up 3% compared to the R14,2 million achieved last year.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

FINANCIAL PERFORMANCE

Statement of comprehensive income

	2017 R'000	2016 R'000
Revenue	1 044 301	1 076 429
Turnover	1 037 315	1 070 033
Cost of sales	(721 651)	(759 558)
Gross profit	315 664	310 475
Other income	27 894	12 746
Selling and distribution costs	(3 145)	(2 137)
Administrative expenses	(209 491)	(205 990)
Other expenses	(88 981)	(73 417)
Operating profit	41 941	41 677
Finance income	6 986	6 396
Finance costs	(18 521)	(21 596)
Equity accounted share of loss from joint venture	(1 823)	–
Profit before taxation	28 583	26 477
Taxation	(16 253)	(10 534)
Profit for the year	12 330	15 943
Other comprehensive income (Foreign currency translation reserve)	319	31
Total comprehensive income for the year	12 649	15 974
Profit for the year attributable to:		
– non-controlling interests	4 202	1 765
– ordinary shareholders of the parent	8 128	14 178
	12 330	15 943
Total comprehensive income attributable to:		
– non-controlling interests	4 202	1 765
– ordinary shareholders of the parent	8 447	14 209
	12 649	15 974
Earnings per ordinary share (cents) – basic	3,6	6,3
– diluted	3,5	6,3
Headline earnings per share – basic	2,5	6,3
– diluted	2,4	6,3

Revenue decreased by 3,0% on lower volumes, particularly in the second half.

Revenue contributors

	2017 R'm	% change	2016 R'm
Carrier	R385,8	– 6,8%	R414,2
Enterprise	R315,7	– 0,7%	R318,0
Intelligent Technologies	R165,3	–13,3%	R190,7
Electrical Manufacturers	R190,8	+15,1%	R165,8

Refer to the operational review for more information.

The operating profit was maintained at R41,9 million compared to the operating profit of R41,7 million in 2016. This was mainly due to improved gross margins and cost reductions, including once-off cost savings, which offset the impact of the lower sales volumes. The net operating margin of 4,0% was similar to last year's 3,9%.

Net interest costs of R11,5 million decreased from R15,2 million due to the reduction in interest paid following the part repayment of long-term debt, as well as the decrease in the bank overdraft.

The equity-accounted share of losses of R1,8 million represents Jasco's 40% share in the establishment costs of the Middle East joint venture. The group is confident of securing its first orders in the new financial year.

The effective tax rate at 56,9% was significantly higher than the standard rate of 28,0% due to the high level of non-deductible expenses, which resulted in a higher taxable income, as well as an unused tax credit in Kenya. The main items included in non-deductible expenses were the interest paid on the corporate bond, the group's share-based payment costs, as well as the acquisition and fraud costs. The tax rate is expected to remain above the standard tax rate for the new financial year.

The minorities' share of profits increased on improved profitability in Fire and Co-location Solutions, and the first-time contribution from Reflex Solutions (Reflex).

Earnings decreased by 43% and earnings per share (EPS) was down to 3,6 cents per share (2016: 6,3 cents per share). As outlined on page 19, earnings were impacted by a number of unusual factors. Excluding these, earnings would have increased by 3%.

Headline earnings of R5,6 million decreased by 61% (2016: R14,1 million) and headline earnings per share (HEPS) similarly to 2,5 cents per share (2016: 6,3 cents per share). HEPS was also impacted by the unusual factors, with the exception of the exclusion of the once-off profit on the disposal of the security technical services business to an enterprise development partner.

The weighted average number of shares in issue was higher at 226,9 million shares versus 224,6 million due to the vesting of shares issued by the Share Incentive Trust.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

FINANCIAL PERFORMANCE (continued)

Statement of financial position

	2017 R'000	2016 R'000
Assets		
Non-current assets	251 663	223 974
Plant and equipment	78 936	61 082
Intangible assets	140 910	88 731
Investment in joint venture	284	–
Deferred income tax	27 526	31 779
Other non-current assets	4 007	42 382
Current assets	479 598	408 686
Inventories	86 334	108 722
Trade and other receivables	274 747	261 689
Foreign currency contracts	604	210
Taxation refundable	7 280	6 131
Short-term portion of other non-current assets	15 082	24 678
Cash and cash equivalents	95 551	7 256
Total assets	731 261	632 660
Equity and liabilities		
Shareholders' equity	249 401	231 849
Share capital	281 283	281 283
Treasury shares	(2 635)	(6 232)
Non-distributable reserves	6 427	6 599
Retained loss	(53 119)	(56 901)
Equity attributable to equity holders of the parent	231 956	224 749
Non-controlling interests	17 445	7 100
Non-current liabilities	168 504	110 747
Interest-bearing liabilities	162 598	104 717
Deferred maintenance revenue	331	2 721
Deferred income tax	5 575	3 309
Current liabilities	313 356	290 064
Trade and other payables	184 967	180 581
Provisions	19 581	22 597
Foreign currency contracts	476	5 009
Taxation	2 626	1 656
Deferred maintenance revenue	55 333	60 403
Short-term borrowings	50 373	19 818
Total equity and liabilities	731 261	632 660

Plant and equipment increased on capital expenditure of R25,4 million (2016: R14,5 million). This relates mainly to plant and machinery of R9,6 million for the Electrical Manufacturers business unit, as well as the first-time inclusion of the Reflex fixed assets.

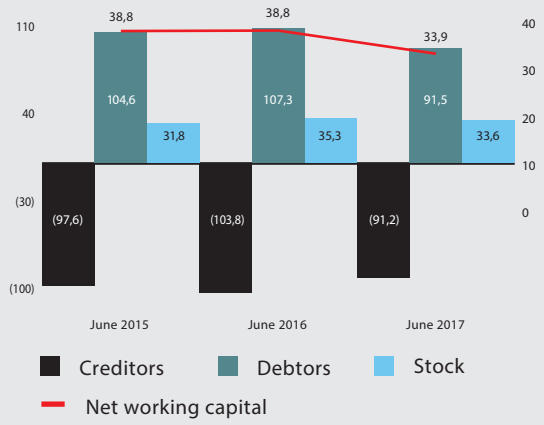
In 2016, other non-current assets included the balance of R40,7 million of the sale proceeds on the disposal of M-TEC. These were received ahead of plan and utilised to reduce debt. Refer to interest-bearing liabilities.

The remaining balance relates mainly to the long-term finance lease receivable from a regional telecommunications operator. These funds are expected to be received by February 2018.

Working capital

Jasco's working capital management remained an area of focus, with an overall reduction of R7,1 million compared to R16,4 million in the previous financial year.

Net working capital days of 33,9 days were below the target of 35 days. The graph below compares the current period to the June 2016 and June 2015 positions:



Inventories include R2,6 million for Reflex. Excluding Reflex, the decrease of R25,0 million was mainly due to lower volumes and a concerted effort to reduce stock in the Carrier, Enterprise and Electrical Manufacturers businesses.

Trade and other receivables include R26,5 million for Reflex. Excluding Reflex, the decrease of R13,1 million was due to a combination of good cash collections and lower second-half volumes.

Trade and other payables include R22,7 million for Reflex. Excluding Reflex, the decrease of R25,8 million was in line with the decrease in volumes. Deferred maintenance revenue decreased from R60,4 million to R55,3 million and relates mainly to service level agreement renewals from Enterprise customers.

Intangibles, excluding goodwill, include the following:

- The voice transaction management application and computer software applications (internet-of-things or IOT) of R26,1 million (2016: R13,3 million).
- Trade names of R3,9 million (2016: R2,4 million) increasing due to the Reflex acquisition.
- Customer-related intangibles of R14,6 million (2016: R7,2 million) increasing due to the Reflex acquisition.

Goodwill increased from R65,8 million in 2016 to R96,3 million following the acquisition of Reflex due to the future cash flows this investment is expected to generate.

There were no impairments to the carrying value of goodwill during the year. This assessment was conducted in accordance with Jasco's accounting policy to test the carrying value of goodwill annually.

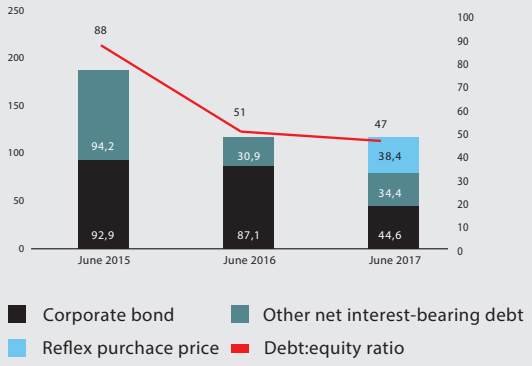
Interest-bearing liabilities

The corporate bond was partly redeemed from the M-TEC sale proceeds and reduced from R87,1 million to R44,6 million in the year. The corporate bond attracts interest equivalent to the prime lending rate and is repayable in January 2019.

During the second half of the financial year, a medium-term working capital facility of R150 million was negotiated with the Bank of China at more favourable terms than previous funding. This facility will cater for any future growth requirements and replaced the general banking facilities of R121,8 million with the group's commercial bankers. The security provided is similar. The first draw-down of R105 million was made in May 2017 and utilised to settle the bank overdrafts which had historically funded the group's working capital requirements.

The deferred purchase consideration of R38,4 million relates to Reflex Solutions, of which R5,8 million is included in long-term liabilities and R32,6 million classified as a current liability.

Debt equity ratio



CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Statement of cash flows

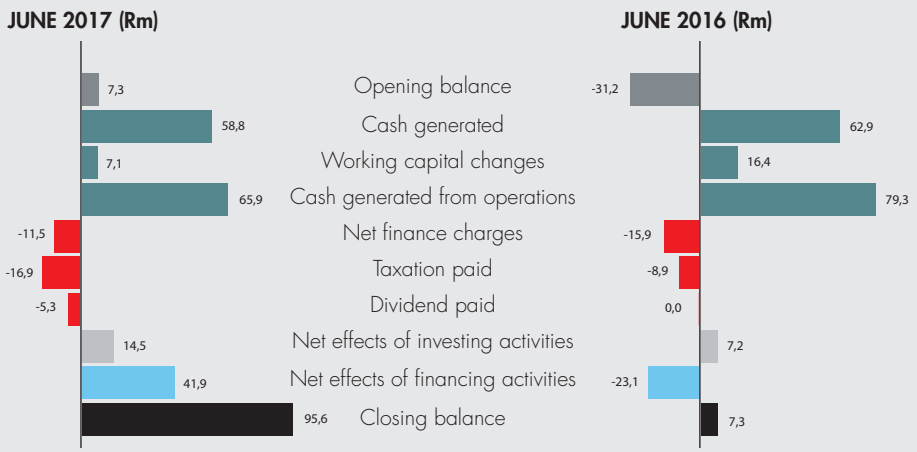
	2017 R'000	2016 R'000
Cash flows from operating activities	32 068	54 513
Cash receipts from customers	1 078 938	1 235 888
Cash paid to suppliers and employees	(1 013 088)	(1 156 533)
Cash generated from operations	65 850	79 355
Interest received	6 986	5 662
Interest paid	(18 521)	(21 596)
Taxation paid	(16 943)	(8 908)
Dividends paid	(5 304)	–
Cash flows from investing activities	14 544	7 266
Proceeds on disposal of associate (M-TEC)	–	17 745
Acquisition of subsidiary, net of cash acquired	5 616	–
Additions to intangibles	(15 097)	(12 152)
Investment in joint venture	(2 186)	–
Receipt of deferred proceeds (M-TEC)	40 734	–
Receipts from finance lease asset	10 237	15 132
Purchase of plant and equipment	(25 377)	(14 538)
Replacement of plant and equipment	(2 818)	(2 918)
Additions to plant and equipment	(22 559)	(11 620)
Proceeds on disposal of plant and equipment	617	1 079
Cash flows from financing activities	41 878	(23 081)
Cash flows from treasury shares	89	(262)
Non-current loans raised	105 000	–
Non-current loans repaid	(63 214)	(22 819)
Transactions with non-controlling shareholders	3	–
Net increase in cash and cash equivalents	88 490	38 698
Cash and cash equivalents at beginning of year	7 256	(31 140)
Revaluation of foreign cash balances	(195)	(302)
Net cash and cash equivalents at end of year	95 551	7 256

The statement of cash flows reflects an inflow in cash generated from operations of R65,9 million compared to R79,4 million in 2016. Working capital changes reflect an inflow of R7,1 million (2016: R16,4 million inflow) on a decrease in inventories, receivables and payables.

The net interest payment amounted to R11,5 million (2016: R15,9 million), while income tax payments of R16,9 million were higher than the R8,9 million in the prior year. An ordinary dividend of 2 cents per share, amounting to R4,5 million and relating to 2016, was paid in the first half of the year, and R0,8 million was paid to a minority shareholder. Total cash inflows from operating activities of R32,1 million compared to the R54,5 million inflow in 2016.

Investing activities saw a cash inflow of R14,5 million (2016: R7,3 million inflow), mainly relating to the proceeds from the M-TEC sale, as well as finance lease receivables. This was somewhat offset by the capital expenditure of R25,4 million.

Financing activities saw an inflow of R41,9 million (2016: R23,1 million outflow), which was the net position of the receipt of the Bank of China's working capital loan and the repayment of the corporate bond and other asset and project funding.



KEY INTERNAL INITIATIVES

Reducing debt levels and the interest burden

Management made good progress during the year to reduce long-term debt following the accelerated receipt of the balance of the M-TEC sale proceeds. The priority is to continue reducing the corporate bond obligation over the next 12 months. The group's working capital requirements is now funded by a medium-term facility from the Bank of China, with the general banking facilities with the other banks fully settled.

The strong cash generation from the majority of the business units was utilised to fund interest, income tax and dividend payments during the financial year. The board has reviewed the target gearing ratios and maintained the maximum level of long-term debt target at 50% of equity. The current gearing ratio of 47% is below with the maximum threshold.

Working capital management

The continued focus on working capital during the year is evident in the cash flows generated and the improvement of the net working capital days to 33,9 days. Management will maintain this focus on a continued basis.

Profitability of the Enterprise business

The desired improvement in the profitability of this business was not achieved. As indicated in the previous financial year, the Enterprise business unit acted on its intent to terminate a Security contract with a large financial institution. This resulted in retrenchments and reducing the vehicle fleet to substantially reduce the cost base. The retrenchment costs totalled R1,5 million. Two problematic Security and Fire projects were closed out in the second half, which led to reductions in gross margin, as costs to complete were higher than expected. The resulting financial performance was disappointingly below expectation.

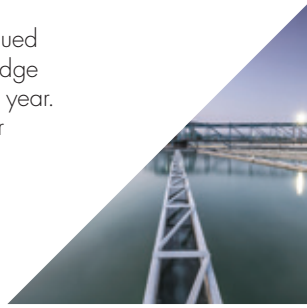
In late March 2017 the group became aware of suspicious transactions by the Enterprise Financial Director (FD). Jasco's leadership immediately commenced with a preliminary investigation, with the results leading to the appointment of an external fraud investigation and dispute services team to conduct a forensic investigation. The Enterprise FD was suspended and he has made an admission of guilt and signed an acknowledgement of debt for transactions totalling R1 065 583.62. The group is also taking additional action and has reported the matter to the relevant authorities.

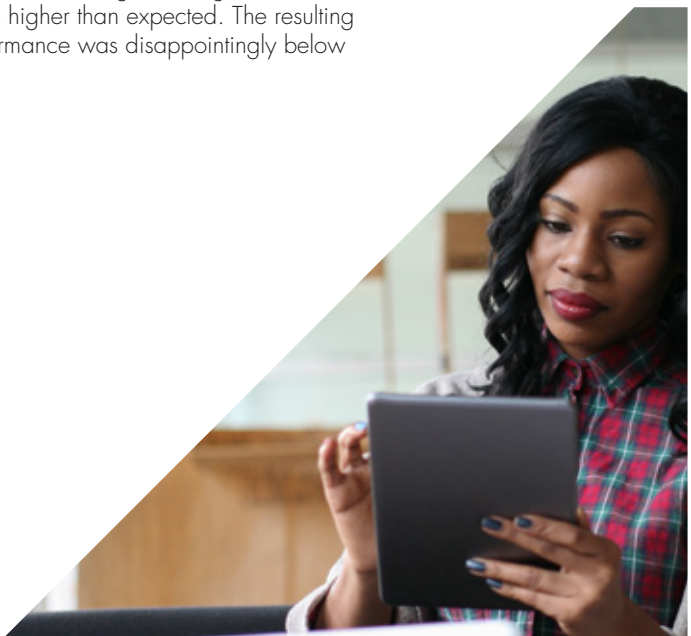
To address this poor performance, the management team was changed.

The business unit will remain on the watch list to ensure that the targeted level of profit is delivered in 2018.

APPRECIATION

Thank you to the executive team for their continued valuable input during the year. I also acknowledge my financial team for the long hours during this year. I would not have managed to deliver on all our objectives without your support.





OPERATIONAL REVIEWS

CARRIER

36%

of group revenue

The Carrier business unit delivers telecommunications products and services across the value chain, from design and planning of networks to configuration, integration and support. As a systems integrator and distributor, our proven solutions focus on access, transmission and operational support systems for telecommunications networks across the African continent.

YEAR UNDER REVIEW

During the year, telecommunications network operators continued to focus on capex cost reductions. The delayed sale of a major fixed line operator and the extended time taken to recapitalise one of the mobile operators resulted in significant reduction in network capex spend, which negatively impacted both our order book and revenue. This was somewhat offset by increased spending on additional optical network infrastructure, as telecommunications operators continued to cater for the increase in demand for data services. We further diversified our portfolio to meet the increase in demand for products and solutions, such as fibre to the home and business (FTTX).

Order intake remained flat at R445,9 million, which resulted in a 7% decrease in revenue to R385,9 million compared to last year's R414,2 million. The operating profit was up by 7% from R47,8 million to R51,0 million in spite of the volatility of the Rand to Dollar exchange rate, due to good cost control. The Carrier business unit delivered a healthy operating margin of 13,2% (2016: 11,5%) and remains Jasco's largest profit contributor. The higher level of operating margin is not expected to continue due to the inclusion of once-off projects and cost savings during the year.

OUTLOOK

We anticipate continued tough market trading conditions in the South African economy. Against this, the Carrier business unit will take advantage of niche growth areas such as FTTX, in-building mobile coverage solutions and the Internet of Things (IoT) to maintain and grow our current market share.

Opportunities

- Increased spend from both major and second-tier telecommunications operators to meet demand for data services and adding additional network capacity.
- Expansion of the existing portfolio into East Africa and the Middle East through our current portfolio and professional services ability.
- Portfolio expansion of Software Defined Network (SDN) and Network Functions Virtualisation (NFV) solutions, as well as Managed Service offerings for second-tier telecommunication operators.

Risks

- Continued declining voice and data prices in the telecommunications market will result in a reduced number of customers and lower capex spending.
- Ongoing tough trading conditions in the South African economy, with minimal GDP growth forecast. This may result in further price pressures on capex spending.

OPERATIONAL REVIEWS
(CONTINUED)

ENTERPRISE

30%

of group revenue

The Enterprise business unit delivers end-to-end solutions, including contact centres, unified communications, workforce optimisation, IT infrastructure and security and fire solutions to corporates in Southern and East Africa.

YEAR UNDER REVIEW

Tough economic trading conditions in South Africa continued for the year under review. Ongoing focus was placed on reviewing profitability levels per customer, which resulted in exiting and closing unprofitable business within the Security division. One large managed services contract and two large multi-year Joint Building Contracts Committee (JBCC) contracts were identified and either exited or closed out. This resulted in restructuring and retrenchment costs, which had a significantly negative impact on the business unit's results.

The Communications market remains flat in South Africa, but showed good growth in East Africa. We continued to invest and scale up within that region.

Although the Fire division delivered a good performance, the rejection of the proposed Cross Fire acquisition by the Competition Commission was a major disappointment. The successful acquisition of Reflex Solutions is set to deliver a positive impact in the coming year based on its contribution in the first two months since acquisition.

Revenue was down by 0,7% to R315,7 million compared to last year, largely due to volume loss from exiting unprofitable business and the impact of tough trading conditions in the South African market. The operating profit reversed to a loss of R3,4 million from R3,7 million profit due to the unprofitable security contracts and projects mentioned above, as well as the cost of restructuring the Security division, increasing investment costs for the East African business and the cost of the fraud as mentioned on page 19. This was partially offset by the growth in operating profit within the Fire business and first-time contribution from the Reflex acquisition.

OUTLOOK

Although tough market conditions will remain in South Africa, increased market share is being targeted through focused bolt-on acquisitions, in particular within the Enterprise application space. Continued diversification into our new territories of East Africa and the Middle East will also start to deliver results from 2018 onwards. This business unit remains on the watch list until sustainable profits levels are achieved.

Opportunities

- Growth from the FTTX market and exposure to IT infrastructure and services business following the acquisition of Reflex Solutions.
- Continued expansion of the existing portfolio into our new territories of East Africa and Middle East through our professional services ability.
- Ongoing cross-selling and up-selling of the broader Enterprise and Jasco group offerings to the existing customer base.

Risks

- Tough trading conditions in the South African market, which will negatively impact revenue and profitability.
- Shortage of qualified, experienced and skilled technical resources, which affects service delivery capability.

OPERATIONAL REVIEWS
(CONTINUED)

INTELLIGENT TECHNOLOGIES

16%

of group revenue

Intelligent Technologies comprises broadcast solutions, smart buildings, data centres, water management, power solutions and renewable energy solutions.

YEAR UNDER REVIEW

The business unit was also impacted by the tough economic conditions in South Africa. Orders declined by 13,7% to R212,7 million, whilst revenue declined by 13,3% from R190,7 million to R165,3 million. The reduction in revenue was mainly due to the decline in business within the Power division.

Even though revenues were down, operating profit improved by 25,9% from R17,5 million to R22,1 million due to improved gross margins following strict cost control.

The operating margin therefore improved from 9,2% to 13,4%. The Broadcast division in particular delivered strong results. The Property Technology Management division continues to grow, although off a low base. Due to once-off projects, this level of operating margin is not expected to be maintained.

OUTLOOK

An ongoing focus on the Southern African market due to the modernisation of the digital terrestrial television (DTT) networks will continue to stimulate demand for local content and production by broadcasters. Through its partnerships with international technology providers, Jasco is well positioned to provide production and high-demand digitalisation and archive solutions.

The demand for power quality and assurance solutions in Southern and East Africa still presents a strong opportunity for the Power Solutions and Renewable Energy divisions. Increasing reliance of corporates and government on IT solutions requires reliable power supply.

Opportunities

- Growth into East Africa and the Middle East with our existing portfolio of solutions by taking advantage of our regional presence.
- Targeted bolt-on acquisitions, with a specific focus on our Broadcast and Power Solutions divisions.
- Continued growth in the Property Technology Management business by expanding the number of properties under Jasco's management, as well as the range of solutions offered.
- Focused water management solutions to utility providers to reduce wastage.
- Expanded involvement in the Internet of Things (IoT) market.

Risks

- Continued delays in the roll-out of DTT networks.
- The lack of government progression on renewable energy initiatives.

OPERATIONAL REVIEWS
(CONTINUED)

ELECTRICAL MANUFACTURERS

18%

of group revenue

The Electrical Manufacturers business unit is a component manufacturer of plastic products, wire harnesses and metal pressings, with a special focus on the large and small home appliances market in South Africa.

YEAR UNDER REVIEW

The business unit showed good growth in orders despite difficult trading conditions in the South African economy. Orders increased by 17,0% to R193,6 million.

Revenue increased by 15,1% from R165,8 million to R190,8 million and operating profit increased by 5,4% to R13,3 million from R12,6 million. Whilst business volumes increased, gross margins were still under pressure from our largest major appliances customer.

The revenue increase during the year was attributable to higher volumes from our major appliances customers, as well as success in our diversification strategy by adding new customers. However, the depressed South African consumer market and overall tough South African economy remain a threat going forward.

OUTLOOK

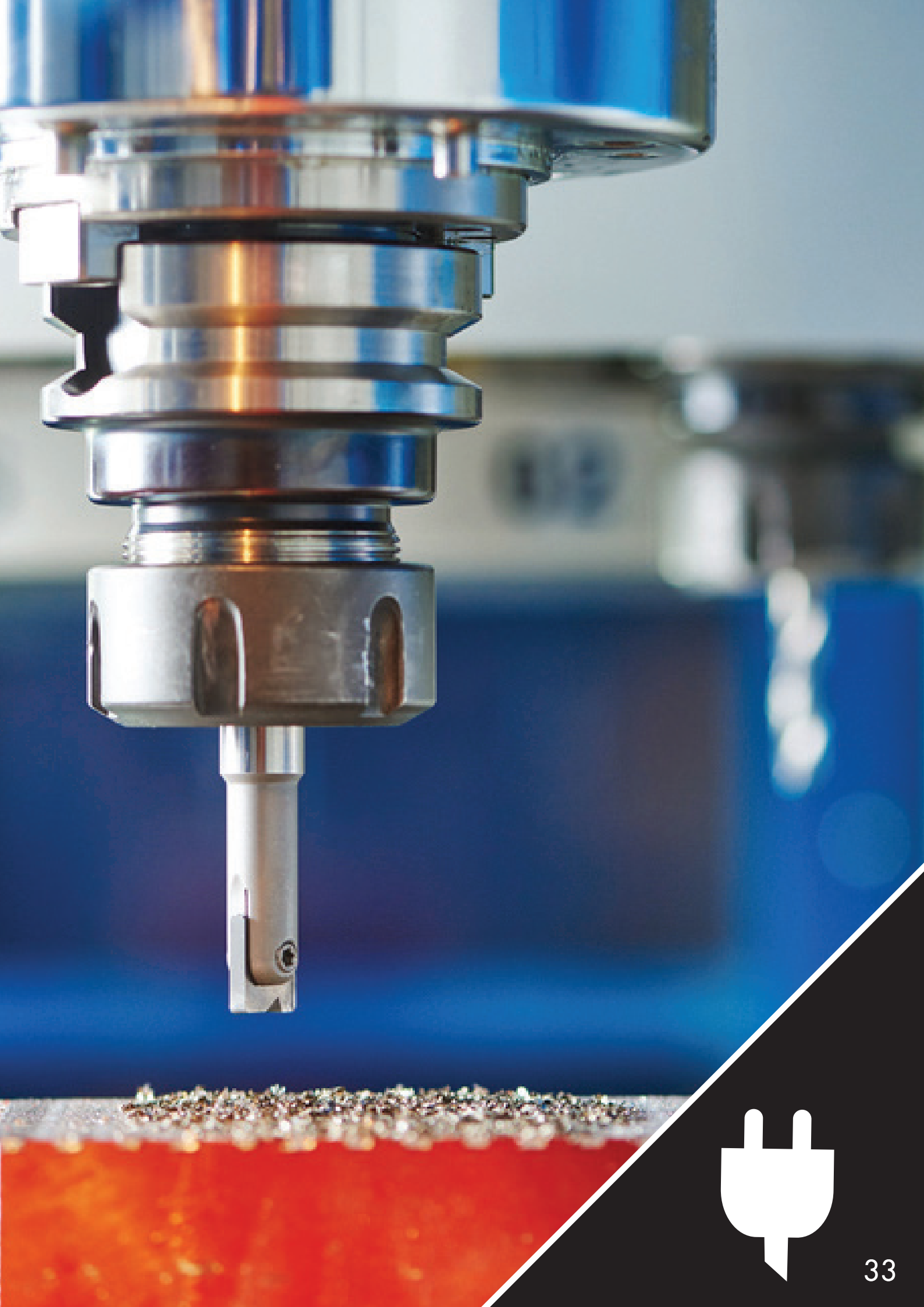
The consumer market in South Africa remains under pressure, with high debt servicing costs and cost inflation, which is aggravated by imported inflation due to the weaker Rand. In the face of these market conditions, our main focus during the coming year will be to continue growing volumes through diversification of our customer base, while keeping tight control over working capital and limiting costs. The management team will continue to evaluate opportunities to broaden its customer base in South Africa.

Opportunities

- Continue our customer diversification strategy by increasing volumes to new customers and growing product offerings to other industries.
- Further improvement in efficiencies in production, with higher levels of mechanisation and reduced electricity consumption.

Risks

- Reduction in volume from our largest customer.
- South African economy, job losses and a reduction in disposable income of consumers.



MEASURES AND GOVERNANCE

GROUP SCORECARDS

FIVE-YEAR FINANCIAL REVIEW

	Note	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Comprehensive income						
Turnover		**1 037 315**	1 070 033	1 117 431	1 035 382	1 146 034
Operating profit/(loss)		**41 941**	41 677	(72 456)	17 594	(93 486)
Net interest paid		**(11 535)**	(15 200)	(16 046)	(14 544)	(19 330)
Share of (loss)/income from joint venture/ associate		**(1 823)**	–	(689)	110	(1 586)
Profit/(loss) before taxation		**28 583**	26 477	(89 191)	3 160	(114 402)
Taxation		**(16 253)**	(10 534)	6 343	3 480	6 974
Profit/(loss) for the year		**12 330**	15 943	(82 848)	6 640	(107 428)
Profit/(loss) for the year attributable to ordinary shareholders		**8 128**	14 178	(83 272)	5 416	(110 060)
Headline earnings adjustments		**(2 562)**	(47)	88 409	(4 444)	110 525
Headline earnings for the year		**5 566**	14 131	5 137	972	465
Ratios and statistics						
Financial position						
Equity attributable to the parent		**231 956**	224 749	207 768	286 472	225 656
Total equity		**249 401**	231 849	213 103	287 582	238 065
Total assets		**731 261**	632 660	749 423	746 141	877 204
Shares in issue (000)		**229 319**	229 319	229 319	218 399	146 399
Treasury shares (000)		**2 407**	4 704	5 129	5 129	5 127
Weighted average number of shares in issue (000)	1	**226 912**	224 616	215 155	172 832	141 272
Net asset value per share (cents)		**102,2**	100,1	92,7	134,3	159,7
Net tangible asset value per share (cents)		**40,1**	60,6	57,0	82,2	93,1
Liquidity						
Debt:equity (%)	2	**47,1**	53,7	73,3	61,5	100,4
Interest cover (times)	3	**3,3**	2,7	1,0	0,9	0,8
Cash generated from/(utilised in) operations		**65 850**	79 355	16 621	25 463	(66 368)
Profitability						
EBITDA	4	**56 315**	57 024	37 994	34 768	45 318
Return on equity (%)	5	**3,5**	6,3	(40,1)	1,9	(48,8)
Return on assets managed (ROAM) (%)	6	**1,1**	2,2	(11,0)	0,9	(12,2)
Earnings/(loss) per share (cents)		**3,6**	6,3	(38,7)	3,1	(77,9)
Diluted earnings/(loss) per share (cents)		**3,5**	6,3	(38,7)	3,1	(77,9)
Headline earnings per share (cents)		**2,5**	6,3	2,4	0,6	0,3
Diluted headline earnings per share (cents)		**2,4**	6,3	2,4	0,6	0,3
Human resources						
Number of employees		**777**	764	812	946	844
Turnover per employee		**1 541**	1 499	1 300	1 171	1 358
Total assets per employee		**941**	828	929	789	1 039

Note:

1. Weighted average number of shares in issue – the weighted average number of shares in issue during each financial year, net of treasury shares arising from the consolidation of the Jasco Employee Share Incentive Trust and the Spescom Limited Share Trust.
2. Debt:equity (%) – interest-bearing debt, net of cash and cash equivalents, expressed as a percentage of total equity.
3. Interest cover (times) – operating profit, net of headline earnings adjustments, before interest divided by net interest paid.
4. EBITDA – earnings before interest, tax, depreciation, amortisation, profit on disposals and impairment or fair value adjustment of investments.
5. Return on equity (%) – earnings attributable to equity holders of the parent as a percentage of closing equity attributable to equity holders of the parent.
6. Return on assets managed (ROAM) (%) – profit for the year divided by the total assets at the end of the financial year.

GROUP SCORECARDS (CONTINUED)

GROUP PERFORMANCE AGAINST KEY PERFORMANCE AREAS

The group has strict measures in place to monitor its progress against financial and non-financial measures. The next few pages outline these measures and how we performed against them.

Key financial ratios

	2017	% change	2016	Comment
Debt:equity (%)	**47,1**	-7	50,6	Improvement on the reduction in the corporate bond following the receipt of the proceeds from the M-TEC sale.
Interest cover (times)	**3,3**	+19	2,7	Improved due to lower interest charge.
EBITDA interest cover (times)	**4,9**	+30	3,8	Pleasing improvement due to the lower interest charge.
Return on equity (ROE) (%)	**3,5**	-45	6,3	Disappointing decrease due to flat operating profit performance, investment in international operations and higher tax charge.
Return on assets managed (ROAM) (%)	**1,1**	-50	2,2	Disappointing profit performance outweighed the improved asset management.
Headline earnings per share (HEPS) (cents)	**2,5**	-61	6,3	Lower than earnings per share due to adding back the profit on sale of the technical services business to an enterprise development partner.
Net asset value per share (cents)	**102,2**	+2	100,1	No material change on the prior period.
Tangible net asset value per share (cents)	**40,1**	-34	60,6	The recognition of the goodwill and intangibles arising from the acquisition of Reflex Solutions and the capitalised development costs from new product offerings, such as IOT software applications.

Key non-financial ratios

	2017	% change	2016	Comment
B-BBEE rating scores (Points)				
Ownership	**19,8**	+1	19,6	The group is 44,71% black-owned, with black women accounting for 8,85% of the ownership at the last rating.
Management control	**6,8**	+8	6,3	An improvement resulting from the resignation of one white male board member.
Employment equity	**5,0**	+92	2,6	An improvement due to a focus on employment equity for individuals at senior and middle management levels.
Skills development	**3,0**	-3	3,1	The decrease in training spend is due to the lower spend on black employees in 2016. In the second half of 2017, scholarships for further development study in mainly the ICT sector were awarded to 250 unemployed black students. In addition, skills improvement for employees was prioritised. This will benefit the next rating.
Preferential procurement	**22,9**	-3	23,7	The group remains focused on increasing its procurement spend from small to medium black-owned and black women-owned-companies.
Enterprise development	**11,0**	–	11,0	New enterprise development initiatives were launched for small ICT companies that are 100% black-owned.
Socio-economic development	**12,0**	–	12,0	Our focus remains on the education sector by using our technology and improving infrastructure. Refer to page 5.
Total score	**80,5**	**+3**	**78,3**	**Level 3 Contributor**

Key non-financial ratios (continued)

	2017	% change	2016	Comment
Human resources				
Number of employees – temporary and permanent	**777**	+2	764	Headcount reduced in Enterprise following retrenchments. However, the acquisition of Reflex increased the headcount during the latter part of the year.
Number of employees – permanent	**680**	-4	709	The permanent headcount reduced due to the retrenchments within Enterprise.
Average number of employees	**673**	-6	714	Headcount reduced in Enterprise following termination of a customer security contract, which resulted in on operational restructure. Although the acquisition of Reflex increased the headcount during the latter part of the year, the average headcount reduced.
New appointments	**83**	-27	113	Includes both permanent and temporary employees.
Resignations, retrenchments, contract endings	**183**	+14	161	Increased due to the retrenchments in Enterprise following the termination of a customer security contract.
Employee turnover (%)	**27**	+21	23	Employee turnover increased following the retrenchments within Enterprise.
Number of minor injuries on duty	**17**	+21	14	Slight increase in injuries on duty. However, no major incidents and still low overall within the group.
Revenue per average number of employee (R'000)	**1 541**	+3	1 499	This improved as revenue was relatively unchanged, with fewer average employees employed.
Operating profit per average number of employee (R'000)	**62,3**	+7	58,4	This improved as operating profit was relatively unchanged, with fewer average employees employed.
Total assets per employee (R'000)	**941**	+14	828	Total assets increased, with a decrease in the number of employees.
Number of employees trained	**237**	+14	208	Training and development of key and critical functions was the main focus during 2017.
Percentage of employees trained (%)	**35**	+21	29	
Total training spend (R'million)	**2,4**	+107	1,2	In line with an increased focus on training, the spend on training per employee increased.
Training spend per trained employee (Rand)	**10 094**	+82	5 549	

GROUP SCORECARDS (CONTINUED)

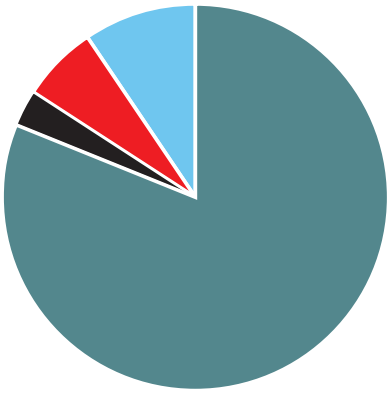
VALUE ADDED STATEMENT

	2017 R'000	%	2016 R'000	%
Revenue	**1 044 301**		1 076 429	
Net cost of products and services	**(703 356)**		(739 979)	
Value added	**340 945**		336 450	
Other non-trading income/(expense)	**1 501**		47	
– Net (loss)/profit on disposal of plant and equipment	**(79)**		302	
– Loss on disposal of associate held for sale – M-TEC	**–**		(255)	
– Profit on disposal of business unit	**3 403**		–	
– Equity accounted loss	**(1 823)**		–	
Total wealth created	**342 446**		336 497	
Distributed as follows:				
To employees				
– Salaries, wages and benefits	**277 644**	**81,1**	273 014	81,1
To government				
– Taxation	**16 253**	**4,7**	10 534	3,1
To providers of capital				
– Interest on borrowings	**18 521**	**5,4**	21 596	6,4
Retained in the group	**30 028**	**8,8**	31 353	9,4
– Depreciation of plant and equipment	**12 960**	**3,8**	12 098	3,6
– Amortisation of intangibles	**4 738**	**1,4**	3 312	1,0
– Retained profit	**12 330**	**3,6**	15 943	4,8
Total wealth distribution	**342 446**	**100,0**	336 497	100,0

2017 Wealth distribution (%)

To employees **81,1** To government **4,7**
To providers of capital **5,4** Retained in the group **8,8**

2016 Wealth distribution (%)



To employees **81,1** To government **3,1**
To providers of capital **6,4** Retained in the group **9,4**

TEAM MEASURES

Our team is measured to ensure delivery against performance criteria. The next few pages outline how the board and management performed during the year.

Chairman

Dr Anna Mokgokong has experience in business, remuneration practices and management. Refer to page 6 for her CV.

Key performance areas	Performance
Effective and unified board	Board, sub-committee, chairman and individual director assessments are conducted annually. The board review indicated that the board provides sound governance and constructively contributes to board discussions. The non-executive directors apply independence of mind while engaging in board-related matters. The board also acts in the best interests of the group and its stakeholders. The chairman continues to drive the board's focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future requirements of the business and the ever-changing environment in which it operates. The chairman provides strategic input to the group through her broad knowledge of business and investment in the South African and international context.
Conflicts of interest	Conflicts are declared at each board meeting and conservatively interpreted. The chairman adheres to her fiduciary duty of care and skill codified in the Companies Act. All conflicts, even those broader than the definition of personal financial interests, are treated in line with section 75 of the Companies Act.
Governance and compliance	No material breaches in terms of governance principles occurred in the year. Laws, rules, codes and standards are complied with, with support from the group company secretary. All governance and compliance matters were addressed, with support from the group company secretary.
Annual work plan delivery	The board work plan schedule and targets were met.
Board and executive committee (exco) interaction	The board meets quarterly, with one strategy session and the budget presentation that includes the executive committee members. When required, executive committee members are invited to attend board and committee meetings.
CEO and CFO appraisal	The CEO and CFO appraisals were completed.
Board attendance	The chairman participated in board and committee meetings, including through electronic participation.

Non-executive directors

The board of directors consists of members with experience in business, finance, engineering, information and telecommunications technologies and management. Refer to pages 6 and 7 for the CV of each director.

Key performance areas	Performance
Skills, experience and knowledge of strategy, evaluation of performance, transformation, standards of conduct and legislative requirements	The board review indicated that the board provides sound governance and constructively contributes to board discussions. The non-executive directors apply independence of mind while engaging in board-related matters. The board also acts in the best interests of the company and its stakeholders. The company's operations met all statutory and compliance requirements.
Level of board contribution	All board and committee meetings met the quorum requirements, which allowed for robust and productive meetings. Active participation and director involvement are required to support the executive directors.
Time allocation	The non-executive directors manage their time efficiently with other commitments. They were readily available to assist executive management, when required. There was active involvement and participation on pertinent board matters.

GROUP SCORECARDS (CONTINUED)

TEAM MEASURES (CONTINUED)

Chief executive officer (CEO)

The CEO has multiple years of experience in leading a large organisation with a background in engineering and telecommunications. He has been with Jasco since 2011. He also has a deep understanding of the importance of the development of people with the right skills to meet the group's strategic objectives. Refer to page 6 for his CV.

Key performance areas	Performance
Leadership	The board reviews the performance of the CEO each year. This was completed and it was found that the CEO displays strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, the CEO did not receive any performance-based short-term incentive.
B-BBEE	The group achieved a level 3 B-BBEE contributor status in 2017, maintaining the 2016 position as targeted.
Safety, health, environment and quality (SHEQ)	No fatalities or major injuries were reported. A comprehensive SHEQ audit was conducted to ensure compliance to all health and safety requirements.
Client focus	Jasco's latest Net Promoter Score (NPS) was maintained at 36,0% compared to the international average of 29,0%.
Capacity building	Training increased to 35% of employees in line with an increased focus on training.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
Group strategic development	The group continued to successfully implement its strategy. Refer to page 14.

Chief financial officer (CFO)

The CFO is a qualified chartered accountant with experience in finance, management, governance and strategy. Refer to page 7 for his CV.

Key performance areas	Performance
Leadership	The annual assessment of the CFO was conducted. This confirmed that he displays strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, the CFO did not receive any performance-based short-term incentive.
B-BBEE	The group achieved a level 3 B-BBEE contributor status in 2017, maintaining the 2016 position as targeted.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
External and internal compliance management	There were no adverse internal or external audit findings.
Unqualified annual financial statements (AFS)	Unqualified AFS were delivered within the three months required by the JSE Listings Requirements.
Stakeholder communication and development	Regular communication with all key stakeholders continued in 2017. Positive informal feedback was received from shareholders, customers and suppliers.

Executive committee (Exco)

The exco members are individuals who have a combination of experience and skills in management, strategy, human resources, governance, finance, SHEQ, marketing and information technology. Refer to pages 8 and 9 for the CV of each member.

Key performance areas	Performance
Leadership	Positive leadership skills were displayed in the year under review following the group's restructure.
Group financial performance	The targeted EPS was not achieved. Accordingly, no performance-based short-term incentives were paid.
B-BBEE	The group achieved a level 3 B-BBEE contributor status in 2017, maintaining the 2016 position as targeted.
Organisational development and succession planning	Succession and development initiatives are in place and aligned with the mentorship programmes.
Technology skills acquisition and development	The COO ensures a focus on technology advancements and the group information technology strategy.
SHEQ	A comprehensive SHEQ audit was conducted to ensure compliance with all health and safety requirements.
Compliance and legislation	Internal, external and International Organisation for Standardisation (ISO) audits were successfully conducted.
Socio-economic development (SED)	An SED strategy is in place, with a particular focus on education. The group exceeds the requirement of spending 1% of net profit after tax on SED initiatives.
Client focus	Jasco's latest Net Promoter Score (NPS) was maintained at 36,0% compared to the international average of 29,0%.
Teamwork	The exco team focused on executing the group's strategic and operational plans. The employee climate survey conducted showed improved results from last year.

COMPANY SECRETARIAL REVIEW

Jasco adheres to a number of policies, charters and practices to manage corporate governance. The group is subject to various guidelines and requirements enacted by the JSE Limited (JSE) and other legislative requirements, such as the Companies Act, No. 71 of 2008 (the Act). The board is ultimately responsible for ensuring that governance standards are met, with the support of senior management. The board confirmed that the group is compliant with the provisions of the Act to the extent required.

THE COMPANY SECRETARY

In line with the Act and the JSE Listings Requirements, the board selects and appoints the group company secretary. The appointment and removal of the group company secretary is a matter for the board as a whole. Mrs Dora du Plessis of Sekretari (Pty) Limited resigned as the group company secretary on 1 April 2017. The CFO, Mr WA Prinsloo, was appointed as the acting company secretary. With effect from 1 August 2017, the company appointed Mr Neo Modisakeng as the group's company secretary. Neo is an admitted attorney and has a background in mergers and acquisitions, as well as telecommunications, media, technology and intellectual property. He has practiced in both areas with a major law firm. He has provided legal advisory services to other entities within the Information and Communication Technology (ICT) space, as well as corporate governance and administrative advice. Refer to page 9 for his CV.

All directors have access to the advice and services of the group company secretary. He assists directors, board committees and their members in obtaining professional advice. The group company secretary's statement of compliance is set out on page 5 of the consolidated financial statements, which can be found at www.jasco.co.za.

The group company secretary is responsible for alerting the directors of any relevant changes to the Companies Act, the Financial Markets Act, the JSE Listings Requirements, all governance reports, as well as any other statutory regulations or laws affecting them in their capacity as directors. The group company secretary monitors the directors' dealings in securities and ensures adherence to prohibited periods for share trading.

The chairman and the CEO conduct a detailed assessment to satisfy the board of the competence, qualifications and experience of the group company secretary in accordance with section 3.84(h) of the JSE Listings Requirements.

This is usually performed through:

- a review of qualifications and experience;
- an assessment (detailing all the legislative and King III requirements) by the chairman. This assessment specifically includes questions on how effectively the role as gatekeeper of good governance in the company is performed, the effectiveness of the arm's-length relationship and how the role and duties as group company secretary is performed; and
- a performance review by the CEO against measured targets from a daily administrative perspective.

The board is satisfied with the performance of the group company secretary and acting company secretary during the year and the competence, qualifications and experience of the newly-appointed group company secretary. The board is satisfied that he maintains an arm's length relationship with the board, taking into account that the group company secretary is not a director of the company and is not related to any of the directors.

KING III AND KING IV

As a listed company, Jasco operates in a regulated environment, which requires us to adhere to the principles of the King Code. In line with the key areas of governance, the board applied the main principles that are relevant to the company, together with the Companies Act.

The directors confirmed that they will continue to exercise their duties of care and skill and that they have taken reasonable steps to ensure application of governance principles in the group.

The group is currently in the process of evaluating the recommendations and engaging with the principles highlighted in the King IV Report. We particularly support King IV's focus on ethical leadership, good governance, increased disclosure on remuneration and the recommendation that the board should provide oversight over the policies and plans that are developed from the approved strategy.

King III compliance

The group conducted a detailed analysis of the extent to which the company's governance practices meet the recommendations of King III. This is provided on the company's website, www.jasco.co.za. As previously reported, where compliance with the recommendations is not being met, the directors adhered to the recommended "comply or explain" principle. Remedial action for non-adherence, where this is necessary, has been put in place.

The following table provides an indication of where the group is currently not complying.

Principle		Status
2.16	The board should elect a chairman who is an independent non-executive director.	Jasco's chairman is a non-executive director who is not independent. Despite this classification, the chairman applies independence of mind to matters under discussion. A lead independent non-executive director, Mr JC Farrant, serves on the board in line with the King III principle 2.16.3.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	In line with the recommendations of King III, Jasco has a unitary board structure, comprising: • Three independent non-executive directors. • Three non-executive directors, representing major shareholders. • Four executive directors, being the group CEO and CFO, as well as executive director (supply chain management) and executive director (group strategic sales). At 30 June 2017, Jasco's board therefore consisted of an equal number of independent and non-independent non-executive directors. The division of responsibilities between the chairman and CEO helps to ensure a balance of power and authority to guarantee that no director has unfettered powers. The board charter and memorandum of incorporation further ensure that proper voting principles and processes are employed to enable a balance of power.
4.1	The board should be responsible for the governance of risk.	The board retains accountability for risk governance. Due to the inter-relationship of strategy, risk, performance and sustainability, this forms part of the strategic deliberations. Management reviewed the existing governance and risk structures and the extent to which this meets an enterprise risk management framework. A number of areas for improvement were identified. These will be addressed in the new financial year.

ETHICS

Jasco is committed to achieving the highest standards of ethical behaviour and adopts a zero tolerance stance on fraud and corruption throughout the organisation. The expectation is that our employees, business partners, contractors and associates will conduct themselves with the highest level of honesty and integrity. The group's ethics hotline is independently run by Deloitte Tip-Offs Anonymous. This hotline can be used by all employees, contractors, suppliers, as well as other associates to report any suspected unethical behaviour.

Calls are investigated by the social and ethics committee/internal auditors, and where necessary, by external forensic specialists. The company endeavours to close off every call report and provide timeous feedback to the whistle-blower, via Deloitte. The company secretary, is the ethics officer of Jasco.

During the year, a senior manager in Enterprise was found to have committed fraud. The correct action was taken in line with the group's intolerance towards unethical practices. Refer to page 12 and 25.

COMPANY SECRETARIAL REVIEW (CONTINUED)

INTERNAL CONTROL

Organisational policies, procedures, structures and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Both operational and executive management closely monitor the controls and actions taken to correct weaknesses, as and when they are identified. Each business unit has its own finance department headed by a finance executive with appropriate skill and experience. The business unit finance executives report to the group CFO, who is responsible for the overall financial control and reporting.

Standards of disclosure increased significantly and internal governance structures and roles have been reviewed and improved, where necessary, to reflect best practice. This occurred at both board and management levels.

Jasco uses an independent auditing firm to perform the internal audit function. Representatives of the firm report to the audit and risk committee.

INSIDER TRADING

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

THE BOARD AND DIRECTORS

The board of directors adds value through strategic leadership and guidance, and ultimate oversight in ensuring a sustainable business that is accountable to shareholders and responsible to other stakeholders. The board operates in accordance with a detailed charter, which defines the board's mission, roles, duties and responsibilities. The board adheres to its fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to directors.

Declarations of interest are confirmed at each board and committee meeting and are recorded in the minutes.

Jasco has a unitary board structure comprising:

- three independent non-executive directors;
- three non-executive directors; and
- four executive directors.

Directors are entitled to seek independent professional advice concerning the affairs of the group, at the group's expense, should they believe this to be in the best interest of the group. The board assessment conducted post year-end confirmed that no director has unfettered powers. A detailed annual plan ensures that the board executes all its responsibilities and complies with its charter.

The policy dealing with the division of responsibilities between the chairman and CEO assists to ensure a balance of power and authority to guarantee that no director has unregulated powers. The board charter and the company's memorandum of incorporation further ensure that proper voting principles and processes are employed to enable a balance of power. All directors apply independence of mind to matters under discussion, which was reaffirmed during the board assessment.

Appointments to the board

The appointment of new directors is approved by the board as a whole on recommendation of the nominations committee. Directors are appointed through a formal and transparent process, which includes the identification of suitable members and performance and background checks prior to nominations. Director appointments are formalised through an agreed contract of service between the company and the director.

The company's board approved gender policy is applied by the nominations committee when providing recommendations on the composition of the board and any new appointments.

Mrs PF Radebe and Miss TP Zondi have been appointed to the board of directors as independent non-executive directors and also as members of the audit and risk committee in accordance with Section 94 of the Companies Act. Furthermore, Mrs PF Radebe was appointed as chairman of the social and ethics committee. Ms SM Samuels and Mr TS Petje were appointed to the board as executive directors on 19 June 2017. The appointment of these directors to the board requires shareholder approval at the next annual general meeting on 1 November 2017.

Independent directors

The board applies the principles contained in King III and the Companies Act guidelines to assess the independence of directors.

The nominations committee reviewed the independence of all non-executive directors using the guidelines recommended by King III, JSE Listings Requirements and the Companies Act.

As outlined earlier, during the year the independent component of the board was strengthened with the appointment of two new independent directors.

Orientation and development

The group company secretary arranges an appropriate induction programme for new directors. The directors are informed of their responsibilities through extensive induction material, discussions and visits to the main business units. All have access to key management members for information on Jasco's operations. They are taken through an induction programme designed to enhance their understanding of Jasco's legislative framework, its governance processes and the nature and operations of the business through full participation of the executive senior management. New and existing directors are invited to these programmes to gain first-hand knowledge of the operations and prospects of the group. Director development programmes are planned for the new executive directors in the new financial year. The board was provided with updates and material relating to changes in legislation and other requirements in the course of carrying out their functions.

Board evaluation and performance

Jasco undertakes an annual board evaluation, as recommended by King III. The evaluation includes an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director to review their ability to add value.

This is done through self-assessments and peer review processes. In addition, the remuneration committee facilitates the evaluation of executive management.

The performance review conducted post year-end indicated that the board is providing sound corporate governance and is working well with executive management. The board is well informed and attentive to key issues. The board continues to focus on ensuring that the profile, skill set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future needs of the business and the ever-changing environment in which it operates.

Directors' remuneration

Non-executive directors receive a fee for their contribution to the board and the sub-committees on which they serve. Fees are determined by the remuneration committee and approved by the shareholders at the annual general meeting. The remuneration of executive directors is determined by the remuneration committee in accordance with the company's memorandum of incorporation, and approved by the board.

Information on directors' remuneration appears on pages 52 and 53.

Strategy

The board is ultimately accountable and responsible to its shareholders and other stakeholders for setting the strategic direction of the company, together with the group's management team. The board acknowledges that strategy, risk, performance and sustainability are inseparable and gives effect to this by:

- contributing to and approving the strategy on an annual basis, at which point past performance, key risks and sustainability matters are also debated;
- satisfying itself that strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
- identifying key performance and risk areas;
- ensuring that the strategy will result in sustainable outcomes; and
- considering sustainability as a business opportunity that guides strategy formulation.

Risk management

The board appreciates the importance of risk management and has adopted a risk and opportunity register that outlines a detailed mitigation process. Management is accountable for the design, implementation and monitoring of the risk management plan.

The risk and opportunity register is monitored through a detailed process that involves rating the risk and categories with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis.

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

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

Delegation of authority

The group has adopted and complies with a detailed delegation of authority framework and policy, which stipulates the governance framework. Most policies are group-wide policies, applicable to all subsidiaries.

Retirement and re-election of directors

All directors are appointed in accordance with Jasco's memorandum of incorporation and are subject to retirement

COMPANY SECRETARIAL REVIEW (CONTINUED)

by rotation and re-election by shareholders at least once every three years. Consequently, Dr ATM Mokgokong and Mr JC Farrant will retire by rotation.

Being eligible for re-election, they offer themselves for re-election to the board.

Board meetings

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

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

Board committees

The board committees assist the board in executing its duties and authorities. The board delegates the required authority to each committee to enable them to fulfil their respective functions through formal board-approved terms of reference. These are reviewed annually. Each committee has a detailed annual work plan to ensure full oversight of all matters within their delegated mandate.

Delegating authority to board committees or management does not mitigate or discharge the board and its directors of their duties and responsibilities.

The board has five committees through which it operates:

- Audit and risk committee
- Social and ethics committee
- Remuneration committee
- Nominations committee
- Investment committee

Each committee chairman reports formally to the board after every meeting on all matters within its duties and responsibilities, including recommendations on envisaged actions.

Audit and risk committee

The committee consists of three independent non-executive directors. The chairman of the board is not the chairman of the audit and risk committee. The external auditors, internal auditors, the group CEO and the group CFO attend these meetings by invitation. The internal and external auditors have unrestricted access to the chairman of the audit and risk committee. The full report from the audit and risk committee is outlined on pages 6 and 7 of the consolidated financial statements. These can be found at www.jasco.co.za.

Meetings are held quarterly. Three meetings were held in the year under review.

Outside of the statutory duties of the audit and risk committee, as set out in the Companies Act and the provisions of the JSE Listings Requirements and King III principles, the purpose of the committee is to:

- examine and review the group's financial statements and report on interim and final results, the accompanying messages to stakeholders and any other announcements on the company's results or other financial information to be made public;
- oversee co-operation between internal and external auditors, and serve as a link between the board and these functions;
- oversee the external audit function;
- approve the internal audit plan, fees and qualifications of the internal auditors;
- evaluate the qualifications and independence of the external auditor;
- approve external audit fees;
- ensure effective internal financial controls are in place;
- review the integrity of financial risk control systems and policies;
- evaluate the scope and effectiveness of the internal audit function;
- evaluate the competency level of the CFO and finance function; and
- comply with legal and regulatory requirements.

During the year under review, the committee satisfied itself that Mr WA Prinsloo possesses the appropriate level of expertise and experience to fulfil his responsibilities as group CFO to the board and the company.

Social and ethics committee

The social and ethics committee is constituted as a statutory committee for purposes contained in section 72 of the Companies Act.

The committee comprises one independent non-executive director, the CEO and the executive head of strategic sales. The group's human resources executive, marketing and communications executive and the company secretary attend these meetings as permanent invitees. The chairman of the committee provides a report to the board on its initiatives and mandate.

The committee is governed by a charter and monitors group performance in terms of defined social and ethics performance indicators that have been formulated with reference to Regulation 43(5) of the Companies Act. This is further supported by a work plan which guides the committee on its mandate and responsibilities.

The committee met once during the year. In response to the requirements of the Companies Act, the performance in the following areas was reviewed:

- Group policies (ethics, whistle-blowing, anti-corruption and procurement)
- Employment equity
- Socio-economic development
- Environmental impact

Whistle-blowing is supported by a procedural framework within Jasco and communicated to all Jasco employees. There were two whistle-blowing incidents reported during the review period relating to the fraud as communicated on pages 12 and 25.

The committee approved a comprehensive socio-economic development responsibility plan, which includes relevant training, learnerships, bursaries and socio-economic development. Refer to page 5 for more information. The committee also reviews the head office energy consumption and carbon footprint contributions at Jasco. During the year, the group ensured that electrical energy consumption was reduced, which resulted in significant current and potential future cost savings. There were no significant health and safety issues to report.

Remuneration committee

The committee ensures that remuneration policies support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives, while complying with regulatory and governance principles.

The remuneration committee comprises three non-executive directors. Meetings are attended on invitation by the group CEO, CFO and the Group executive: human resources, when required. Two meetings were held during the year under review.

The remuneration committee ensures that remuneration practices focus executives on achieving long-term business objectives and growth in shareholder wealth. In satisfying this requirement, the committee reviews incentive arrangements, including key performance indicators and performance hurdles. The chairman of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the remuneration committee are tabled to the board for noting. Refer to the remuneration review on page 49 for more information.

Nominations committee

The nominations committee is responsible for ensuring that the procedures for appointments to the board are formal and transparent.

The committee consists of two non-executive members and is chaired by the board chairman. The committee met twice during the year.

The purpose of this committee is to:

- provide recommendations on the composition of the board and board committees and ensuring that the board comprises individuals equipped to fulfil their role as directors of the company and the company secretary, aligned to the policy outlining the procedures for appointments to the board;
- provide comments and suggestions on committee structures of the board, committee operations, member qualifications and member appointments; and
- review and recommend its annual training programme to the board.

Investment committee

The committee oversees approval processes for investments. These are designed to ensure they are aligned to the group's agreed strategies and values. Risks are identified and evaluated, investments are fully optimised to produce the maximum shareholder value within an acceptable risk framework and appropriate risk management strategies are pursued.

The main purpose of the committee is to review investments in a structured, formal and transparent manner to ensure:

- each project meets the strategic, technical and investment requirements of the company, which includes identifying and managing all project-related risks;
- critical decisions, project parameters, safety, health and environmental impacts and governance processes are followed and addressed prior to committing funds; and
- each project enhances the portfolio value of the company.

The committee also approves smaller projects within its mandate. The committee meets only when required. During the year under review, the committee met to consider the CrossFire and Reflex acquisitions.

COMPANY SECRETARIAL REVIEW (CONTINUED)

2017 meeting attendance

The table below reflects attendance at board and sub-committee meetings for the year.

	Board (incl budget)	Audit and risk committee	Social and ethics committee	Remuneration committee	Nominations committee	Investment committee
Number of meetings held	4	3	1	2	2	2
Chairman						
ATM Mokgokong	4				2	
Deputy chairman						
MJ Madungandaba	4			2		2
Independent non-executive directors						
JC Farrant	4	3		2	2	2
JA Sherry (resigned on 13 September 2016)	1	1				
H Moolla (retired on 1 November 2016)	1	1				
T Zondi (appointed 1 January 2017)	2	2				2
P Radebe (appointed 1 January 2017)	2	2	1			2
Non-executive director						
S Bawa	4			2		2
Executive directors						
AMF da Silva	4		1			2
WA Prinsloo	4					2
TS Petje (appointed 19 June 2017)						
SM Samuels (appointed 19 June 2017)						

REMUNERATION REVIEW

In line with King III requirements, this report forms the basis for shareholders' non-binding advisory votes at the next annual general meeting.

REMUNERATION COMMITTEE

The remuneration committee is appointed by the board of directors. The role of the committee is to provide guidance and support to the board in fulfilling its responsibilities to shareholders, employees and other stakeholders by ensuring that the employees and management of the company are appropriately and equitably compensated for their services to the company and motivated to perform to the best of their abilities in the interest of all stakeholders. The committee also has to demonstrate objectivity in determining the remuneration in the interest of shareholders and to ensure the strategic and financial health of the group.

The committee's responsibilities are to:

- determine, agree and review the remuneration policy and framework of the group with the board;
- determine and agree the total remuneration package of the chief executive officer and chief financial officer and any other executive director;
- review the ongoing appropriateness and relevance of the remuneration policy in terms of its ability to attract and retain scarce and critical employees. This includes the review of company benefit structures, such as retirement and healthcare plans;
- make recommendations to the board and shareholders on the remuneration of non-executive directors;
- make recommendations regarding performance measures for executive directors;
- review the design of all share incentive plans for approval by the board and shareholders and determine whether awards will be made. If awards are made, the committee also has to determine the overall amount of these awards, the individual awards to executive directors and other senior executives, as well as the performance targets to be used;
- set guidelines for the annual increase in income of all employees; and
- ensure compliance with applicable laws, codes and JSE Listings Requirements.

REMUNERATION STRATEGY

Jasco's remuneration strategy aims to compete for talent and critical skills in a very competitive workforce market and to retain quality employees who improve business performance and output, as well as service delivery to our customers. The remuneration strategy is designed to motivate individual and team performance, as a fair and competitive reward strategy is vital to being an employer of choice.

Jasco believes that the remuneration and reward of our employees are both a human resources and business matter, as it affects our ability to attract and retain high-calibre employees. It also impacts our operational efficiency, company culture, employee behaviour and ultimately the profitability and sustainability of the business.

Jasco therefore aligns the objectives of incentives with the organisation's performance-driven culture, business targets and strategic objectives.

Our reward philosophy consists of a set of beliefs that underpin our remuneration strategy. It governs reward policies and provides the foundation for the guiding principles that determine how reward processes operate.

Remuneration as a management process is fully integrated with other human resources processes such as performance and talent management.

Our philosophy is to structure remuneration in a way that ensures a fair and equitable level of remuneration for all employees, and is formulated in a manner which attracts, retains, motivates and rewards performing employees. The various components of remuneration encourage sustainable levels of team and individual performance that are aligned with our strategic direction and values.

We aim to position guaranteed remuneration at the median of the market, with superior performance at stretch levels, enabling management, including executives, to achieve remuneration levels in excess of median levels, where truly deserved.

Key principles underpinning our remuneration policy and processes

The following key principles shape our policy and are representative of our remuneration approach. They form the basis upon which employees are rewarded.

1. A critical success factor for us is our ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Remuneration policies are aligned with the agreed business strategy and are reviewed regularly to ensure continued alignment.
2. Our remuneration policies are transparent and understandable, both for stakeholders and for internal use and application.
3. Remuneration policies are equitable and balance internal equity (all employees being fairly rewarded for their roles) and external equity (all employees being fairly rewarded in terms of the market).
4. Remuneration policies promote risk management and adequately balance risk and reward.
5. Remuneration takes our financial performance into account.

REMUNERATION REVIEW (CONTINUED)

ELEMENTS OF REMUNERATION AND REWARD

Our remuneration strategy aims to attract, retain and incentivise high-quality employees with the right competence who will contribute to long-term value creation. Employees' compensation should encourage good performance, sound behaviour and risk management that is aligned with the group's intentions. Compensation is based on experience and performance, and promotes long-term commitment to creating and sustaining value.

The group's remuneration packages are split into guaranteed and non-guaranteed pay, as well as short-term and long-term incentives. The table below describes the key elements of the remuneration packages paid to all employees, including executive directors and prescribed officers.

		Non-guaranteed pay	
Reward element	**Guaranteed pay and benefits**	**Short-term incentives**	**Long-term incentives**
Instrument	• Cost-to-company remuneration • Retirement fund • Healthcare • Risk benefits, including group life, income protection and funeral cover • Leave benefits • Employee assistance programme	• Annual performance-based incentive	• Share option scheme • Phantom share schemes
Objective	• Attraction and retention • Reward individual performance • Drive long-term strategic objectives and targets	• Attraction and retention • Reward individual and group performance • Drive short-term strategic objectives and targets	• Retention of key and critical employees • Reward individual and group performance • Drive long-term strategic objectives and targets
Characteristics	• Fixed • Benchmarked to the median of the industry and market	• Variable • 8% to 40% of cost-to-company	• Variable • 20% to 30% of cost-to-company
Participants	• All permanent salaried employees	• All permanent salaried employees	• Key executives

Guaranteed pay

Guaranteed pay is managed on a cost-to-company basis. Participation in the group's retirement fund, life, disability and funeral cover are compulsory for all permanent salaried employees who fall outside the jurisdiction of bargaining councils, with flexibility in the selection of benefits within the scope and rules of our retirement fund, such as risk benefits. Although there is some flexibility when deciding on a medical aid provider, the group does have a medical aid provider of choice. Membership of a medical aid is compulsory either as a dependent or main member of the preferred provider.

Our guaranteed remuneration is competitive relative to the market. We benchmark against the market median, with remuneration levels reviewed at least once a year.

We participate in regular remuneration surveys to ensure our offering is competitive and in line with best practice.

The group ensures that its remuneration practices and policies are compliant with all legislation. We review our policies and practices on an annual basis to ensure only justifiable differences exist and to remove any newly-identified inappropriate differences. Internal parity is promoted and remuneration differentiation between employees is based on criteria that are fair and objective.

The group's job evaluation system allows for differentiation in scope, areas of responsibility and fields of expertise. Increases in guaranteed pay for employees are based on a review of market data, consideration of the individual performance and potential, as well as the business priorities of the group. Increases for salaried employees are during January of each year. Increases for waged-based employees are in accordance with the sectoral determinations, as set by the Department of Labour, or the regulations of the Metal and Engineering Industries Bargaining Council. Increases for waged-based employees are during July of each year.

Short-term incentives

Short-term incentives depend on the company's performance. It is generally paid on an annual basis and is based on the achievement of key performance areas (KPAs). KPAs are set annually and are designed to drive both financial and non-financial strategic targets and objectives. The KPAs of executives and prescribed officers include financial indicators such as revenue, profit before interest and tax, earnings per share and return on assets managed, as well as strategic indicators such as the roll-out and implementation of company strategy and objectives. Refer to pages 35 to 41.

KPAs are cascaded down from senior levels into the organisation to ensure strategic alignment.

Short-term incentives are in place for all permanent salaried employees and are based on the achievement of KPAs, with appropriately set targets which are measured on an annual basis. These include financial indicators, as well as job-specific KPAs, such as leadership, customer satisfaction, learning and development, technical competencies and timeous delivery on objectives.

The group's earnings and profitability did not meet the expected level. Accordingly, no short-term performance-based incentives were paid to group executives.

The CFO was paid a retention bonus after 10 years of service.

Long-term incentives

Jasco has a long-term share incentive (LTI) scheme in place, which awards shares or options to participants through the Jasco Employee Share Incentive Trust.

The Jasco Employee Share Incentive Trust was designed to provide participants with long-term incentives and to drive long-term strategic growth. Each participant receives an allocation of shares or options and is rewarded for the growth in the value of the shares. Vesting periods are two to four years and options lapse after five years.

During the year under review, share allocations and share option allocations were made to key individuals, as disclosed in the table on page 53.

The share-based incentive scheme to the company was reviewed during the second half of the financial year and the board determined that the cost to the company far outweighed the benefits to the participants on an after-tax basis. Accordingly, there will not be any future allocations made going forward and the existing scheme will be wound down.

In addition to this, as the business units are diversified, with varying dynamics, the group has a cash-settled phantom share scheme. The phantom share scheme rewards participants for the growth in the value of the business units in which they operate over a two- to four-year period.

REMUNERATION REVIEW (CONTINUED)

DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION FOR THE YEAR

Non-executive directors

Non-executive directors are paid a fixed fee, which is determined by the extent of their participation in sub-committees. The fees payable to non-executive directors are reviewed by the remuneration committee and approved by shareholders at the annual general meeting (AGM) each year.

The following table depicts the remuneration of the non-executive directors for the current year, as well as the proposed fees for the 2018 calendar year. The proposed increases for 2018 are in line with inflation:

Name	Role	2017 Financial year Rand	2017 Calendar year Rand	PROPOSED 2018 Calendar year Rand
Dr ATM Mokgokong	Chairman			
	Nominations committee chairman	435 459	448 142	475 031
MJ Madungandaba	Deputy chairman	422 802	435 116	461 223
JC Farrant	Lead independent non-executive			
	Audit and risk committee chairman			
	Remuneration committee member			
	Nominations committee member	334 364	344 103	364 749
MSC Bawa	Remuneration committee chairman	328 156	337 714	357 977
H Moolla (until 1 November 2016)	Social and ethics committee chairman			
	Audit and risk committee member	106 199	–	–
Sir JA Sherry (until 13 September 2016)	Audit and risk committee member	61 654	–	–
PF Radebe (from 1 January 2017)	Social and ethics committee chairman			
	Audit and risk committee member	168 857	337 714	357 977
TP Zondi (from 1 January 2017)	Audit and risk committee member	130 706	261 412	277 097
Total		**1 988 197**	**2 164 201**	**2 294 054**

Executive directors and prescribed officers

The table below reflects a summary of the remuneration earned by the executive directors and prescribed officers during the 2017 financial year:

Rand	Short-term guaranteed	Short-term payment	Long-term* share-based payment	Total
Executive directors				
AMF da Silva	4 447 719	–	1 597 205	**6 044 924**
WA Prinsloo	2 631 949	637 945§	981 093	**4 250 987**
Prescribed officers				
M Janse van Vuuren	2 634 940	–	319 040	**2 953 980**
TS Petje	1 862 552	–	54 527	**1 917 079**
MMS Ebrahim	1 411 276	–	–	**1 411 276**
Total	**12 988 436**	**637 945**	**2 951 865**	**16 578 246**

** Non-cash provision*
§ Mr WA Prinsloo was paid a retention bonus during the year, following ten years of service to the group

The table below reflects a summary of the shares and options issued to executive directors and prescribed officers:

Participant	Nature	Issue date	Lapse date	Number of shares/ options issued	Number of shares/ options outstanding	Exercise price
AMF da Silva	Shares	13 June 2016	N/A	1 328 818	1 328 818	81 cents
	Shares	2 June 2015	N/A	5 892 288	5 892 288	55 cents
	Shares	5 February 2014	N/A	720 000	720 000	72 cents
WA Prinsloo	Shares	13 June 2016	N/A	834 881	834 881	81 cents
	Shares	2 June 2015	N/A	3 253 830	1 626 915	55 cents
	Shares	5 February 2014	N/A	750 000	187 500	72 cents
M Janse van Vuuren	Options	28 June 2016	28 June 2021	735 546	735 546	81 cents
	Options	2 June 2015	2 June 2020	1 021 642	1 021 642	55 cents
	Options	5 February 2014	5 February 2019	637 000	637 000	72 cents
TS Petje	Options	3 October 2016	3 October 2021	465 702	465 702	93 cents

OTHER INFORMATION

SUBSIDIARY COMPANIES INCLUDED IN THESE RESULTS

	Issued share capital	Effective ownership 2017 %	Effective ownership 2016 %
Trading companies			
Direct			
Jasco Trading (Pty) Limited	4 180	100	100
Jasco Carrier Solutions (Pty) Limited	4 000	100	100
Jasco Energy and Industry Solutions (Pty) Limited	6 406 859	100	100
Jasco Networks (Pty) Limited	13 400	100	100
Jasco East Africa	100	99	99
Jasco Enterprise (Pty) Limited	100	100	100
Jasco Systems (Pty) Limited	100	100	100
Jasco Distributors (Pty) Limited *(formerly: Jasco Managed Solutions (Pty) Limited)*	11 500	70	100
Jasco IOT Solutions (Pty) Limited	510	100	–
Jasco Property Solutions (Pty) Limited	100	100	–
Reflex Solutions (Pty) Limited	1 000	51	–
Indirect			
Ferro Resonant Technologies (Pty) Limited*	1 000	100	100
Maringo Communications (Pty) Ltd#	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 Cables Investments (Pty) Limited	543 780	100	100
Jasco Converged Solutions (Pty) Limited&	1 001	100	100
Jasco Infrastructure Company (Pty) Limited$ *(formerly: Jasco Properties (Pty) Limited)*	100	100	100
Telesto Communications (Pty) Limited@	1 000	100	100
Webb Industries (Pty) Limited%	1 000	100	100
Network (Pty) Limited	400	100	100

With the exception of Jasco East Africa 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 Jasco Enterprise (Pty) Limited*
% *Shares owned by Webb Masts and Towers (Pty) Limited*
& *Shares owned by Jasco Networks (Pty) Limited*

ORDINARY SHARE PERFORMANCE AND SHAREHOLDING

STATISTICAL HIGHLIGHTS FOR THE SIX YEARS ENDED 30 JUNE 2017

		2017	2016	2015	2014	2013	2012
Jasco share price							
Lowest share price	(cents)	70	38	47	58	85	90
Highest share price	(cents)	120	87	125	114	175	150
Closing share price	(cents)	82	84	56	90	99	150
Analysis of Jasco share transactions							
Total number of transactions recorded on JSE		1 472	1 241	1 717	1 684	3 151	2 390
Total number of shares traded	(000)	16 935	23 220	15 696	20 246	24 594	24 365
Total number of shares traded as a percentage of weighted average issued shares	(%)	7,5	10,8	5,5	11,6	16,8	16,6
Total value of shares traded	(R000)	16 152	14 018	12 035	16 564	35 213	27 870

ANALYSIS OF JASCO SHAREHOLDING AT 30 JUNE 2017

	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Size of shareholding				
1 – 1 000	1 606	50,97	524 762	0,23
1 001 – 5 000	679	21,55	1 857 909	0,81
5 001 – 10 000	274	8,70	2 188 672	0,95
10 001 – 100 000	482	15,30	15 607 089	6,81
100 001 and over	110	3,49	209 140 759	91,20
	3 151	100,00	229 319 191	100,00
Analysis of shareholders				
Class				
– individuals	2 863	90,86	46 651 918	20,34
– financial institutions and corporate bodies	288	9,14	182 667 273	79,66
	3 151	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	12,10
– TMM Holdings (Pty) Limited			23 564 619	10,32
Analysis of Jasco shareholder's spread at 30 June 2017				
Non-public				
– BEE partners	6	0,19	129 423 570	56,44
– Jasco directors	5	0,16	8 339 282	3,64
– Associates of Jasco directors	1	0,03	5 500	0,00
– Jasco Employee Share Incentive Trust	1	0,03	5 893 378	2,57
	13	0,41	143 661 730	62,65
Public	3 138	99,59	85 657 461	37,35
	3 151	100,00	229 319 191	100,00

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

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the 29th annual general meeting of shareholders for the year ended 30 June 2017 will be held in the company's auditorium, Jasco Office Park, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand on Wednesday, 1 November 2017 at 14:00 to consider, and if deemed fit, to pass with or without modification, the following resolutions as set out in this notice.

The Board of Directors of the company has determined, in accordance with section 62(3)(a), read with section 59(1)(a) and (b) of the Companies Act, No. 71 of 2008, as amended (Companies Act), that the record dates for the purposes of determining which shareholders are entitled to:

- receive notice of the annual general meeting (the posting record date) is Friday, 15 September 2017; and
- attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 20 October 2017.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group, including the reports of the directors, group Audit and Risk Committee and the independent auditors, for the year ended 30 June 2017, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act (abbreviated versions have been included in the Integrated Annual Report, with the full annual statements available on our website).

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

A report of the members of the group Social and Ethics Committee for the year ended 30 June 2017, as included in the Integrated Annual Report, will be presented to shareholders as required in terms of Regulation 43 of the Companies Regulations, 2011.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. To re-elect Dr ATM Mokgokong and Mr JC Farrant. Brief CV's for these directors appear on page 6 of this report.

In accordance with the provisions of clause 28.8 of the company's memorandum of incorporation (MoI) and the Companies Act, which provide that at each general meeting of the company, one-third of the directors shall retire from office, but such directors may offer themselves for re-election. The Board of Directors has assessed the performance of the directors standing for election and re-election, as the case may be and has found them suitable for appointment and re-appointment.

1.1 Ordinary resolution number 1: Re-election of Dr ATM Mokgokong as a director

"RESOLVED that Dr ATM Mokgokong, who retires by rotation in terms of the MoI of the company and is eligible and available for re-election as a director of the company be and is hereby re-elected as a director of the company with effect from 1 November 2017."

1.2 Ordinary resolution number 2: Re-election of Mr JC Farrant as a director

"RESOLVED that Mr JC Farrant, who retires by rotation in terms of the MoI of the company and is eligible and available for re-election as a director of the company be and is hereby re-elected as a director of the company with effect from 1 November 2017."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

2. To ratify appointment of the new non-executive and executive directors. Brief CV's for these directors appear on pages 6 and 7 of this report

2.1 Ordinary resolution number 3: Appointment of Mrs PF Radebe as a non-executive director

"RESOLVED that Mrs PF Radebe, be and is hereby appointed as a director of the company in ratification of the appointment by the board of directors with effect from 1 January 2017."

2.2 Ordinary resolution number 4: Appointment of Ms TP Zondi as a non-executive director

"RESOLVED that Ms TP Zondi, be and is hereby appointed as a director of the company in ratification of the appointment by the board of directors with effect from 1 January 2017."

2.3 Ordinary resolution number 5: Appointment of Mrs SM Samuels as an executive director

"RESOLVED that Mrs SM Samuels, be and is hereby appointed as a director of the company in ratification of the appointment by the board of directors with effect from 19 June 2017."

2.4 Ordinary resolution number 6: Appointment of Mr TS Petje as an executive director

"RESOLVED that Mr TS Petje, be and is hereby appointed as a director of the company in ratification of the appointment by the board of directors with effect from 19 June 2017."

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

3. Ordinary resolution number 7: Election of group Audit and Risk Committee members

"RESOLVED that an Audit and Risk Committee comprising independent non-executive directors, as provided in section 94(4) of the Act, set out below be and is hereby appointed in terms of section 94(2) of the Act to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King Code and to perform such other duties and responsibilities as may from time to time be delegated by the Board of Directors for the company and all subsidiary companies.

The Board of Directors has assessed the performance of the group Audit and Risk Committee members standing for election and has found them suitable for appointment. Brief CVs for these directors appear on pages 6 and 7 of this report.

Mr JC Farrant (chairman);

Ms TP Zondi (member); and

Ms PF Radebe (member)."

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

4. Ordinary resolution number 8: Election of group Social and Ethics Committee members

"RESOLVED that a Social and Ethics Committee, as provided in section 72(4) of the Act, and Regulation 43 of the Companies Regulations, 2011, set out below be and is hereby appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in Regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the Board of Directors for the company and all subsidiary companies.

The Board of Directors has assessed the performance of the group Social and Ethics Committee members standing for re-election and has found them suitable for re-appointment. Brief CVs for these members appear on pages 6 to 7 of this report.

Ms PF Radebe (chairman);

Ms SM Sameuls (member); and

Mr TS Petje (member)."

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

5. Ordinary resolution number 9: Re-appointment of independent external auditors

As set out on page 46 the group audit and risk committee has assessed Ernst & Young Incorporated's performance, independence and suitability and has nominated them for re-appointment as independent external auditors of the group, to hold office until the next annual general meeting.

"RESOLVED that Ernst & Young Incorporated, with the designated audit partner being Mr Gerwin Weinreich, be and is hereby re-appointed as independent external auditors of the group for the ensuing year."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

6. Ordinary resolution number 10: Approval of the remuneration policy

"RESOLVED that through a non-binding advisory vote that the company's remuneration policy and its implementation, as set out in the remuneration report contained on pages 49 to 53 of this report, be and is hereby approved.

This ordinary resolution is of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in this report."

For this resolution to be passed, votes in favour must represent at least 50%+1 of all votes cast and/or exercised at the meeting.

7. Ordinary resolution number 11: General authority to place the authorised but unissued shares under the directors' control

It would be of advantage to grant the directors the necessary authority to enable the company to take expeditiously take advantage of business opportunities (in the form of rights offers, acquisition issues and/or acquisitions of any shares in any group company owned by any minorities (as set out in paragraph (b) of the resolution below)). In order to be in a position to do so, the company is required, in terms of clause [9.4] of its MoI, to have shareholder approval to issue shares in such circumstances.

The company understands that this authority cannot be open-ended, and has therefore proposed that it be granted subject to:

- the restrictions set out below, particularly that the number of shares it is authorised to issue be limited to 29,95% (twenty-nine point nine five percent) of the ordinary shares in issue as at the date of this notice of AGM, excluding treasury shares; and
- the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 67 000 000 ordinary shares (which represents 29,95% (twenty-nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to this ordinary resolution 11 or pursuant to ordinary resolution 12.

"RESOLVED to place the undermentioned ordinary shares in the authorised but unissued share capital of the company at the disposal and under the control of the directors, until the next AGM of the company, who are hereby authorised and empowered, subject to the provisions of the Act and the JSE Listings Requirements, to allot, issue and otherwise dispose of such shares to such person/s on such terms and conditions and at such time/s as the directors may from time to time in their discretion deem fit, subject to:

(a) a maximum amount of 67 000 000 ordinary shares, which represents 29,95% (twenty-nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, being placed at the disposal and under the control of the directors;

(b) the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 67 000 000 ordinary shares, which represents 29,95% (twenty-nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to this ordinary resolution 11 or pursuant to ordinary resolution 12;

(c) this resolution shall not authorise the directors to effect an issue of shares for cash as contemplated in the JSE Listings Requirements; and

(d) such authority shall be utilised to effect or implement relevant corporate action, including but not limited to rights offers, acquisition issues and/or acquisitions of any shares in any group company-owned by any minorities.

For this resolution to be passed, votes in favour must represent at least 50%+1 of all votes cast and/or exercised at the meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

8. Ordinary resolution number 12: General authority to issue shares, and to sell treasury shares for cash

"Resolved, as an Ordinary Resolution, that the directors of the company and/or any of its subsidiaries, be and are hereby authorised, from time to time, by way of a general authority, to:

- allot and issue 11 465 959 shares or options (which number represents up to 5% of the company's equity shares at the date of this notice) in respect of all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the capital of the company purchased by subsidiaries of the company; and
- issue shares for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the following limitations:
  - The securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
  - Any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties.
  - The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 5% (five percent) of the number of issued ordinary shares.
  - This general authority is valid until the earlier of the company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given.
  - An announcement giving full details, will be released when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue.
  - In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares.
  - Whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

At present, the directors have no specific intention to use this authority and the authority will thus only be used if circumstances are appropriate.

The reason for proposing ordinary resolution number 12 is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the company (excluding shares issued pursuant to the company's share incentive scheme), up to 5% (11 465 959 shares) of the number of ordinary shares of the company in issue at the date of passing of this resolution, in order to enable the company to take advantage of business opportunities which might arise in the future.

For this resolution to be passed, votes in favour must represent at least 75% +1 of all votes cast and/or exercised at the meeting.

9. Ordinary resolution number 13: Authorise directors and/or company secretary

"RESOLVED that any one director and/or group company secretary of the company or equivalent be and are hereby authorised to do all such things and to sign all such documents that are deemed necessary to implement the resolutions set out in the notice convening the annual general meeting at which these resolutions will be considered; and further that, in so far as any act or deeds be performed by any one director and/or group company secretary of the company or equivalent prior to the date of this resolution, all such acts or deeds and/or signing by or on behalf of the company prior to the date of this resolution be and is hereby ratified and approved."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

10. Special resolution number 1: Non-executive directors' fees

To approve the remuneration of non-executive directors for the period 1 January 2018 until 31 December 2018.

Approval in terms of section 66 of the Companies Act is required to authorise the company to remunerate for their services as directors. Furthermore, in terms of King III and as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

"RESOLVED as a special resolution in terms of the Companies Act, No. 71 of 2008, as amended that the remuneration of non-executive directors for the period 1 January 2018 until 31 December 2018 be and is hereby on the basis as set out as follows:

	Current Rand	Proposed Rand
Chairman of the board	448 142	475 031
Deputy chairman of the board	435 116	461 223
Audit and risk committee chairman	344 103	364 749
Social and ethics committee chairman	337 714	357 977
Remuneration committee chairman	337 714	357 977
Member of a sub-committee	261 412	277 097
Member of the board	183 722	194 745

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

11. Special resolution number 2: Financial assistance to a related or inter-related company or companies

"RESOLVED as a special resolution in terms of the Companies Act, No. 71 of 2008, as amended, that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or interrelated companies of the company, be and is hereby approved, provided that:

1. (i) the specific recipient(s) of such financial assistance;

   (ii) the form, nature and extent of such financial assistance;

   (iii) the terms and conditions under which such financial assistance is provided, are determined by the Board of Directors of the company from time to time;

2. the board has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance;

3. such financial assistance to a recipient is in the opinion of the Board of Directors of the company, required for a purpose which, in the opinion of the Board of Directors of the company, is directly or indirectly in the interest of the company; and

4. the authority granted in terms of this special resolution will remain valid for 2 (two) years or until the next annual general meeting."

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

12. To transact such other business as may be transacted at an annual general meeting

Litigation statement

Other than disclosed or accounted for in the annual financial statements, the directors of the company, whose names appear on pages 6 and 7 of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 12 months preceding the date of this notice of annual general meeting.

Material changes

Other than the facts and developments reported in the annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of the Integrated Annual Report and the posting date.

Further disclosure required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in the annual financial statements of which this notice forms part:

- directors and management – refer to pages 6 to 9 of the integrated annual report;
- major shareholders of the company – refer to page 56 of the integrated annual report;
- directors' interest in the company's shares – refer to page 9 of the consolidated financial statements; and
- share capital of the company – refer to page 37 of the consolidated financial statements.

Identification, voting and proxies

In terms of section 63(1) of the Act, any person attending or participating in the annual general meeting must present reasonable satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driver's licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in terms of the JSE Listings Requirements will not be taken into account at the annual general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised Jasco shareholders with own-name registrations who cannot attend the annual general meeting, but who wish to be represented thereat. Completed forms of proxy must be received by the transfer secretaries of the company, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoft Street, Braamfontein, by no later than 14:00 on Monday, 30 October 2017, for administrative purposes.

All beneficial owners of Jasco shares who have dematerialised their shares through a CSDP or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their CSDP, broker or nominee to issue them with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration and who are entitled to attend and vote at the annual general meeting do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the annual general meeting be entitled to lodge the form of proxy in respect of the annual general meeting, in accordance with the instructions therein with the chairman of the annual general meeting.

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

Jasco does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Jasco shareholder of the annual general meeting.

By order of the board

N Modisakeng
Group company secretary
Midrand
13 September 2017

FORM OF PROXY

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

For use ONLY by certificated shareholders and own-name dematerialised shareholders at the annual general meeting of Jasco shareholders to be held in the company's boardroom, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand, at 14:00 on 1 November 2017 or such later time that may be applicable ("the annual general meeting" or "AGM").

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

I/We (_____ Please print name in full)

of _____ (address)

being the registered holder/s of _____ ordinary shares in Jasco, hereby appoint (refer note 1):

1. _____ or failing him/her,

2. _____ or failing him/her,

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

	In favour	Against	Own discretion	Abstain
As ordinary resolutions				
1. To elect Dr ATM Mokgokong who retires by rotation and is eligible and available for re-election				
2. To elect Mr JC Farrant who retires by rotation and is eligible and available for re-election				
3. To ratify the appointment of Mrs PF Radebe who was appointed by the board of directors and is eligible and available for election				
4. To ratify the appointment of Ms TP Zondi who was appointed by the board of directors and is eligible and available for election				
5. To ratify the appointment of Mrs SM Samuels who was appointed by the board of directors and is eligible and available for election				
6. To ratify the appointment of Mr TS Petje who was appointed by the board of directors and is eligible and available for election				
7. To approve group audit and risk committee members				
8. To approve group social and ethics committee members				
9. To reappoint Ernst & Young Inc. as independent auditors of the company and the group and to note Mr Gerwin Weinreich as the designated audit partner until the next annual general meeting				
10. To endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the remuneration report contained in the integrated annual report				
11. To place the authorised but unissued shares under the directors' control				
12. General authority to issue shares, and to sell treasury shares for cash				
13. To authorise directors and/or secretary of the company to implement the resolutions set out in the notice convening the annual general meeting and the ratification of any acts or deeds performed by any director and/or company secretary to the company prior to the date of this resolution				
As special resolutions:				
1. To approve the remuneration to be paid to the non-executive directors for the period 1 January 2018 until 31 December 2018				
2. To authorise financial assistance to related and inter-related companies				

** Insert an "X" in the appropriate spaces above according to how you wish your votes to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit. If you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of shares held in respect of which you desire to vote (refer to note 2).*

Signed at _____ on _____ 2017

Signature _____

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

Please read the notes overleaf.

FORM OF PROXY (CONTINUED)

NOTES TO THE FORM OF PROXY

In accordance with section 58 of the Companies Act, No. 71 of 2008

1. A Jasco shareholder may insert the name of a proxy or the names of two alternative proxies of the Jasco shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the Jasco shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Jasco shareholder or his/her proxy is not obliged to use all the votes exercisable by the Jasco shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. The date must be filled in on this form of proxy when it is signed.
4. The completion and lodging of this form of proxy will not preclude the relevant Jasco shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of Jasco or waived by the chairman of the annual general meeting of Jasco shareholders.
6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Jasco.
8. For administrative purposes, completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to and received by the transfer secretaries, Link Market Services South Africa (Pty) Limited, at 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001 or the company secretary at Corner of Alexandra Avenue and 2nd Street, Halfway House, Midrand, 1632 (PO Box 860, Wendywood, 2144), by no later than 14:00 on Monday, 30 October 2017, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 14:00 on 1 November 2017, provided that should the transfer secretaries or the company secretary receive a Jasco shareholder's form of proxy less than 48 (forty-eight) hours before the annual general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the AGM before the appointed proxy exercises any of such Jasco shareholder's rights at the AGM (or any adjournment of the general meeting).
9. Documentary evidence of all meeting participants, including proxies, must be attached to this proxy, unless previously recorded by the company secretary. CSDPs or brokers registered, voting on behalf or at the instruction of the form beneficial owners of shares registered, are requested that they identify the beneficial owners in the register on whose behalf they are voting and return a copy of the instruction of such owner to the company secretary or to the Transfer Secretaries, Link Market Services.
10. The chairman of the annual general meeting may accept or reject any form of proxy, in her/his absolute discretion, if it is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the transfer secretaries of Jasco.
12. Dematerialised shareholders, other than with own-name registration, must NOT complete this form of proxy and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders.
13. The directors have not made any provision of the electronic participation at the AGM.

CORPORATE INFORMATION

GROUP COMPANY SECRETARY

Neo Modisakeng

REGISTERED ADDRESS

Jasco Park
Corner Alexandra Avenue and 2nd Street
Midrand, Halfway House,1632
(PO Box 860, Wendywood, 2144)
Telephone: +27 11 266 1500

AUDITORS

Ernst & Young Inc.
Registered Auditor
102 Rivonia Road
Sandton, 2196

COMMERCIAL BANKERS

The Bank of China Limited

Johannesburg Branch
Alice Lane Towers, 15 Alice Lane
Sandton, 2146

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	1 November 2017
Reports	
Interim for half-year to 31 December 2016	Published 9 February 2017
Audited results for the year to 30 June 2017	Published 13 September 2017
Integrated annual report posting date	29 September 2017

Physical address / Cnr Alexandra Avenue and 2nd Street, Halfway House, Midrand, Gauteng, South Africa, 1632

Postal address / PO Box 860, Wendywood, South Africa, 2144

Tel / +27 11 266 1500

Fax / +27 11 266 1532

JASCO

INSPIRE.INNOVATE.