THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretation commencing on page 4 of this document apply mutatis mutandis throughout this document including this cover page, **except where the context indicates a contrary intention.**

Action required by certificated and dematerialised shareholders:

This Circular is issued in compliance with the Listings Requirements of the JSE Limited, for the purpose of providing information to the public with regard to the Company.

This document is important and should be read with particular attention to the section of this Circular entitled: "Action required by shareholders", which commences on page 2.

If you are in any doubt as to what action you should take, please consult your broker, banker, legal adviser, CSDP or other professional advisor immediately.

If you have disposed of all your Jasco shares, this Circular should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Jasco does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Jasco shares to notify such beneficial owner of the transactions set out in this Circular.

INSPIRE. INNOVATE.

JASCO ELECTRONICS HOLDINGS LIMITED

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

CIRCULAR TO JASCO SHAREHOLDERS

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regarding:

the Disposal of Jasco's 51.1% shareholding in M-TEC to MH1, a wholly owned subsidiary of CIH, for a purchase consideration of R60 million.

and incorporating:

- **a notice convening a general shareholders' meeting; and**
- **a form of proxy *(yellow)* for use by certificated and own name dematerialised shareholders only.**

Shareholders are referred to paragraph 17 of this document, which outlines the directors' responsibility statement in regard to this document.

Corporate Adviser and Sponsor

GRINDROD BANK

Auditors and Reporting Accountants

EY Building a better working world

Legal Adviser

NORTON ROSE FULBRIGHT

Independent Expert

BDO

Date of issue: 12 October 2015

This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Jasco and the Corporate Adviser and Sponsor whose addresses are set out in the "Corporate information and advisers" section of this Circular, and will be available in electronic form from Monday, 12 October 2015 to Tuesday, 10 November 2015 as well as from the Company's website (www.jasco.co.za).

CORPORATE INFORMATION AND ADVISERS

Registered office of Jasco

Corner Alexandra Avenue and 2nd Street
Midrand, 1685
(PO Box 860, Wendywood, 2144)
Date and place of incorporation:
20 July 1987– Pretoria; South Africa

Transfer secretaries

Link Market Services (Proprietary) Limited

(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street, Braamfontein,
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Corporate Adviser and Sponsor to Jasco

Grindrod Bank Limited

(Registration number 1994/007994/06)
4th Floor, Grindrod Tower
8A Protea Place
Sandton, 2146
(PO Box 78011, Sandton, 2146)

Independent Expert to Jasco

BDO Corporate Finance

(Registration number 1983/002903/07)
22 Wellington Road, Parktown
Johannesburg, 2193

Company Secretary

Sekretari (Proprietary) Limited

(Registration number 1999/027496/07)
Centurion Close Office Park
119 Gerhard Street, Centurion, 0157

Auditors and Reporting Accountants to Jasco

Ernst & Young Inc.

(Registration number 2005/002308/21)
Wanderers Office park, 52 Corlett Drive
Illovo, 2196
(Private Bag X14, Northlands, 2116)

Legal Advisor to Jasco

Norton Rose Fulbright South Africa Inc

(Registration number 1984/003385/21)
15 Alice Lane
Sandton, 2196

Registered office of M-TEC

(Registration number: 2000/007692/07)
1 Steel Road, Peacehaven
Vereeniging, 1929
Date and place of Incorporation:
Private company incorporated on 25 April 2000 in South Africa

Directors of Jasco:

Executive:
AMF da Silva (Chief Executive Officer)
WA Prinsloo (Chief Financial Officer)

Non-Executive:
Dr ATM Mokgokong (Chairperson)
MJ Madungandaba (Deputy Chairperson)
JC Farrant*
H Moolla#
Sir JA Sherry#
MSC Bawa

**Lead independent director*
#Independent

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The definitions and interpretations commencing on page 4 of this document have been used in this section.

ACTION REQUIRED BY SHAREHOLDERS

The "Definitions and interpretation" commencing on page 4 of this Circular apply, *mutatis mutandis,* to the following section on "Action required by shareholders."

Please take careful note of the following provisions regarding the action required by shareholders:

This Circular contains important information regarding the Disposal and matters relating thereto.

Shareholders should not construe anything in this Circular as legal, business or tax advice. Shareholders who are in any doubt as to what action to take should consult their CSDP, broker, banker accountant or other professional adviser immediately.

1. If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, accountant or other professional adviser immediately.
2. If you have disposed of all of your shares, please forward this circular to the purchaser of such shares or the broker, CSDP, banker or other agent through whom such disposal was effected.
3. This circular contains information relating to the disposal. You should carefully read through this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

General meeting

Shareholders are invited to attend the general meeting to be held at the registered office of Jasco namely, Corner Alexandra Avenue and 2nd Street, Midrand, 1685, South Africa on Tuesday, 10 November 2015 at 15:30, following the annual general meeting to be held on the same date

The notice convening the general meeting is attached to this Circular.

HOLDERS OF CERTIFICATED SHARES AND HOLDERS OF DEMATERIALISED SHARES WITH OWN NAME REGISTRATION

1. You are entitled to attend or be represented by proxy at the general meeting.
2. If you are unable or do not wish to attend the general meeting, and wish to be represented thereat, you must complete and return the attached form of proxy *(yellow)* in accordance with the instructions there in so as to be received by the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by 15:30 on Friday, 6 November 2015 or handed to the chairman of the general meeting before your appointed proxy exercises any of your rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive your form of proxy less than 48 hours before the general meeting, you will need to procure that a copy of your form of proxy is handed to the chairman of the general meeting before your proxy exercises any of your rights at the general meeting (or any adjournment of the general meeting).

HOLDERS OF DEMATERIALISED SHARES OTHER THAN WITH OWN NAME REGISTRATION

1. You must not complete the attached form of proxy.
2. If you wish to attend or be represented by someone other than your CSDP or broker at the general meeting, you must advise your CSDP or broker timeously in order for them to issue you with the necessary letter of representation to enable you to attend or be represented at the general meeting. Should you not wish to attend the general meeting in person or be represented at the general meeting by someone other than your CSDP or broker, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the general meeting.
3. If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker immediately. Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the Custody Agreement governing the relationship between yourself and your CSDP or broker and provide them with your instructions.

IMPORTANT DATES AND TIMES RELATING TO THE DISPOSAL

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis,* to this section.

	2015
The terms announcement regarding the disposal released on SENS by close of business (17:00)	Thursday, 17 July
Short form terms announcement released in the press	Monday, 20 July
Record date to determine which shareholders are eligible to receive this Circular	Friday, 2 October
Posting of this Circular including notice of general meeting to shareholders	**Monday, 12 October**
Last day to trade in Jasco ordinary shares in order to be recorded in the register to vote at the general meeting	Friday, 23 October
Voting record date to vote at the general meeting	Friday, 30 October
Last day to lodge forms of proxy in respect of general meeting by 15:30 on	Friday, 6 November
General meeting to be convened at 15:30 on	**Tuesday, 10 November**
Publication of results of general meeting on SENS	**Wednesday, 11 November**

Notes

1. The above dates and times may be subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. Unless otherwise indicated, all times are South African times.
3. Any Form of Proxy (*yellow*) not delivered by 15:30 on Friday, 6 November 2015 may be handed to the chairman of the general meeting immediately before the appointed proxy exercises any of the shareholder rights at the general meeting.
4. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid.

DEFINITIONS AND INTERPRETATIONS

In this document including its attachments, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following expressions bear the meanings assigned to them below:

"**Afrocentric**"	Afrocentric Investment Corporation Limited (registration number 1988/000570/06), a public company incorporated in South African and listed on the JSE;
"**associate**"	an associate as defined in the JSE Listings Requirements;
"**BEE**"	Black Economic Empowerment
"**Board**" or "**the directors**"	the Board of directors of Jasco, as reflected on IFC;
"**broker**"	any person registered as a broking member (equities) in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"**business day**"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"**certificated shares**"	Jasco shares, represented by a share certificate or other document(s) of title, which are not dematerialised shares;
"**certificated shareholders**"	holders of certificated shares;
"**CIH**"	Community Investment Holdings Limited (registration number 1995/007296/07) whose shareholders comprise the Mantokozo Investment Trust, a trust set up by Dr Anna Mokgokong, the Merino Investment Trust, a trust set up by Mr Joe Madungandaba and the Inkonkoni Trust. Both Dr Anna Mokgokong and Mr Joe Madungandaba are directors of Jasco;
"**Circular**"	this bound document, dated Monday, 12 October 2015, including the annexures hereto;
"**Commencement date**"	the date at which all suspensive conditions have been met;
"**Commission**" or "**CIPC**"	the Companies and Intellectual Property Commission, established in terms of section 185 of the Act, or its successor body;
"**Companies Act**" or "**Act**"	the Companies Act 2008, (Act no. 71 of 2008), as amended;
"**CSDP**"	Central Securities Depository Participant, being a participant as defined in section 1 of the Financial Markets Act;
"**dematerialisation**"	the process by which certificated shares are converted to electronic form as uncertificated ordinary shares and recorded in a sub-register;
"dematerialised shareholders"	shareholders who hold dematerialised shares;
"dematerialised shares"	shares that have been dematerialised;
"Disposal"	the disposal of Jasco Cables' 51.1% shareholding in M-TEC to MH1 for an aggregate purchase consideration of R60 million;
"Disposal Agreement"	the Memorandum of Agreement between Jasco, Jasco Cables, CIH and MH1 signed on 11 September 2015;
"**Financials Markets Act**"	the Financials Markets Act, 2014 (Act no. 19 of 2012), as amended;

"**general meeting**" or "**shareholders meeting**"	the meeting of shareholders to be held at Cnr Alexandra Avenue and 2nd Street, Midrand, 1685, on Tuesday 10 November 2015, at 15:30, following the annual general meeting to be held on the same day, to consider and if deemed fit, approve the resolutions necessary to implement the Disposal;
"**Goldsol II**"	Goldsol II Proprietary Limited, (registration number 2013/015482/07), is an investment holding Company 100% owned by Mr PS Reddy. PS Reddy is an entrepreneur with 25 years' experience in investments. He specialises in business development and has built up an extensive business network. Schooled as a Minister, he was active in various ministries before moving into commerce. He is the majority shareholder and Managing Director of Siyangena Technologies (Pty) Limited ("Siyangena") since 2008. Siyangena is a technology solutions provider in the security industry focussing on integrated high-end security and IT solutions. He is President of Pretoria Golf Club (for the past 8 years) and Member of the Pretoria Chamber of Commerce. Goldsol II was introduced as a strategic BEE partner to Jasco as part of the renounceable rights offer that was implemented during December 2013.
"**Government**"	the Government of South Africa;
"**Jasco**" or "**the Company**"	Jasco Electronics Holdings Limited, (registration number 1987/003293/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the main Board of the stock exchange operated by the JSE;
"**Jasco Cables**"	Jasco Cables Investments Proprietary Limited, (registration number 2007/006169/07), a wholly owned subsidiary of Jasco;
"**Jasco Group**"	Jasco and its subsidiaries and associates;
"**Jasco shareholders**" or "**shareholders**"	all registered holders of Jasco issued ordinary shares;
"**Jasco shares**" or "**ordinary shares**" or "**shares**"	the ordinary shares in the capital of the company of no par value;
"**ICT**"	information and communications technology
"**Income Tax Act**"	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
"**JSE**"	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"**last practicable date**"	6 October 2015, being the last practicable date prior to the finalisation of this document;
"**Listings Requirements**"	the listings requirements of the JSE;
"**MH1**"	Malesela Holdings No.1 Proprietary Limited, (registration number 1998/07247/07), a wholly owned subsidiary of CIH;
"**M-TEC**"	Malesela Taihan Electric Cable Proprietary Limited, (registration number 2000/007692/07), a private company incorporated in accordance with the laws of South Africa.
"**MOI**"	the Memorandum of Incorporation of Jasco;
"**notice of shareholders' meeting**"	the notice convening the shareholders' meeting which is attached to and forms part of this Circular;
"**own name dematerialised shareholders**"	dematerialised shareholders who have elected to have own name registration;

"**Parties**"	Jasco Cables, M-TEC, MH1, CIH and Jasco;
"**Purchase Consideration**"	the aggregate purchase consideration to be paid to Jasco by MH1 of R60 million;
"**R**" or "**Rand**" or "**cents**"	South African rand and cents, the lawful currency of South Africa;
"**register**"	Jasco's securities register, including all sub-registers;
"**Repayment Period**"	the repayment period for R40 000 000 of the Purchase Consideration commencing from 1 July 2016 and ending on 31 December 2018;
"**reporting accountants**" or "**auditors**"	Ernst & Young Inc. the reporting accountants and auditors of Jasco;
"**SENS**"	the Stock Exchange News Service, the news service operated by the JSE;
"**shareholders**"	certificated shareholders and dematerialised shareholders;
"**South Africa**"	the Republic of South Africa;
"**Strate**"	Strate Proprietary Limited (registration number 1998/022242/06), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act, which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
"**subsidiary**"	a subsidiary company, as defined in paragraph 3 of the Act;
"**Taihan**"	Taihan Electric Wire Co. Ltd, a company incorporated in Korea (registration number 004025) and registered in South Africa as an external company (registration number 1999/009874/10);
"**Takeover Regulations**"	the regulations made by the Minister in terms of sections 120 and 223 of the Act;
"**Termination Date**"	30 November 2015;
"**transfer secretaries**" or "**Link**"	Link Market Services Proprietary Limited (registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa;
"**VAT**"	Value Added Tax; and
"**Voetstoots**"	means the action of buying something "as is";
"**voting record date**"	the last day for shareholders to be recorded in the register in order to vote at the general meeting, being close of business on Friday, 30 October 2015; and
"**VWAP**"	volume weighted average price.

JASCO ELECTRONICS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("Jasco" or "the Company")

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In an announcement released on SENS on Friday, 17 July 2015, shareholders were advised that Jasco Cables, had entered into a heads of agreement with a related party, CIH, together with MH1, a wholly owned subsidiary of CIH. In terms of the heads of agreement MH1 will acquire Jasco Cables' 51.1% shareholding in M-TEC for an aggregate Purchase Consideration of R60 million. The Purchase Consideration is substantiated by a valuation prepared by a JSE approved independent expert. On Friday 11 September 2015 the Parties entered into the Disposal Agreement the salient terms of which are set out in this Circular.

The purpose of this Circular is to provide shareholders with the information on the Disposal, which constitutes a category 1 transaction in terms of the Listings Requirements and to convene a general meeting of shareholders at which shareholders can consider and vote on the resolutions required to implement the Disposal.

2. BACKGROUND TO THE DISPOSAL

In 2013 shareholders were advised that the management of Jasco would take decisive action on its investment in M-TEC if there was no improvement in performance and subsequently placed the investment under review. As a result of M-TEC's sustained poor performance, Jasco Cables entered into discussions with Taihan, who owns the remaining 48.9% interest in M-TEC, regarding a process for the disinvestment by Jasco Cables of its interest in M-TEC.

Due to subsequent unexpected changes to the executive management team at Taihan during November 2013, all negotiations were delayed and the disinvestment process was effectively placed on hold. Negotiations recommenced in February 2014 and in parallel Jasco commenced with formal legal action. The negotiations were terminated in November 2014 on failure to reach agreement with Taihan. At the end of November 2014 Jasco served Taihan with a demand action in terms of Section 165 of the Companies Act on behalf of M-TEC for losses and damages suffered by M-TEC under Taihan's management. This legal action motivated Taihan to return to negotiations which recommenced in February 2015, during which time MH1 was identified as the best BEE partner and shareholder for M-TEC. Taihan indicated a willingness to waive their pre-emptive rights in terms of the M-TEC Shareholders Agreement in the event that Jasco sold its stake to MH1. As required in terms of the shareholders agreement, the parties appointed an independent valuation expert to perform a fair valuation of M-TEC, and use this valuation as the basis for the exit price. Jasco postponed court proceedings in May, subject to the conclusion of an agreement between the parties. However, in the event that the agreement is not concluded, Jasco reserves it rights to continue with the legal action contemplated.

A cautionary announcement was released on 2 July 2015 on SENS informing shareholders that Jasco Cables was in the advanced stages of negotiations with CIH regarding the disinvestment of its interest in M-TEC.

3. **RATIONALE FOR THE DISPOSAL**

The Disposal of M-TEC remains in line with the management of Jasco's continued focus on addressing underperforming business units and exiting from non-core and low value-adding businesses. In addition to this, the Disposal is anticipated to yield the following benefits to the Jasco Group:

- utilisation of the proceeds from the Disposal to strengthen Jasco's balance sheet;
- a reduction of Jasco's interest cost expense and the resultant improvement of cash flows; and
- free up significant executive management time and resources to focus on the core operations of Jasco.

4. **BACKGROUND TO CIH AND MH1**

CIH is a 100% black-owned investment holding Company that was established in 1995 by Dr Anna Mokgokong and Joe Madungandaba. CIH has significant interest in the healthcare, ICT, logistics, mining, infrastructure, power and energy sectors. CIH is currently a major shareholder of Jasco through its direct and indirect holding (through Afrocentric) of 17.6%. MH1 is a 100% held subsidiary of CIH.

5. **BACKGROUND TO M-TEC**

M-TEC is a manufacturer and supplier of non-ferrous products in South Africa including power cables, aluminium overhead conductors, bare copper wire, strip products as well as optical fibre cable.

6. **STRUCTURE AND SALIENT TERMS OF THE DISPOSAL**

Jasco Cables is the owner of 11 000 ordinary shares and 23 000 preference shares in M-TEC, representing a 51.1% shareholding in M-TEC. The remaining 48.9% shareholding is owned by Taihan.

MH1 intends to purchase all the ordinary shares and preference shares in M-TEC, owned by Jasco Cables with the Purchase Consideration of R60 million being derived as follows:

6.1 **Sale of ordinary shares**

6.1.1 MH1 shall acquire the 11 000 ordinary shares and claims from Jasco Cables for a purchase price of R20 000 000;

6.1.2 the sale of the ordinary shares shall constitute a single indivisible transaction and be Voetstoots; and

6.1.3 MH1 will provide Jasco Cables with a funding commitment letter by 31 October 2015.

6.2 **Sale of preference shares**

6.2.1 MH1 shall acquire the 23 000 preference shares from Jasco Cables for a Purchase Consideration of R40 000 000; and

6.2.2 the sale of the preference shares shall constitute a single indivisible transaction and be voetstoots.

6.3 **Payment of Purchase Consideration**

The Purchase Consideration payable for the ordinary shares and preference will paid to Jasco Cables as follows:

6.3.1 R20 000 000 will be paid on the Commencement date;

6.3.2 R40 000 000 will be paid through monthly instalments of capital and interest during the Repayment Period;

6.3.3 Interest will accrue at the prime interest rate of South Africa and will be paid monthly, during the Repayment Period;

6.3.4 MH1 will have the right to make lump sum payments to Jasco Cables at any time during the Repayment Period without incurring any financial penalty; and

6.3.5 the Purchase Consideration will be secured by a pledge of MH1's shareholding in M-TEC and a pledge of CIH's shareholding in Jasco, during the Repayment Period.

7. **SUSPENSIVE CONDITIONS TO THE DISPOSAL**

The Disposal Agreement is subject to the fulfilment of the following suspensive conditions by not later than the Termination Date, or such later date as the Parties may agree in writing:

7.1 to the extent necessary, the approval of the Financial Surveillance Department of the South African Reserve Bank for the Parties to perform their respective obligations contemplated in the Disposal;

7.2 the approval of the Jasco Cables board of directors and the approval of the requisite majority of Jasco Cables shareholders at a properly convened general meeting;

7.3 the approval of the requisite majority of Jasco shareholders at a properly convened general meeting;

7.4 the approval of the MH1 and CIH board of directors of the acquisition of the shares;

7.5 to the extent necessary, approval of the CIH board of directors of the acquisition of the shares by MH1;

7.6 to the extent necessary resolutions required by the JSE from the shareholders of Jasco;

7.7 to the extent necessary, a written waiver from Taihan of its pre-emptive rights in terms of the shareholders agreement concluded between Taihan, Jasco Cables and M-TEC;

7.8 acknowledgement from Investec Bank acknowledging the seller's interests in the CIH shares; and

7.9 such other suspensive conditions as may be necessary in relation to the Disposal.

8. ***PRO FORMA* FINANCIAL EFFECTS**

The preparation of the *pro forma* financial effects is the responsibility of the directors of Jasco.

The table below, and Annexure 1 set out the pro *forma* financial effects ("*pro forma* financial effects") of the Disposal on Jasco. The *pro forma* financial effects are prepared for illustrative purposes only and may not fairly represent Jasco's results, financial position and changes in equity after the Disposal for the purposes of the *pro forma* financial effects, it has been assumed that the Disposal took place with effect from 1 July 2014 for the statement of comprehensive income and 30 June 2015 for the statement of financial position.

The summary *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited, published financial statements of Jasco for the year ended 30 June 2015. The reporting accountants' reasonable assurance report on the financial effects is set out in Annexure 2 to this Circular.

	Before (Published) (cents)	**After *(Pro forma)* (cents)**	**Change (cents)**	**Change (%)**
Earnings per share	(38.7)	(35.7)	3.0	7.8
Headline earnings per share	2.4	4.1	1.7	70.0
Diluted earnings per share	(38.7)	(35.7)	3.0	7.8
Diluted headline earnings per share	2.4	4.1	1.7	70.0
Net asset value per share	92.7	92.7	0.0	0.0
Net tangible asset value per share	57.0	57.0	0.0	0.0

Notes

1. The "Before Published" financial information has been extracted, without adjustment, from Jasco's published audited final results for the year ended 30 June 2015.
2. The effects of the Disposal are calculated on the assumption that:
   (a) the disposal consideration of R60 million will be utilised to reduce the general borrowings, both short term and long term, in the group. The first R20 million of the proceeds from the disposal will be used to immediately reduce short term liabilities by R10 million and the bank overdraft by R10 million. The remaining balance of the disposal proceeds of R40 million receivable over a three-year period will be used to reduce the bank overdraft and long-term liabilities.
   (b) expenses of R2 million related to the disposal will be incurred. Refer to section 9 for a breakdown thereof.
3. For the purposes of calculating the net asset value per share and net tangible asset value per share, the effect of the Disposal is done on the basis that it was effective 30 June 2015.
   (a) The June 2015 published audited final results include an impairment of R57.4 million related to the investment in M-TEC which reduced the carrying value from R115.4 million to R58 million. The carrying value of R58.0 million represents the gross proceeds from the proposed transaction of R60 million less the expected disposal expenses.

9. **ESTIMATED EXPENSES**

There have been no preliminary expenses incurred by Jasco or M-TEC in the three years immediately preceding the date of the Circular. It is estimated that Jasco's expenses relating to the Disposal will amount to approximately R2 million. The expenses (including VAT) relating to the Disposal are detailed below.

Nature of expense	**Party**	**R**
JSE documentation inspection fee	JSE Limited	40 000
Printing, publication and distribution	Ince	350 000
Corporate adviser and sponsor	Grindrod Bank Limited	855 000
Reporting accountants and auditors	Ernst & Young Inc	228 000
Independent fairness opinion	BDO	114 000
Legal fees	Norton Rose Fulbright	91 000
Competition Commission fees	Competition Commission	175 000
Other incidental fees	Various	147 000
Total		**2 000 000**

10. **VENDOR INFORMATION**

No material assets were purchased or acquired by Jasco, or by any subsidiaries of Jasco, during the three years preceding the publication of this Circular.

11. **MATERIAL CONTRACTS**

11.1 Neither Jasco nor any company comprising the Jasco Group, including M-TEC:

11.1.1 has entered into any material contracts, either verbally or in writing, during the two years preceding the date of Circular, other than in the ordinary course of its business;

11.1.2 has entered into any material contracts, other than in the ordinary course of business, containing an obligation or settlement that is material to the Jasco Group as at the last practicable date.

12. **MATERIAL LOANS AND BORROWINGS**

Details of the material loans and borrowings of the Jasco Group are set out in Annexure 6 of this Circular.

13. **MATERIAL CHANGES**

13.1 Other than the Disposal, there have been no material changes in the financial or trading position of Jasco and its subsidiaries since the end of the last financial period for which the audited financial results for the year ended 30 June 2015 have been published.

13.2 Other than the Disposal, there have been no other material change in the financial or trading position of M-TEC since the financial year ended 30 June 2015, as covered by the report of historical financial information set out in Annexure 3, and the last practicable date.

14. **LITIGATION AND LEGAL PROCEEDINGS STATEMENT**

At the last practicable date there were no legal or arbitration proceedings (including proceedings which are pending or threatened) of which the Jasco directors are aware, which may have or have had during the twelve months preceding the date of this circular, a material effect on the Company and the Jasco Group's financial position, other than the matter below.

One of the Jasco Group's customers cancelled its long-term contract early in the final year of the contract (2013). The contract allows for arbitration and the process is underway. A conclusion is not expected before October 2015.

At the last practicable date there were no legal or arbitration proceedings (including proceedings which are pending or threatened) of which the Jasco directors are aware, which may have or have had during the twelve months preceding the date of this circular, a material effect on M-TEC's financial position.

15. **MAJOR JASCO SHAREHOLDERS**

Insofar as is known to the directors of Jasco, on the last practicable date, the shareholders directly or indirectly beneficially interested in 5% or more of the issued capital of Jasco are as set out in the table below:

Name	Number of shares beneficially held	Percentage shareholding
Goldsol II Proprietary Limited	50 000 000	21.80
AfroCentric Investment Corporation Limited	44 263 793	19.30
Community Investment Holdings Proprietary Limited (CIH)	27 376 750	11.94
TMM Holdings Proprietary Limited	15 693 045	6.84
Total	**137 333 588**	**59.88**

There is currently no controlling shareholder of the Company. There has not been a change in the controlling shareholder of the Company or the trading objects of the Company during the five years preceding the date of this Circular.

16. **SALIENT INFORMATION ON JASCO**

16.1 **Nature of Jasco's business**

Jasco is a South African Company that delivers smart technologies across the disciplines of Telecommunications, Information Technology, and Energy and Industry. By leveraging synergies between these disciplines, Jasco is able to deliver complete end-to-end solutions.

The Jasco Group not only delivers across the value chain, but in many cases owns parts of the value chain: from in-house design and engineering to manufacturing to managed services. Jasco has offices in all major regions in South Africa and has expanded into southern and eastern Africa. 10% of group revenue is currently generated from outside South Africa, with a measured regional strategy in place to expand this.

Jasco offers the following product and service solutions:

Telecommunications

Jasco offers a complete range of infrastructure products and services for access, transmission, operational support systems and outside equipment. In addition, our Hi-Site Solutions allow telecommunications operators and service providers to rent space on Jasco's existing infrastructure, with full complementary site management and technical services.

Contact centres

Jasco is a value-added reseller and systems integrator of contact centres and communications tools and services. We manage and centralise these products and services to assist customers to reduce their costs and 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.

Security and fire

Jasco Security designs, installs and maintains security technology that includes surveillance (CCTV), monitoring of physical security and access control solutions. We have depth of skill and experience, together with a detailed understanding of the security challenges faced by organisations. Jasco Fire designs, manufactures, installs and integrates fire detection and suppression solutions as part of intelligent security and building management.

Power

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

Data Centres

Jasco's Data Centres business delivers a number of services, most notably Co-Location Solutions through the NewTelco SA brand. It offers a carrier-neutral interconnection hub and an independent global 'meet-me' room, providing local, regional and international carriers with a fast, cost-efficient and reliable point of presence (PoP) in South Africa and a transparent connection to international destinations.

The Data Centres also offer Infrastructure as a Service (IaaS), providing virtual computing resources, and Platform as a Service (PaaS) that delivers applications over the Internet.

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 rooftop solutions which enables property owners to leverage their rooftops to offer alternate revenue streams.

These are all enhanced through world-class Building Management Solutions (BMS).

Unified communications

Our offering enables seamless integration of communications technologies by unifying systems from multiple vendors by delivering a collaborative experience. This includes video into the traditional communications environment, enabling teams to communicate face-to-face without having to leave their office. 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 a company's travelling expenses and time.

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 must be both resilient and agile to cater for a dynamic business environment. In today's world, networks need to be able 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 agile, resilient networking.

Renewable energy

Jasco Renewable Energy delivers Photo Voltaic (PV) solutions to the commercial sector, including rooftop and carport installation. These solutions are designed for commercial entities such as shopping malls, hospitals, factories and property groups with rental portfolios.

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, enabling water utilities to improve efficiencies and make smarter decisions, thus reducing their non-revenue water (NRW) challenges.

Broadcast

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

Component manufacturers

A full manufacturing service is offered, taking goods from raw materials to finished products that conform to the highest safety and quality standards.

16.2 **Opinion of Directors as to the prospects of the business**

Divisional prospects

Carrier

The group anticipates that the ICT industry will continue to consolidate in both the operator and supplier environment. However, even against this, the group expects an increase in demand in services, which will counter decreasing margins on product sales. The continued deregulation on the continent will allow for smaller nimble operators to exploit niche opportunities. Jasco's portfolio is well positioned to take advantage of this new demand.

Enterprise

An investment in the new ERP system will be completed in the new financial period. The group is confident that the investment in the new system will ensure an efficient utilisation of resources to drive improved profitability. Even though product margins will remain under pressure due to ongoing competition, the group's services will be in demand due to highly complex projects. This, together with new offerings, such as Cloud Solutions and Analytics, will support the margin. This business unit will remain on the watch list to ensure a return to sustainable profits.

Intelligent technologies

The newest business in the Jasco portfolio is expected to continue its growth. The conventional power business will be supported by the ongoing demand for power quality and assurance in southern Africa. The introduction of new services, such as remote fuel and battery monitoring, is planned for the new financial year. The group's focus on renewable energy (specifically solar) is growing in line with increasing demand from our existing customer base. The group expects demand for its Platform as a Service (PaaS) and Software as Service (SaaS) in, the prepaid electricity arena to continue due to municipalities' move from post-paid to pre-paid model. The group's new relationship with an international industry leading partner, Takadu, with broad experience operating in various countries, will enable Jasco to be a provider of integrated water network management solutions. This partnership will enable the group to offer high-level data analytics, which will assist water utilities to improve efficiencies. This offering ensures early detection of water leaks, water flow, level and pressure problems.

Further international partnerships will assist the group's strategy as a Smart Building Solutions provider by offering fully automated and eco-friendly building solutions. These partnerships expand the group's offering without the group incurring the cost of acquisitions. The good progress made in Broadcast solutions during the year is expected to continue due to the ongoing investment in digital platforms.

Electrical manufacturers

The manufacturing sector in South Africa remains under significant pressure with threats of cheap imports, increased production costs due to higher electricity costs, a volatile labour market, and the weaker rand for imported raw materials. Against this environment, management extracted further efficiencies in working capital, with pleasing reductions in stock levels. The main focus in the year was to optimise the return on the capital invested in the business unit. In the next period the contract manufacturing business will continue to focus on diversifying both its customer and product base. Although there was no strike action in the industry sector in the new financial year, the risk of strikes unfortunately always remain.

M-TEC

The cable manufacturing sector in South Africa remains under extreme pressure with threats of cheap imports, increased production costs due to higher electricity costs, a volatile labour market, and the weaker rand for imported raw materials. Significant consolidation is taking place in the sector with a number of corporate actions and restructures taking place. Furthermore the entire sector has fallen foul of the Competition Authorities in South Africa with a number of major players settling matters by paying heavy penalties. M-TEC's controlling shareholder, Taihan, has undergone another change in ownership in September 2015 with the banking consortium selling to a private equity investor. This has been followed by extensive management changes in Taihan and another leadership change at M-TEC. The prevailing negative market conditions, in particular Eskom which is the major customer, has subdued the future earnings prospects for M-TEC. This has the consequence that the much needed, and significant capital expenditure required to modernise the production facilities has been placed on hold. Consequently the productive efficiencies remain at output levels worse than M-TEC's major competitors.

Group prospects and opportunities

To counter the challenging market and economic conditions, Jasco will continue to execute its strategy and focus on the following key group areas:

- drive African expansion, especially in east Africa;
- increase our regional presence in South Africa, particularly in the Western Cape, Eastern Cape and KwaZulu-Natal;
- add to our products and services portfolio, with an emphasis on the rendering of services through managed solutions;
- ensure a return to acceptable and sustainable profitability levels in the Enterprise business;
- reduce the financial gearing of Jasco by utilising the expected proceeds on the Disposal of M-TEC; and
- continue the transformation of Jasco, with employment equity and skills development a priority.

16.2.1 **Directors' interest in Jasco shares**

As at 30 June 2015, the directors and their associates (as defined in terms of the Listing Requirements), including directors who have resigned in the last 18 months, had the following direct and indirect beneficial interest in the share capital of the Company:

Ordinary shares	% shareholding	2015	2014
Direct – Beneficial			
JC Farrant	0.07	150 000	150 000
JA Sherry	0.91	2 077 108	2 077 108
H Moolla	0.01	14 918	14 918
S Bawa	0.02	50 509	N/A
AMF da Silva	3.12	7 162 288	720 000
WA Prinsloo	1.75	4 003 830	750 000
Indirect – Beneficial			
MJ Madungandaba	8.36	19 163 725	19 163 725
ATM Mokgokong	3.58	8 213 025	8 213 025
S Bawa	1.54	3 538 815	N/A
Indirect – Non-beneficial			
JC Farrant	–	5 500	23 000
Total		**44 379 718**	**31 111 776**

Options	2015	2014
Direct – Beneficial		
AMF da Silva	1 463 993	1 463 993
WA Prinsloo	580 000	700 000
Total	**2 043 993**	**2 163 993**

Ms Morongwe Malebye resigned as non-executive director with effect from 15 October 2014 and Mr Dewald Dempers resigned as non-executive director with effect from 31 August 2015.

16.2.2 As at the last practical date of this Circular, no material changes to these holdings have occurred.

16.2.3 **Directors' interests in transactions**

None of the directors of Jasco, including directors who have resigned in the 18 months prior to this Circular, have any material direct or indirect beneficial interest in any transaction that was effected by the Jasco Group during the current, immediately preceding financial year or earlier financial year, which remains in any respect outstanding or unperformed.

There will be no variation in the remuneration to be received by any of the directors as a consequence of the transaction.

The Company's remuneration committee considers and recommends fees for non-executive directors after taking into account duties performed and market trends. Non-executive directors receive a fixed remuneration for their services based on their participation in Board meetings and other committees. Non-executive directors do not receive incentive bonus payments nor do they participate in the group's Share Incentive Scheme.

16.2.4 As at the last practicable date, no contracts exist as regards the provision of any secretarial, technical services or restraint payments payable by Jasco or any of its subsidiaries of a material nature.

17. RESPONSIBILITY STATEMENT

The directors, whose names are set out on the inside front cover of this Circular, collectively and individually:

- have considered all statements of fact and opinion in this Circular;
- collectively and individually accept full responsibility for the accuracy of the information provided;
- certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by law and the Listings Requirements; and
- confirm that this Circular contains all information required by law and the Listings Requirements.

18. WORKING CAPITAL STATEMENT

The Board has considered the effects of the Disposal and is of the opinion that:

- the Jasco group will be able to in the ordinary course of business pay its debts for a period of 12 months after the date of this Circular;
- the assets of the Jasco Group will be in excess of the liabilities of the Jasco Group for a period of 12 months after the date of this Circular. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Jasco Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular; and
- the working capital of the Jasco Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular.

19. OPINIONS AND RECOMMENDATIONS

The Board has considered the terms and conditions of the Disposal and is of the opinion that it is in the best interest of all of Jasco's key stakeholders and will be to the long-term benefit of shareholders. Accordingly, the Board recommends that shareholders vote in favour of the resolutions relating to the Disposal at the general meeting.

BDO, as the independent expert appointed by the Board pursuant to the Listings Requirements to provide the fairness opinion, is of the opinion that, subject to the limiting conditions and information as set out in the fairness opinion attached to this circular as Annexure 6, that the Disposal is fair to shareholders.

The Board is of the opinion, based on the fairness opinion provided by BDO that the Disposal is fair to shareholders.

All the directors of Jasco who own Jasco shares in their own right and are entitled to vote, intend to vote in favour of the resolutions relating to the Disposal.

CIH and any of its associates will be precluded from voting on the resolutions required to approve the Disposal.

It is recommended that shareholders consult their professional advisers regarding the action to be taken in relation to the Disposal.

20. **CONSENTS**

The corporate advisor and sponsor, legal advisor, independent expert, transfer secretaries and reporting accountants to Jasco have given and have not, prior to the last practicable date, withdrawn their written consents to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular.

The independent reporting accountants have consented in writing to the inclusion of their report in this Circular in the form and context in which it appears and have not withdrawn such consents prior to the publication of this Circular.

21. **GENERAL MEETING**

The general meeting is scheduled to be held at corner Alexandra Avenue and 2nd Street, Midrand, at 15:30 on Tuesday, 10 November 2015 for the purposes of considering and if deemed fit, passing with or without modification, the resolutions required for the Disposal. A notice convening the general meeting to approve the Disposal and a form of proxy (*yellow*), for use by certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the general meeting, form part of this Circular.

In terms of the Listings Requirements, a 50% majority of votes of all shareholders present or represented by proxy at the general meeting must be obtained in respect of the special and ordinary resolutions to approve the Disposal. CIH and any of it associates will be taken into account for purposes of determining a quorum at the general meeting, but will be precluded from voting on the special and ordinary resolutions to approve the Disposal.

22. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered offices of Jasco and the corporate advisor and sponsor during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular up to the last practicable date of this Circular:

- the Memorandum of Incorporation of Jasco and its major subsidiaries;
- the Memorandum of Incorporation of M-TEC;
- the audited consolidated financial statements of Jasco for the financial years ended 30 June 2015, 30 June 2014 and 30 June 2013;
- the Annual Integrated Report for the financial year ended 30 June 2015;
- the *pro forma* financial effects and statements of comprehensive income and financial position for the year ended 30 June 2015 prepared in terms of IFRS as set out in Annexure 1 of this Circular;
- the Independent Reporting Accountants' reasonable assurance report on the *pro forma* financial effects and statements of comprehensive income and financial position as set out in Annexure 2 to this Circular;
- the historical financial information of M-TEC for the years ended 30 June 2015, 30 June 2014 and 30 June 2013 as set out in Annexure 3 of this Circular;
- the Independent Reporting Accountants’ Report relating to the historical financial information of M-TEC as set out in annexure 4 of this Circular;
- the independent expert’s valuation report and signed fairness opinion on M-TEC as included in Annexure 6 of this Circular;
- the Disposal Agreement;
- all material contracts;
- copies of service agreements with directors, managers, secretaries, underwriters, vendors and promoters entered into during the last three years;
- written consents of the independent reporting accountants, legal advisor, independent expert, transfer secretaries and corporate advisor and sponsor to the inclusion of their names in this Circular in the context and form in which they appear; and
- a signed copy of this Circular.

By order of the Board

JASCO ELECTRONICS HOLDINGS LIMITED
Warren Prinsloo
Chief Financial Officer

Midrand
12 October 2015

Registered office
Corner Alexandra Avenue and 2nd Street
Midrand
1685
(PO Box 860, Wendywood, 2144)

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information has been prepared for illustrative purposes only and because of its nature may not fairly present Jasco's financial position, changes in equity, results of operations and cash flows; nor the effect and impact of the Disposal. For the purposes of the *pro forma* financial information, it has been assumed that the Disposal took place with effect from 1 July 2014 for the statement of comprehensive income and 30 June 2015 for the statement of financial position.

The *pro forma* statements of comprehensive income and financial position have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the published audited annual financial information of Jasco for the year ended 30 June 2015.

The directors of Jasco are responsible for the compilation, contents and preparation of the *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared. The independent reporting accountants' reasonable report on the *pro forma* financial information is set out in Annexure 4.

1. *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME

The table below sets out the *pro forma* statement of comprehensive income.

	Before[1] Published R'000	Effect of the disposal[2] *Pro forma* R'000	After *Pro forma* R'000	Change cents	Change %
Revenue	1 123 818	3 700	1 127 518		
Turnover	1 117 431		1 117 431		
Interest received[3]	6 387	3 700	10 087		
Operating loss before interest and taxation[4(b)]	(72 456)	(689)	(73 145)		
Interest received[3]	6 387	3 700	10 087		
Interest paid[5]	(22 433)	850	(21 583)		
Share of loss from associate[4(b)]	(689)	689	–		
Net profit before taxation	(89 191)	4 550	(84 641)		
Taxation[6]	6 343	(1 274)	5 069		
Profit for the period	(82 848)	3 276	(79 572)		
Net earnings attributed to:					
– equity holders of the parent	(83 272)	3 276	(79 996)		
– non-controlling interests	424		424		
	(82 848)	3 276	(79 572)		
Earnings per share	(38.7)		(35.7)	3.0	7.8
Diluted earnings per share	(38.7)		(35.7)	3.3	7.8
Headline earnings per share	2.4		4.1	1.7	70.0
Diluted headline earnings per share	2.4		4.1	1.7	70.0
Weighted number of shares in issue[7]	215 154 670		215 154 670		
Maximum number of shares[7]	224 189 816		224 189 816		

Notes

1. The "Before Published" financial information has been extracted, without adjustment, from Jasco's published audited final results for the year ended 30 June 2015.

2. The effects on the acquisition are calculated on the assumption that the disposal became effective on 1 July 2014. Refer to paragraph 6 on page 8 above for the salient details of the transaction.
3. R3 700 000 in interest earned on R40 000 000, being the balance of the disposal consideration payable over a three-year period, accruing interest at the prime interest rate.
4. The 51.1% share of equity accounted earnings in M-TEC for the seven months ended 31 January 2015 is a loss of R689 000.This is no longer recognised as a share of loss from association terms of IAS28, as the investment in the associate has been disposed of. The impact of this 4(a) a reversal of the share of loss from associate R689 000. 4(b) The derecognition of the investment in associate, disclosed as Non-current asset held for sale on 30 June 2015, resulted in a loss on disposal of the R689 000 recognised in Operating loss, being the difference between the carrying value and the net proceeds of the sale investment.
5. R850 000 saving on interest paid at an interest rate of 8.5% in terms of the term loan agreement, as a result of utilising the first R20 000 000 of the disposal proceeds to perform a R10 000 000 settlement on the term loan. The remaining balance of R10 000 000 will be used to immediately reduce the bank overdraft.
6. The taxation impact of R1 274 000 on net interest earned, taxed at the statutory corporate tax rate of 28%.
7. The weighted average number of shares is unchanged.

2. *PRO FORMA* STATEMENT OF FINANCIAL POSITION

The table below set out the *pro forma* statement of financial position.

	Before[1] Published R'000	Effect of the disposal[2] *Pro forma* R'000	After the transactions *Pro forma* R'000	Change cents	Change %
ASSETS					
Non-current assets	203 254	40 000	243 254		
Plant and equipment	59 419		59 419		
Intangibles	79 891		79 891		
Investment in associates	–	–	–		
Deferred income tax	37 483		37 483		
Other non-current assets[3]	26 461	40 000	66 461		
Non-current asset held for sale[4]	58 000	(58 000)	–		
Current assets	492 954	–	492 954		
Inventories	99 301		99 301		
Trade and other receivables	375 497		375 497		
Short-term portion of other non-current assets	4 037		4 037		
Taxation paid in advance	13 276		13 276		
Cash and cash equivalents	843	–	843		
Total assets	**754 208**	**(18 000)**	**736 208**		
EQUITY AND LIABILITIES					
Shareholders' equity	213 103	–	213 103		
Share capital and reserves	207 768	–	207 768		
Non-controlling interests	5 335	–	5 335		
Non-current liabilities	139 497	–	139 497		
Interest-bearing liabilities	131 686		131 686		
Deferred maintenance revenue	3 355		3 355		
Deferred income tax	4 456	–	4 456		

	Before[1] Published R'000	Effect of the disposal[2] *Pro forma* R'000	After the transactions *Pro forma* R'000	Change cents	Change %
Current liabilities	401 608	(18 000)	383 608		
Interest-bearing liabilities[5]	29 235	(10 000)	19 235		
Bank overdraft[6]	31 983	(8 000)	23 983		
Non-interest-bearing liabilities	296 804		296 804		
Deferred maintenance revenue	41 093		41 093		
Taxation liability	2 493		2 493		
Total liabilities	**754 208**	**(18 000)**	**736 208**		
Net asset value per share	92.7		92.7		
Net tangible asset value per share	57.0		57.0		
Number of shares in issue[7]	229 319 191		229 319 191		

Notes

1. The "Before Published" financial information has been extracted, without adjustment, from Jasco's published audited results for the year ended 30 June 2015.
2. The effect of the disposal is done on the basis that the disposal was completed on 30 June 2015.
3. R40 000 000 represents the deferred portion of the disposal consideration of M-TEC.
4. R58 000 000 derecognition of the investment held for sale being M-TEC.
5. R10 000 000 term loan settlement utilising the disposal proceeds.
6. Disposal proceeds of R20 000 000 net of the loan settlement in (5) above and the R2 000 000 in transaction costs incurred, is used to decrease bank overdraft by R8 000 000.
7. The weighted average number of shares is unchanged.

INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
Jasco Electronics Holdings Limited
Corner 2nd Street and Alexandra Avenue
Halfway house
Midrand
1685

Dear Sirs 6 October 2015

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

Introduction

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Jasco Electronics Holdings Limited ("Jasco") by the directors. The *pro forma* financial information, as set out on pages 18 – 20 of the Circular, consists of the statement of comprehensive and statement of financial position and related notes for the period ended 30 June 2015.

The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements. The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, being the disposal of Jasco's 51.1% shareholding in Malesela Taihan Electric able Proprietary Limited (M-Tec) to Malesela Holdings No.1 Proprietary Limited (MH1), a wholly owned subsidiary of Community Investment Holdings Limited (CIH), for a purchase consideration of R60 million, on the Company's financial position as at 30 June 2015, and the Company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 July 2014. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 30 June 2015, on which an auditor's report was issued on 16 September 2015.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in section 8 and Annexure 1.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances. Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in section 8 and Annexure 1.

Director: Dave Cathrall
Reporting Accountant Specialist and Auditor
Registered Auditor (RA)
Chartered Accountant (SA)

Ernst & Young Inc.
102 Rivonia Road
Sandton
2148

HISTORICAL FINANCIAL INFORMATION OF M-TEC

The historical information of Malesela Taihan Electric Cable (Proprietary) Limited ("M-TEC") set out below has been extracted from the audited financial statements of M-Tec. The financial statements were audited by Ernst & Young Inc. and reported on without qualification. The aforementioned financial statements were approved by the directors of M-TEC. The extracted financial information is the responsibility of the Directors of Jasco Electronics Holdings Limited.

Background to M-TEC

The Company has been in operation since 2000 and its registered office and business address is 1 Steel Road, Peacehaven, Vereeniging.

Nature of business

The M-Tec group is engaged in the manufacture and distribution of copper wire, power cables, fibre optic cables and aluminium wire, and operates principally in South Africa.

Review of activities

Main business and operations

The group is engaged in the manufacture and distribution of copper wire, power cables, fibre optic cables and aluminium wire, and operates principally in South Africa.

The consolidated operating results and state of affairs of the group and its subsidiary are fully set out in the attached group annual financial statements and do not, in our opinion, require further comment.

Net consolidated loss of the group was R36 005 000 for 2015 (2014: Net consolidated profit of R455 000), after taxation net consolidated loss of R31 033 000 (2014: Net consolidated profit of R216 000).

Going concern

The group annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have reviewed the budget and cash flow forecasts for the next 12-months from the date of these financial statements, and are satisfied that the group and Company will continue as a going concern.

Post year-end events

Jasco advised shareholders on 14 September 2015 that they signed a binding memorandum of agreement on 11 September 2015 for the sale of their investment in Malesela Taihan Electric Cable (Pty) Ltd.

The Competition Commissioner raised a penalty against Malesela Taihan Electric Cable (Pty) Ltd on 2 September 2015 refer to note 15.

Directors' interest in contracts

No material contracts involving Directors' interests were entered into during any of the periods under review.

Authorised and issued share capital

There were no changes in the authorised or issued share capital of the Company and its subsidiary during the periods under review.

Borrowing limitations

In terms of the Articles of Association of the Company and its subsidiary, the directors may exercise all the powers of the group to borrow money, as they consider appropriate.

Non-current assets

There were no major changes in the nature of the non-current assets of the group during the periods under review.

Dividends

No dividends were declared or paid to shareholders during the periods under review.

Management agreement

No management agreements were entered into with third parties during the periods under review.

Directors	
AMF da Silva	(South African)
MJ Madungandaba	(South African)
ATM Mokgokong	(South African)
TS Petje	(South African)
HY Park	(Korean)
KS Kil	(Korean)
B Lee	(Korean)
JH Park	(Korean)
I Yee	(Korean)

MALESELA TAIHAN ELECTRIC CABLE (PROPRIETARY) LIMITED AND ITS SUBSIDIARY GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 JUNE 2015, 2014 AND 2013

		Group		
	Notes	**2015 R'000**	**2014 R'000**	**2013 R'000**
Revenue	15	822 266	863 194	925 405
Cost of sales		(752 588)	(774 931)	(856 701)
Gross profit		**69 678**	**88 263**	**68 704**
Other income		4 036	3 988	2 612
Operating expenses		(108 007)	(89 662)	(104 633)
Operating profit/(loss)	16	**(34 293)**	**2 589**	**(33 317)**
Investment income	17	742	279	114
Restructuring costs	18	–	–	(7 097)
Finance costs	19	(2 454)	(2 413)	(3 601)
Profit/(Loss) before taxation		**(36 005)**	**455**	**(43 901)**
Taxation	20	4 972	(239)	12 994
Profit/(Loss) for the year		**(31 033)**	**216**	**(30 907)**
Other comprehensive income		–	–	–
Total comprehensive income/(loss) for the year, net of tax		**(31 033)**	**216**	**(30 907)**

MALESELA TAIHAN ELECTRIC CABLE (PROPRIETARY) LIMITED AND ITS SUBSIDIARY GROUP STATEMENT OF FINANCIAL POSITION AT 30 JUNE

		Group		
	Notes	**2015 R'000**	**2014 R'000**	**2013 R'000**
ASSETS				
Non-current assets				
Property, plant and equipment	3	114 020	127 076	136 721
Investment in subsidiary	4	–	–	–
Deferred taxation	6	9 249	120	325
		123 269	127 196	137 046
Current assets				
Inventories	7	220 946	217 069	200 458
Current tax refundable		495	603	378
Trade and other receivables	8	139 533	125 531	147 398
Cash and cash equivalents	9	17 056	20 222	417
		378 030	363 425	348 651
Total assets		**501 299**	**490 621**	**485 697**
EQUITY AND LIABILITIES				
EQUITY				
Share capital and share premium	11	54 639	54 639	54 639
Retained income		272 264	303 297	303 081
		326 903	357 936	357 720

MALESELA TAIHAN ELECTRIC CABLE (PROPRIETARY) LIMITED AND ITS SUBSIDIARY GROUP STATEMENT OF FINANCIAL POSITION AT 30 JUNE

		Group		
		2015	**2014**	**2013**
	Notes	**R'000**	**R'000**	**R'000**
LIABILITIES				
Non-current liabilities				
Competition commissioner	15	16 266	–	
Deferred taxation	6	6 327	2 170	2 136
		22 593	2 170	2 136
Current liabilities				
Loans from group companies	5	64	5 899	6 766
Other financial liabilities	12	20 000	20 000	36 597
Current tax payable		–	–	76
Trade and other payables	14	126 518	101 321	71 750
Competition commissioner	15	1 974	–	–
Provisions	13	3 247	3 295	10 652
		151 803	130 515	125 841
Total liabilities		174 396	132 685	127 977
Total equity and liabilities		**501 299**	**490 621**	**485 697**

MALESELA TAIHAN ELECTRIC CABLE (PROPRIETARY) LIMITED AND ITS SUBSIDIARY GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 30 JUNE 2015, 2014 and 2013

	Share capital	**Share premium**	**Total share capital**	**Retained income**	**Total Equity**
Group					
Balance at 1 July 2013	1	54 638	54 639	303 081	357 720
Loss for the year	–	–	–	216	216
Other comprehensive income	–	–	–	–	–
Total comprehensive profit for the year	–	–	–	216	216
Balance at 1 July 2014	**1**	**54 638**	**54 639**	**303 297**	**357 936**
Loss for the year	**–**	**–**	**–**	**(31 033)**	**(31 033)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive profit for the year	**–**	**–**	**–**	**(31 033)**	**(31 033)**
Balance at 30 June 2015	**1**	**54 638**	**54 639**	**272 264**	**326 903**

MALESELA TAIHAN ELECTRIC CABLE (PROPRIETARY) LIMITED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE

		Group		
	Notes	**2015 R'000**	**2014 R'000**	**2013 R'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from/(utilised in) operations	21	7 543	40 635	4 392
Interest income		742	279	114
Finance costs		(2 454)	(2 413)	(3 601)
Tax (paid)/received	22	108	(301)	(667)
Net cash generated from operating activities		**5 939**	**38 200**	**238**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	3	(3 300)	(1 087)	(7 395)
Proceeds on disposal of property, plant and equipment	3	30	156	314
Net cash outflow from investing activities		**(3 270)**	**(931)**	**(7 081)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in loans to group companies		(5 835)	(867)	2 575
Increase of other financial liabilities		–	(16 597)	4 598
Net cash (outflow)/inflow from financing activities		**(5 835)**	**(17 464)**	**7 173**
Net increase in cash and cash equivalents		**(3 166)**	**19 805**	**330**
Cash and cash equivalents at the beginning of the year		20 222	417	87
Total cash and cash equivalents at end of year	9	**17 056**	**20 222**	**417**

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

1.2 Basis of consolidation

The financial statements include those of the holding Company and its subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the group statement of comprehensive income from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated on consolidation.

The difference between the fair value of the consideration paid and the fair value of net tangible assets of subsidiaries at the date of acquisition is charged or credited to goodwill arising on consolidation.

Investments in subsidiary companies are carried at cost less provision for any impairment in value.

1.3 Significant accounting judgements and estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgements include:

Allowance for slow moving, damaged and obsolete inventory

An allowance is made for the write-down of inventory to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the operating profit note.

Impairment testing

At each reporting date, the carrying amounts of property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Management takes into account various considerations, including future cash flows expected to be generated by the assets under review.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Judgement is required in determining the provision for income taxes, due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Useful lives and residual values of assets

Property, plant and equipment are depreciated to their residual values over their expected useful lives. Residual values and useful lives are assessed annually based on management's judgement of relevant factors and conditions. Additional disclosures of this estimate of useful lives are included in note 3.

Debtors' allowances and provisions

The provision against doubtful trade receivables, discount allowed and interest receivable is determined with reference to past experience and knowledge of the debtors.

1.4 Plant and equipment

1.4.1 Land and buildings

Land and buildings are recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the land and buildings will flow to the enterprise, and the cost of the land and buildings can be measured reliably.

Land and buildings are classified as property, plant and equipment and are initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the land and buildings, the carrying amount of the replaced part is derecognised. Land and buildings are measured at the revalued carrying amount less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the revalued amount does not differ materially from its carrying amount. Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reserves a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss.

1.4.2 A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

1.4.3 Plant and equipment

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Plant and machinery	5 – 10 years
Furniture and fixtures	3 – 6 years
Motor vehicles	5 – 9 years

The residual value and the useful life of each asset are reviewed at each financial year-end.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciation is charged so as to write off the cost of the assets over their estimated useful live, using the straight-line method, to their residual values.

1.4.4 The gain or loss arising from the de-recognition of an item of tangible assets is included in profit or loss when the item is derecognised. The gain or loss arising from the de-recognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 **Financial instruments**

Initial recognition

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Loans to/(from) group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates, and are recognised initially at fair value plus direct transaction costs. Such loans form part of the loans and receivables category of financial instruments.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Trade receivables form part of the loans and receivables category of financial instruments. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Objective evidence includes indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or capital repayments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Available-for-sale financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

1.6 **Taxes**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rate and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.7 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 **Inventories**

Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using both the first-in, first-out (FIFO) and weighted average formulas. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 **Impairment of assets**

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, its carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the units is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill, attributable to a reversal of an impairment loss, does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.11 Provisions and contingencies

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.12 Revenue recognition

Revenue from the sale of goods is recognised when the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Turnover

Turnover comprises of sales to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.14 **Cost of sales**

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15 **Borrowing costs**

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

1.16 **Translation of foreign currencies**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group annual financial statements are recognised n profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 **New and amended standards and interpretations effective for the period 30 June 2015**

The following new or revised standards became effective in the current period but had no significant impact on the financial position or performance of the group:

Standard	***Scope***	***Effective date***
IAS 32	Financial Instruments: Presentation (Amendment) – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10, IFRS 12 and IAS 27	Consolidated Financial Statements (Amendments – Investment Entities)	1 January 2014
IAS 36	Disclosure requirements for the recoverable amount of impaired assets	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	1 January 2014
IFRIC 21	Levies	1 January 2014
Various	Annual improvements 2010 – 2012 cycle	1 January 2014

1.18 **International Financial Reporting Standards issued, not yet effective**

The Company has not applied various IFRS and IFRIC interpretations that have been issued, but which are not yet effective, and does not plan on early adoption. These are as follows:

Standard	***Scope***	***Effective date***
Amendment to IAS 19 Employee Benefits	Employee contributions	July 2014
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation	January 2016
Amendments to IAS 27 Consolidated and Separate Financial Statements	Amendment for use of the equity method	January 2016
IFRS 9 Financial Instruments	New standard	January 2018
Amendments to IFRS 11 Joint Arrangements	Joint Arrangements	January 2016
IFRS 15 Revenue from Contracts with Customers	New standard	January 2018

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2015 Cost/ Valuation	2015 Accumulated depreciation and impairments	2015 Carrying value	2014 Cost/ Valuation	2014 Accumulated depreciation and impairments	2014 Carrying value
Land and buildings	65 650	–	65 650	65 650	–	65 650
Plant and machinery	203 904	(159 619)	44 285	203 689	(144 789)	58 900
Furniture and fixtures	6 695	(5 100)	1 595	5 980	(3 754)	2 226
Motor vehicles	411	(264)	147	411	(206)	205
Capital extensions under construction	2 343	–	2 343	95		95
	279 003	**(164 983)**	**114 020**	**275 825**	**(148 749)**	**127 076**

GROUP 2013	Cost/ Valuation	Accumulated depreciation and impairments	Carrying value
Land and buildings	65 650	–	65 650
Plant and machinery	192 728	(136 505)	56 223
Furniture and fixtures	5 348	(2 671)	2 677
Motor vehicles	739	(417)	322
Capital extensions under construction	11 849	–	11 849
	276 314	**(139 593)**	**136 721**

Reconciliation of property, plant and equipment – Group – 2015

	Opening balance	Additions	(Transfers)/ (Disposals)	Depreciation and impairment	Total
Land and buildings	65 650	–	–	–	65 650
Plant and machinery	58 901	337	(30)	(14 923)	44 285
Furniture and fixtures	2 226	715	–	(1 346)	1 595
Motor vehicles	204	–	–	(57)	147
Capital extensions under construction	95	2 248	–	–	2 343
	127 076	**3 300**	**(30)**	**(16 326)**	**114 020**

Reconciliation of property, plant and equipment – Group – 2014

	Opening balance	Additions	(Transfers)/ (Disposals)	Depreciation	Total
Land and buildings	65 650	–	–	–	65 650
Plant and machinery	56 223	11 960	(48)	(9 234)	58 901
Furniture and fixtures	2 677	881	(28)	(1 304)	2 226
Motor vehicles	322	–	(48)	(70)	204
Capital extensions under construction	11 849	(11 754)	–	–	95
	136 721	**1 087**	**(124)**	**(10 608)**	**127 076**

Reconciliation of property, plant and equipment – Group – 2013

	Opening balance	Additions	(Transfers) (Disposals)	Asset fair value adjustment	Depreciation	Total
Land and buildings	65 650	–	–	–	–	65 650
Plant and machinery	60 690	3 258	–	610	(8 335)	56 223
Furniture and fixtures	2 251	1 386	(314)	407	(1 053)	2 677
Motor vehicles	12	243	–	90	(23)	322
Capital extensions under construction	9 341	2 508	–	–	–	11 849
	137 944	**7 395**	**(314)**	**1 107**	**(9 411)**	**136 721**

	Group		
Details of properties	**2015 R'000**	**2014 R'000**	**2013 R'000**
Portion 171 of the farm Klipplaatdrift, farm number 601 in the registration area Vereeniging, Kopanong, measuring 9 135 ha. Held by title deed No. T 30271/2000.			
Purchase price	3 639	3 639	3 639
Additions resulting from subsequent capitalised expenditure	19 534	19 534	19 534
Fair value adjustments – cumulative	42 477	42 477	42 477
	65 650	**65 650**	**65 650**

3. INVESTMENTS IN SUBSIDIARY

Company name	Country of incorporation	% holding	% holding	Carrying amount	Carrying amount
Velvetsky Nine (Pty) Ltd	RSA	100	100	32 617	32 617

The director's valuation of the fair value of the investment in the subsidiary company is equal to its cost as this investment in not actively traded.

4. LOANS TO/(FROM) GROUP COMPANIES

Current

	2015 R'000	2014 R'000	2013 R'000
Taihan Electric Wire Company Limited	(64)	(5 899)	(6 766)
Velvetsky Nine (Pty) Ltd	–	–	(4 414)
	(64)	**(5 899)**	**(10 313)**

These Loans are unsecured, bearing no interest and are payable on demand.

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
Deferred tax asset	9 249	120	325
Deferred tax liability	(6 327)	(2 170)	(2 136)
Net deferred tax asset/(liability)	**2 922**	**(2 050)**	**(1 811)**
Accelerated capital allowances for tax purposes	(9 914)	(13 001)	(14 484)
Revaluation, net of related depreciation	(6 879)	(6 411)	(6 087)
Tax losses available for set off against future taxable income	17 539	15 318	13 016
Provisions	2 176	2 044	5 744
	2 922	**(2 050)**	**(1 811)**

	Group		
	2015 R'000	2014 R'000	2013 R'000
Reconciliation of deferred tax asset/(liability)			
At beginning of the year	(2 050)	(1 811)	(15 921)
Increase/(Decrease) in tax losses available for set off against future taxable income	2 619	2 302	13 016
Originating temporary difference on property, plant and equipment	2 763	1 159	(1 772)
Provisions disallowed	132	(3 700)	2 866
Prior year (over)/ under	(542)	–	–
	2 922	**(2 050)**	**(1 811)**

5. **INVENTORIES**

Raw materials, components	93 074	117 713	95 754
Work in progress	29 983	45 033	52 326
Finished goods	65 130	68 534	59 363
Drums, stationery and consumables	8 920	9 250	8 323
Scrap	18 583	3 235	3 047
Goods in transit	25 755	–	–
Inventory provision	(20 499)	(26 696)	(18 355)
	220 946	**217 069**	**200 458**

6. **TRADE AND OTHER RECEIVABLES**

Trade receivables	139 238	122 389	147 362
Deposits	61	10	10
VAT	234	3 132	–
Other receivables	–	–	26
	139 533	**125 531**	**147 398**

Trade and other receivables are non-interest bearing and are generally on 30 – 60 days' terms.

As at 30 June 2014, trade receivables at nominal value of R1 650 (2013: R5 765) were impaired and are within conditions of insurance policy provided for. These balances were assessed as being past due and impaired due to one debtor representing 96% of the total identified as being impaired having a claim against the Company for penalties and faulty goods.

Reconciliation of trade receivables	**2015**	**2014**	**2013**
Trade receivables	139 848	124 039	153 127
Provision for bad debts	(610)	(1 650)	(5 765)
	139 238	**122 389**	**147 362**

Movements in the provision for impairment of receivables for group and company were as follows:			
Balance at beginning of year	1 650	5 765	2 460
Created during the year	610	1 450	3 483
Reversed, not utilised during the year	(650)	–	(133)
Recoveries from insurance	350	960	–
Utilised	(1 350)	(6 525)	(45)
	610	**1 650**	**5 765**

As at 30 June 2015, the age analysis of trade receivables that were past due but not impaired is as follows:

	Total R'000	Neither past due nor impaired R'000	< 30 days R'000	30–60 days R'000	60–120 days R'000
Group					
2015	139 238	89 129	28 231	17 034	7 740
2014	122 389	103 084	5 683	5 121	8 501
2013	147 362	77 615	42 166	12 414	15 167

7. CASH AND CASH EQUIVALENTS

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
Cash and cash equivalents consists of:			
Cash on hand	329	7	3
Bank balances	16 727	20 215	414
	17 056	**20 222**	**417**

8. BANKING FACILITIES

The approved banking facilities that Malesela Taihan Electric Cable (Proprietary) Limited has with Standard Bank of South Africa Limited are as follows:

General banking facility for an amount of R25 000 000 (twenty five million Rand);

Commercial Asset Finance – Credit Line for an amount of R20 000 000 (twenty million Rand);

Forward Exchange Contracts settlement facility of R25 000 000 (twenty five million Rand);

Credit card facility for an amount of R1 000 000 (one million Rand);

Fleet card facility for an amount of R500 000 (five hundred thousand Rand).

9. SHARE CAPITAL AND SHARE PREMIUM

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
Authorised			
100 000 ordinary shares of R0.01 each	1	1	1
100 000 preference shares of R0.01 each	1	1	1
	2	**2**	**2**
Issued			
21 600 ordinary shares	–	–	–
45 000 preference shares	1	1	1
100 000 preference shares of R0.01 each	54 638	54 638	54 638
	54 639	**54 639**	**54 639**

The preference shares may be converted into ordinary shares, each preference share to be converted into one ordinary share with a par value of R0.01 provided that such conversion may take place at instruction and in any period. This contract is extended in terms of the holder and the issuer agreement. The preference shares rank before the ordinary shares in terms of dividends and at the winding up of the group.

10. OTHER FINANCIAL LIABILITIES

Debentures	Group 2015 R'000	2014 R'000	2013 R'000
Representing 33 431 convertible debentures of R598.25 each. These debentures are unsecured, bear interest at 1% per annum and are redeemable at the option of the registered holder.	20 000	20 000	20 000
The debenture agreement stipulates that the debentures may be converted, at the option of the debenture holder, to 33 431 fully paid ordinary shares subject to conversion conditions.			
The duration of the debentures may be extended for further periods of one year at a time at the sole discretion of the debenture holder.			
	20 000	**20 000**	**20 000**

11. PROVISIONS

Reconciliation of provisions – Group – 2015

	Opening balance	Provided during the year	Utilised during the year	Reversed to income
Restructuring	129	–	(120)	–
Leave pay	3 166	518	(437)	–
	3 295	**518**	**(566)**	**–**

Reconciliation of provisions – Group – 2014

	Opening balance	Provided during the year	Utilised during the year	Reversed to income	Total
Restructuring	7 097	–	(4 538)	(2 430)	129
Leave pay	3 555	475	(864)	–	3 166
	10 652	475	(5 402)	(2 430)	3 295

Reconciliation of provisions – Group – 2013

	Opening balance	Provided during the year	Utilised during the year	Reversed to income	Total
Restructuring	–	7 097	–	–	7 097
Leave pay	3 408	784	(637)	–	3 555
	3 408	7 881	(637)	–	10 652

The Company made a decision to restructure its business by closing its loss-making divisions. This decision was approved by the board on 30 November 2012. A total of 70 employees were initially identified to be affected by the restructuring, but, due to natural attrition, this number was reduced. A total of 44 employees applied for voluntary retrenchment with three employees subject to forced retrenchment. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. The provision is expected to be utilised by employees in the normal course of their work activities.

12. TRADE AND OTHER PAYABLES

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
Trade payables	119 394	94 716	43 928
VAT	1 838	–	147
Other accrued expenses	898	889	754
Other payables	387	1 037	26 921
Payroll	4 001	4 679	–
	126 518	101 321	71 750

13. COMPETITION COMMISSION

Current	1 974	–	–
Non-current	16 266	–	–
	18 240	**–**	**–**

Malesela Taihan Electric Cable (Pty) Ltd has been penalised by the Competition Commission authorities along with other companies operating within the cable industry. The penalty relates to anti-competitive behaviour in the aluminium division, during the period 2006 to 2010. The Competition Act issued a penalty of 2.5% of turnover of the Company, payable over three years with an interest rate of 9.25% liked to prime.

14. REVENUE

Sale of goods	822 266	863 194	925 405

Revenue represents net amounts of sale of goods and excludes value added tax and intercompany sales.

15. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after accounting for the following:

Managerial services	11 094	11 924	14 114
Operating lease charges:			
Premises – contractual amounts	433	178	194
Motor vehicles – contractual amounts	886	820	1 071
Equipment – contractual amounts	616	664	921
	1 935	1 662	2 186
(Profit)/Loss on disposal of property, plant and equipment	–	(32)	–
Discount received	–	(477)	(921)
Sundry revenue	(551)	(1 049)	(523)
Government grant	–	–	(69)
Loss/(Profit) on exchange differences	2 839	7 958	(3 220)
Depreciation on property, plant and equipment	16 326	10 608	9 411
Employee costs	78 193	87 172	95 178
Audit fee – current year	1 024	940	804
– prior year	–	417	–
Bad debts	393	1 450	3 438
Obsolete stock provision	(1 293)	5 774	11 319

The group has entered into commercial leases on vehicles. The leases have an average life of three years. Renewal options are included in the contractual arrangements. Additionally, the Company leases its premises from its subsidiary, Velvetsky Nine (Pty) Ltd. The lease was entered into for an initial period of three years from 1 July 2013. The lease agreement contains an option to renew the lease for a period of three years after the termination of the initial period on 30 June 2016. Rentals are based on a fixed rent per square metre occupied and escalate annually at a rate equal to CPI from an initial monthly rental of R130 000. The Company entered into a lease agreement for a sales office in August 2014 for three years with an annual escalation of 9%. The company also have a lease with Arcelor Mittal for the parking area which they entered into on 1 February 2009 for seven years and eight months with an annual escalation of 10%. Equipment lease was entered into on 30 August 2010 for a five-year lease with no escalation for the 21 Ricoh printing machines.

The minimum payments under non-cancellable operating leases are as follows:

	Group		
	2015 Minimum payments R'000	**2014 Minimum payments R'000**	**2013 Minimum payments R'000**
Within one year	1 075	1 208[1]	2 665
After one year but not more than five years	2 120	924[1]	759
After five years	–	–	–

Note

[1]The amounts for the prior period have been restated as a result of a correction from last year's financials as the group and company amounts were incorrectly switched.

16. INVESTMENT INCOME

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
Interest revenue			
Bank	95	82	23
Other interest	647	197	91
	742	**279**	**114**

17. FINANCE COSTS

Debentures	187	187	204
Finance leases	–	–	61
Bank	205	84	1 115
Current borrowings	2 062	1 587	2 221
SARS	–	555	–
	2 454	**2 413**	**3 601**

18. TAXATION

	Group		
	2015 R'000	2014 R'000	2013 R'000
Major components of the tax expense			
Current			
Local income tax current period	–	–	(1 116)
Deferred			
Originating and reversing temporary differences	5 514	(239)	14 177
Arising from prior period adjustments	(542)	–	(67)
	4 972	(239)	14 110
	4 972	**(239)**	**12 994**
Reconciliation of the tax expense			
Reconciliation between the applicable tax rate and average effective tax rate.			
Applicable tax rate	28.00%	28.00%	28.00%
Arising from prior period adjustments	(1.50)%	–	(0.15)%
Permanent differences	12.69%	24.60%	1.77%
	13.81%	**52.60%**	**29.62%**

19. CASH GENERATED FROM/(USED BY) OPERATIONS

	2015 R'000	2014 R'000	2013 R'000
Profit before taxation	(36 005)	455	(43 901)
Adjustments for:			
Depreciation and amortisation	16 326	10 608	9 411
Profit on sale of assets	–	(32)	–
Interest received	(742)	(279)	(114)
Finance costs	2 454	2 413	3 601
Fair value adjustments	–	–	(1 107)
Movement in provisions	(48)	(7 357)	7 244
Changes in working capital			
Inventories	(3 877)	(16 611)	29 789
Trade and other receivables	(14 008)	21 867	45 667
Trade and other payables	25 197	29 571	(46 198)
Competition Commission	18 240	–	–
	7 543	**40 635**	**4 392**

20. TAX (PAID)/REFUNDED

	2015 R'000	2014 R'000	2013 R'000
Balance at beginning of year	603	302	751
Current tax for the year recognised in profit or loss	–	–	(1 116)
Balance at end of year	(495)	(603)	(302)
	108	**(301)**	**(667)**

21. **RELATED PARTIES**

Relationships	
Holding company	Malesela Taihan Electric Cable (Proprietary) Limited
Subsidiary	Velvetsky Nine (Proprietary) Limited – refer note 4
Shareholder with significant influence	Jasco Cables Investments (Proprietary) Limited
Fellow group companies	Webb Industries (Proprietary) Limited
	Jasco Security Solutions (Pty) Ltd
	Malesela Holdings No. 1 (Proprietary) Limited

Related party balances and transactions with entities with control, joint control or significant influence over the Company

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
Related party balances			
Loan accounts – Owing (to)/by related parties			
Taihan Electric Wire Company Limited	(64)	(5 899)	(6 766)
Velvetsky Nine (Proprietary) Limited	–	–	–
Amounts included in Trade receivables/(trade payables) regarding related parties			
Jasco Trading (Proprietary) Limited	–	–	42
Taihan Fibre Optic Company Limited	(578)	(4 358)	–
Jasco Security Solutions (Proprietary) Limited	–	(4)	–
Malesela Holdings No.1 (Proprietary) Limited	(581)	(553)	–
Related party transactions		s	
Purchases from/(sales to) related parties			
Taihan Electric Wire Company Limited	2 959	–	41
Webb Industries (Proprietary) Limited	–	(168)	–
Optomagic Company Limited	–	–	9
Taihan Fibre Optic Company Limited	19 557	18 830	13 863
Jasco Security Solutions (Proprietary) Limited	–	(4)	–
Rent paid to/(received from) related parties			
Velvetsky Nine (Proprietary) Limited	–	–	–
Management fees paid to/(received from) related parties			
Malesela Holdings No. 1 (Proprietary) Limited	5 547	5 962	7 530
Taihan Electric Wire Company Limited	5 547	5 962	6 584

Management fees are calculated based on a fixed percentage of monthly turnover, excluding value added tax, as agreed upon in terms of a special resolution passed by the board of directors. The amount that may be remitted to Taihan Electric Wire Company Limited is subject to Reserve Bank exchange control approval.

22. **FINANCIAL RISK MANAGEMENT**

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised facilities are monitored.

At year-end, the remaining contractual maturities of financial liabilities exposed to liquidity risk were as follows:

Group	Current interest rate (%)	Due in 1 year R'000	Due in 1 – 2 years R'000	Due in 2 – 3 years R'000	Due in 3 – 4 years R'000	Due in 4 – 5 years R'00	Due in more than 5 years R'000
2015							
Trade and other receivables	–	139 533	–	–	–	–	–
Cash and cash equivalents	5.45	17 056	–	–	–	–	–
Debentures	1.00	(20 000)	–	–	–	–	–
Trade and other payables	9.25	(126 518)	–	–	–	–	–
Loans from group companies	9.25	(64)	–	–	–	–	–
Competition Commission	9.25	(2 020)	(6 060)	(13 241)	–	–	–
2014							
Trade and other receivables	–	125 531	–	–	–	–	–
Cash and cash equivalents	5.45	20 222	–	–	–	–	–
Debentures	1.00	(20 000)	–	–	–	–	–
Trade and other payables	9.25	(101 321)	–	–	–	–	–
Loans from group companies	9.25	(5 899)	–	–	–	–	–
2013							
ABSA debtor's financing	8.50	16 597	–	–	–	–	–
Debentures	1.00	20 000	–	–	–	–	–
Trade and other payables	8.50	71 718	–	–	–	–	–

Interest rate risk

Deposits and all debts attract interest at rates that vary with prime with exception to the debentures which is fixed at 1%. The group policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit/(loss). An interest rate sensitivity analysis was not required due to the fact that the effect is immaterial.

At year-end, financial instruments exposed to interest rate risk were as follows:

Group	Current interest rate (%)	Due in 1 year R'000	Due in 1 – 2 years R'000	Due in 2 – 3 years R'000	Due in 3 – 4 years R'000	Due in 4 – 5 years R'000	Due in more than 5 years R'000
2015							
Debentures	1.00	20 000	–	–	–	–	–
Trade and other receivables	9.25	126 518	–	–	–	–	–
2014							
Debentures	1.00	20 000	–	–	–	–	–
Trade and other receivables	9.25	101 321	–	–	–	–	–
2013							
ABSA debtor's financing	8.50	16 597	–	–	–	–	–
Debentures	1.00	20 000	–	–	–	–	–
Trade and other payables	8.50	71 718	–	–	–	–	–

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. At 30 June 2015, the Group had nine customers (2014: 11 customers) that owed the Group more than R3 000 000 each and accounted for approximately 71% (2014: 64%) of all the receivables outstanding. There were three customers (2014: three customers) with balances greater than R10 million accounting for just over 54% (2014: 35%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 8. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Foreign currency exposure at reporting date

Forward exchange contracts are purchased for all foreign purchases and sales.

Forward exchange contracts are purchased for foreign purchases and sales other than the following items which are uncovered:

		Foreign currency		
		2015 R'000	**2014 R'000**	**2013 R'000**
Liabilities				
Trade payables	USD	1 894	5 731	955
Trade payables	EUR	101	1 503	68

Exchange rates used for conversion of foreign items were:

	Group		
	2015 R'000	**2014 R'000**	**2013 R'000**
USD	12.2915	10.4213	10.05
EUR	13.8092	14.2414	13.13

The group reviews its foreign currency exposure, including commitments, on an ongoing basis. The group expects its foreign exchange contracts to hedge foreign exchange exposure.

23. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities. If not disclosed below the fair values approximate the carrying value.

Group

Fair value measurement hierarchy:

	Total carrying amount R'000	Total fair value R'000	Quoted prices in active market (Level 1) R'000	Significant observable inputs (Level 2) R'000	Significant unobservable inputs (Level 3) R'000
Measured at fair value					
Land and buildings	65 650	65 650			65 650
FEC asset	234	234		234	

Company

Fair value measurement hierarchy:

	Total carrying amount R'000	Total fair value R'000	Quoted prices in active market (Level 1) R'000	Significant observable inputs (Level 2) R'000	Significant unobservable inputs (Level 3) R'000
Measured at fair value					
Land and buildings	65 650	65 650			65 650
FEC asset	234	234		234	

There were no transfers inbetween levels in the current or prior year.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

– Land and buildings

  The Income Capitalisation Method of Valuation was used in order to value the land and buildings. This method determines the net normalised annual income of the property, assuming the property is fully let at market-related rentals, and market escalations, with an allowance made for vacancies (where applicable). Market-related operating expenses are incurred, resulting in a net annual income which is then capitalised at a market-related rate. The capitalisation rate is determined from the market (i.e. the rate at which similar assets have traded recently), and is influenced in general by: rates of return of similar properties, risk, obsolescence, inflation, market rental growth rates, rates of return on other investments, as well as mortgage rates.

– FEC asset

  The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation technique is forward pricing, using present value calculations. The models incorporate various inputs including, foreign exchange spot and forward rates. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at 30 June 2015, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF M-TEC

The Directors
Jasco Electronics Holdings Limited
Corner 2nd Street and Alexandra Avenue
Halfway House
Midrand
1685

6 October 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MALESELA TAIHAN ELECTRIC CABLE PROPRIETARY LIMITED

Introduction

At your request, we present our Reporting Accountants' Report on the Historical Financial Information of Malesela Taihan Electric Cable Proprietary Limited ("M-TEC") for the three years ended 30 June 2015, 2014 and 2013 (the "Historical Financial Information") for inclusion in the Circular to be dated on or about 12 October 2015 ("Circular"). This report is required for the purposes of complying with section 8.48 of the Listings Requirements of the JSE Limited (the "Listings Requirements") and is given for the purpose of complying with those requirements and for no other purpose. We are the independent auditors of Malesela Taihan Electric Cable Proprietary Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listings Requirements and consenting to its inclusion in the circular.

Directors' responsibility for the pro forma financial information

The Directors of Jasco Electronics Holdings Limited are responsible for the compilation, contents and preparation of the Circular in accordance with the Listings Requirements. The Directors are also responsible for the fair presentation in accordance with International Financial Reporting Standards ("IFRS") of the Historical Financial Information contained therein to which this Independent Reporting Accountants' Report relates, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Historical Financial Information subjected to audit or review

We have audited the historical financial information for the three years ended 30 June 2015, 2014 and 2013 attached as Appendix 3 to the Circular to be dated on or about 12 October 2015, prepared in accordance with IFRS and in compliance with the JSE Listings Requirements.

Responsibility of the Independent Reporting Accountants' on the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013

Our responsibility is to express an audit opinion on the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013 included in Annexure 3 to the Circular based on our audit.

We conducted our audit of the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013.

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

Opinion on Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013

In our opinion, the Historical Financial Information for the three years ended 30 June 2015, 2014 and 2013 consisting of the financial position of M-TEC and its financial performance and its cash flows for the three years ended 30 June 2015, 2014 and 2013 included in the Circular has been prepared, in all material respects, in accordance with the Listings Requirements and IFRS.

Director: **Dave Cathrall**
Reporting Accountant Specialist and Auditor
Registered Auditor (RA)
Chartered Accountant (SA)
Ernst & Young Inc.
102 Rivonia Road
Sandton
2148

REPORT OF INDEPENDENT PROFESSIONAL EXPERT

The Directors
Jasco Electronics Holdings Limited
Corner Alexandra Avenue and 2nd Street
Midrand
1685

6 October 2015

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO JASCO ELECTRONICS HOLDINGS LIMITED REGARDING THE DISPOSAL, BY ITS WHOLLY OWNED SUBSIDIARY JASCO CABLES INVESTMENTS PROPRIETARY LIMITED, OF ITS 51.1% SHAREHOLDING IN MALESELA TAIHAN ELECTRIC CABLE PROPRIETARY LIMITED TO MALESELA HOLDINGS NO. 1 PROPRIETARY LIMITED, A WHOLLY OWNED SUBSIDIARY OF COMMUNITY INVESTMENT HOLDINGS LIMITED

1. INTRODUCTION

BDO Corporate Finance has been appointed by the board of directors (the "Directors" or the "Board") of Jasco Electronics Holdings Limited ("Jasco" or "the Company"), to provide an independent fairness opinion to the shareholders of Jasco in respect of the disposal of the 11 000 ordinary shares ("Ordinary Shares") and 23 000 preference shares ("Preference Shares") held by its wholly owned subsidiary Jasco Cables Investments Proprietary Limited ("Jasco Cables"), in the issued share capital of Malesela Taihan Electric Cable Proprietary Limited ("M-TEC"), together representing a 51.1% shareholding in M-TEC (the "Sale Shares"), to Malesela Holdings No.1 Proprietary Limited ("MH1"), a wholly owned subsidiary of Community Investment Holdings Proprietary Limited ("CIH") for a consideration of R60 000 000 (the "Purchase Consideration") (the "Transaction"). The Purchase Consideration is payable over a period of three years commencing from the date all suspensive conditions of the Transaction has been fulfilled ("Repayment Period"). Interest will accrue on the outstanding balance in respect of the Purchase Consideration at the prime interest rate and will be paid monthly.

2. FAIRNESS OPINION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

MH1 is a wholly owned subsidiary of CIH which holds 12.5% of the ordinary issued shares in Jasco. CIH is a related party to Jasco (as defined in section 10.1(b) of the JSE Limited ("JSE") Listings Requirements (the "Listings Requirements"), read together with the definition of material shareholder).

The Transaction is a related party transaction and in terms of section 10.4 of the JSE Listings Requirements, the Board is required to provide the JSE with written confirmation from an independent professional expert confirming that the terms of the Transaction are fair insofar as the shareholders of Jasco are concerned (the "Fairness Opinion").

Full details of the Transaction are contained in the circular to Jasco shareholders (the "Circular") to be dated on or about 12 October 2015, which will include a copy of this letter.

3. RESPONSIBILITY

Compliance with the JSE Listings Requirements is the responsibility of the Directors. Our responsibility is to report to the Directors and shareholders of Jasco on the fairness of the terms of the Transaction.

4. EXPLANATION AS TO HOW THE TERM "FAIR" APPLIES IN THE CONTEXT OF THE TRANSACTION

Schedule 5.7 of the Listings Requirements states that the "fairness" of a transaction is based on quantitative issues. A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company.

The Transaction would be considered fair to the shareholders of Jasco if the Purchase Consideration is more than or equal to the value of the Sale Shares, or unfair if the Purchase Consideration is less than the value of the Sale Shares.

5. **DETAILS AND SOURCES OF INFORMATION**

In arriving at our opinion we have relied upon the following principal sources of information:

- Binding Heads of Agreement entered into between Jasco, Jasco Cables, CIH and MH1, dated 30 June 2015 (the "Binding Heads of Agreement");
- Audited annual financial statements of M-TEC for the years ended 30 June 2013, 2014 and 2015;
- Unaudited financial information of M-TEC split by business unit, namely Copper, Power Cable, Aluminium, Optic Fibre Cable and Copper Telecommunications Operations, for the years ended 30 June 2013, 2014 and 2015;
- Budget financial information of M-TEC by operation and on a consolidated basis for the year ending 30 June 2016 and forecast financial information for the years ending 30 June 2017 to 30 June 2020;
- Discussions with Jasco directors and management regarding the rationale for the Transaction;
- Discussions with M-TEC and Jasco directors and management regarding the historical, budgeted and forecast financial information;
- Discussions with M-TEC and Jasco directors and management on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to M-TEC with regards to the markets in which it operates.

The information above was secured from:

- directors and management of M-TEC and Jasco and their advisers; and
- third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing M-TEC.

6. **PROCEDURES**

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Transaction:

- reviewed the terms and conditions of the Transaction;
- reviewed the audited and unaudited financial information related to M-TEC, as detailed above;
- reviewed and obtained an understanding from management as to the forecast financial information of M-TEC and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;
- compiled consolidated forecast free cash flows for M-TEC by using the historic and forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the consolidated forecast cash flows to produce a consolidated discounted cash flow ("DCF") valuation for M-TEC;
- compiled a capitalisation of maintainable earnings valuation for M-TEC by using adjusted consolidated historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables, adjusted for factors specific to M-TEC relative to listed peers to revenue, earnings before interest and tax ("EBIT"), earnings before interest, taxation, depreciation and amortisation ("EBITDA") and profit after tax ("PAT");
- performed a sensitivity analysis on key assumptions included in the DCF valuation, specifically related to cost of capital and growth in the business;
- assessed the long-term potential of M-TEC;
- evaluated the relative risks associated with M-TEC and the industry in which it operates;
- reviewed certain publicly available information relating to M-TEC, comparable publicly traded companies and the industry in which it operates that we deemed to be relevant, including Company announcements and media articles;

- where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which M-TEC operates, and to analyse external factors that could influence the business; and
- held discussions with the directors and management of Jasco and their advisers as to their strategy and the rationale for the Transaction and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends.

7. **ASSUMPTIONS**

We arrived at our opinion based on the following assumptions:

- that all agreements that are to be entered into in terms of the Transaction will be legally enforceable;
- that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Jasco; and
- that reliance can be placed on the financial information of M-TEC.

8. **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of M-TEC and the economic environment in which it operate.

9. **LIMITING CONDITIONS**

This opinion is provided to the directors and shareholders of Jasco in connection with and for the purposes of the Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Jasco shareholders.

Individual shareholders' decisions regarding the Transaction may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, accepted auditing standards.

Where relevant, forward-looking information of M-TEC relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of M-TEC will correspond to those projected. We have, however, compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Jasco and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

10. **INDEPENDENCE**

We confirm that we have no direct or indirect interest in Jasco shares or in the Transaction. We also confirm that we have the necessary qualifications and competence to provide the Fairness Opinion on the Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Transaction.

11. **VALUATION APPROACH**

M-TEC is a manufacturer of non-ferrous power and telecommunications cable products in South Africa. Its operations comprise five business units, namely:

- Copper;
- Power Cable;
- Aluminium;
- Optic Fibre Cable; and
- Copper Telecommunications Operations (discontinued in the financial year ended 30 June 2015)

(collectively the "M-TEC Operations").

The valuation of M-TEC was performed by applying the DCF methodology. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a secondary methodology to support the results of the DCF valuation. The valuation of M-TEC was performed on a consolidated basis, using consolidated cash flow forecasts, which were based on the cash flow forecasts for each of the M-TEC Operations.

The valuation was performed taking cognisance of risk and other market and industry factors affecting M-TEC.

Key internal value drivers to the DCF valuation of M-TEC included the discount rate, revenue growth, contribution margins, growth in fixed operating expenses, investment in working capital and capital expenditure requirements.

External value drivers include key macro-economic parameters such as, GDP growth, interest rates, exchange rates, headline inflation rates, and prevailing market and industry conditions in the industry in which it operates were considered in assessing the forecast cash flows and risk profile of M-TEC.

The base case assumptions used for the DCF valuation are as follows:

- Compound annual growth rate ("CAGR") in revenue over the forecast period of 5.1%;
- Sustainable contribution margin of 14.0%; and
- CAGR in fixed operating expenditure over the forecast period of 2.0%.

A base case weighted average cost of capital ("WACC") of 15.0% was utilised in the valuation of M-TEC. Sustainable investment in net working capital of 24.0% and capital expenditure of 0.8% of consolidated revenue was assumed.

In addition sensitivity analyses were performed in respect of revenue growth and the weighted average cost of capital by increasing and decreasing the revenue growth rates by a maximum of 1% and the WACC range by a maximum of 1%. The revenue growth rate and WACC sensitivity analysis did not indicate a sufficient effect on the valuation of M-TEC to alter our opinion in respect of the Transaction.

12. **OPINION**

BDO Corporate Finance has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction, based on quantitative considerations, are fair to the Jasco shareholders.

Our opinion is necessarily based upon the information available to us up to 6 October 2015, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

BDO Corporate Finance Proprietary Limited
Nick Lazanakis
Director
22 Wellington Road
Parktown
2193

MATERIAL LOANS AND BORROWINGS

Interest-bearing liabilities of Jasco

	2015 R'000
Interest-bearing liabilities	
Secured	
Corporate bond[1]	95 215
Term loan: TMM Holdings[2]	10 000
Principal amounts owing in respect of finance lease agreements on furniture and office equipment[3]	477
• Gross minimum lease payments	588
• Finance charges	(111)
Principal amounts owing in respect of instalment sale agreements[4]	3 490
• Gross minimum lease payments	3 861
• Finance charges	(371)
	109 182
Unsecured	
Vendor financing – Cisco Systems[6]	40 728
Term loan: Nedbank Limited	2 953
Loans from non-controlling shareholders[5]	2 169
	45 850
Total	**155 032**
Current portion transferred to short-term borrowings	(28 131)
• Vendor loan – Cisco Systems[6]	(14 802)
• Finance lease agreements[3]	(228)
• Instalment sale agreements[4]	(2 337)
• Term loan[6]	(10 764)
	131 686
Short-term borrowings	
Short-term borrowings comprise:	
• Current portion of non-current interest-bearing liabilities*	28 131
• Insurance payment plan	615
• Short-term loan: Former shareholders	489
• Bank overdrafts	31 983
	61 218

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

Notes

1. The listed corporate bond, as part of Jasco's Domestic Medium Term Note Programme, was issued on 30 January 2015, bears interest at the three-month JIBAR plus 3.25%. Interest is repaid quarterly and the capital is repayable by 30 January 2018. These instruments are senior unsecured floating rate notes.
2. The loan from TMM Holdings (Pty) Limited is secured over a general notarial bond over inventory of Jasco Trading (Pty) Limited, bears interest at 8.5% and is repayable by 1 December 2016. The group has the option of settling the loan through the issue of ordinary shares at 80 cents per share, subject to certain conditions. Should this occur, the interest charge will decrease to 4%. The group repaid R10 million of the loan on 27 January 2015.

3. The finance lease agreements bear interest at the prime overdraft interest rate, and are repayable in equal instalments over periods between one to three years. These liabilities are secured over furniture and equipment with a net book value of R344 757 (2014: R524 912).
4. The instalment sale agreements bear interest at the prime overdraft rate, and are repayable in equal instalments over periods between one to three years. These liabilities are secured over motor vehicles and equipment with a net book value of R5 892 725 (2014: R5 706 901) and will be repaid within 36 months.
5. The loans from non-controlling shareholders are unsecured, attract interest between 5% and the prime overdraft interest rate, and repayment has been deferred until at least 30 June 2017 (2014: 30 June 2016).
6. The Cisco Systems Capital term loan entered into in January 2013 by New Telco South Africa (Pty) Limited constituted a R70,6 million loan. It is unsecured, repayable by 11 January 2018 in 59 monthly payments and bears interest at 7.8%. Jasco Electronics Holdings Limited and New Telco GmbH have provided guarantees for the loan.
7. None of the abovementioned loans and borrowings are repayable within the next 12 months.
8. None of the abovementioned loans and borrowings carry any redemption or conversion rights.

Interest-bearing liabilities of M-TEC

	2015 R'000	2014 R'000	2013 R'000
Other financial liabilities			
Debentures	20 000	20 000	20 000

Representing 33 431 convertible debentures of R598.25 each. These debentures are unsecured, bear interest at 1% per annum and are redeemable at the option of the registered holder.

The debenture agreement stipulates that the debentures may be converted, at the option of the debenture holder, to 33 431 fully paid ordinary shares subject to conversion conditions.

The duration of the debentures may be extended for further periods of one year at a time at the sole discretion of the debenture holder.

JASCO ELECTRONICS HOLDINGS LIMITED

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

NOTICE OF SHAREHOLDERS' MEETING

The "Definitions and Interpretations" commencing on page 4 of the Circular to which this notice of general meeting of shareholders is attached and forms part apply, *mutatis mutandis,* to this notice of general meeting of shareholders.

Notice is hereby given that a general meeting of shareholders of Jasco will be held at the registered office namely, corner Alexandra Avenue and 2nd Street, Midrand, on Tuesday, 10 November 2015 at 15:30 for the purpose of considering and, if deemed fit, passing, with or without modification, the following special and ordinary resolutions set out below, which meeting is to be participated in and voted at by shareholders as at the record date of Friday, 30 October 2015. Accordingly, the last day to trade in order to be eligible to vote at the general meeting is Friday, 23 October 2015.

Until the Companies Act, 2008 (Act No. 71 of 2008) ("the Act" or "the Companies Act") came into effect on 1 May 2011, the memorandum of incorporation of the Company comprised its memorandum of association and its articles of association. From the said date and in terms of the Act, the memorandum of association and articles of association has become known as the Company's memorandum of incorporation. Accordingly, for consistency of reference in this notice of general meeting reference to the term "memorandum of incorporation" used in Special Resolutions numbers 1 and 2 refer to the Company's existing memorandum of incorporation (which previously comprised the Company's memorandum of association and articles of association, as aforesaid).

If you are in any doubt as to what action to take in regard to this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out at the conclusion of this notice.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL TRANSACTION

"RESOLVED THAT, the Disposal, details of which are fully disclosed in the Circular to which this notice forms part, be and is hereby approved."

In terms of the MOI, as read with the Act, for special resolution number 1 to be adopted, it must be supported by at least 75% of the voting rights exercised on the resolution.

CIH as a related party in terms of the Listings Requirements and any of its associates will be precluded from voting on special resolution number 1.

ORDINARY RESOLUTION NUMBER 1 – AUTHORISATION TO IMPLEMENT SPECIAL RESOLUTION NUMBER 1

"RESOLVED THAT, any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of special resolution number 1."

In terms of the MOI of the Company, as read with the Act, for ordinary resolution number 1 to be adopted, it must be supported by at least 50% of the voting rights exercised on the resolution.

CIH as a related party in terms of the Listings Requirements and any of its associates will be precluded from voting on ordinary resolution number 1.

VOTING

On a show of hands, every Jasco shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of ordinary shares held), and on a poll, every Jasco shareholder present in person, by proxy or represented at the general meeting, shall have one vote for every ordinary share held.

RECORD DATE

The record date in terms of section 59 of the Act for shareholders to be recorded in the Jasco shareholders' register in order to have been sent the Circular, to which this notice is attached, was Friday, 2 October 2015.

The record date in terms of section 59 of the Act for shareholders to be recorded in the Jasco shareholders' register in order to be able to attend, participate and vote at the general meeting is Friday, 30 October 2015.

IDENTIFICATION

Section 63(1) of the Act requires that, before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification and the person presiding at such meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy to a shareholder, has been reasonably verified.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Shareholders are advised that no facilities for electronic participation in the shareholders' meeting will be made available.

PROXIES

A shareholder entitled to attend, participate in and vote at the general meeting is entitled to appoint one or more proxies to attend, participate in and vote at the general meeting in his or her stead. A proxy need not be a shareholder of the Company. For the convenience of holders of certificated shares and holders of dematerialised shares with own-name registration, a form of proxy *(yellow)* is attached to the circular to which this notice of general meeting is attached. Duly completed forms of proxy must be lodged with and received by the transfer secretaries (at either the transfer secretaries' physical or postal address set out below) by 15:30 on Friday, 6 November 2015 or handed to the chairman of the general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive a shareholder's form of proxy less than 48 hours before the general meeting, such shareholder will also be required to furnish a copy of such form of proxy to the chairman of the general meeting before the appointed proxy exercises any of such shareholder's rights at the general meeting (or any adjournment of the general meeting).

Holders of dematerialised shares without own-name registration who wish to attend the general meeting in person should request their CSDP or broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or broker. Holders of dematerialised shares without own-name registration who do not wish to attend the general meeting but who wish to be represented at the general meeting should advise their CSDP or broker of their voting instructions and should not complete the form of proxy *(yellow)* attached to the circular to which this notice of general meeting is attached. Holders of dematerialised shares without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

By order of the Board

JASCO ELECTRONICS HOLDINGS LIMITED

Sekretari (Proprietary) Limited

Represented by **CD du Plessis**

Company Secretary

12 October 2015

Registered office
Corner Alexandra Avenue and 2nd Street
Midrand
1685
(PO Box 860, Wendywood, 2144)

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

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JASCO ELECTRONICS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("Jasco" or "the Company")

FORM OF PROXY – SHAREHOLDERS' MEETING *(yellow)*

Unless otherwise stated or the context otherwise indicates, words and expressions used in this form of proxy shall bear the meanings ascribed to them in the Circular to which this form of proxy is attached.

For use at the general meeting to be held at **15:30 on Tuesday, 10 November 2015** at corner Alexandra Avenue and 2nd Street, Midrand, 1685.

To be completed by holders of Certificated Shares and holders of Dematerialised Shares with own name registration only

If you are a holder of Dematerialised Shares without own-name registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We

(full names in BLOCK LETTERS please)

of (address)

Telephone (work) (   )   Telephone (home) (   )

Cellphone number

being the holder(s) of Certificated Shares or Dematerialised Shares with own-name registration do hereby appoint (see notes 1 and 2):

1.   or failing him/her,

2.   or failing him/her,

3. the Chairman of the general meeting,

as my/our proxy to attend, speak and vote at the general meeting (or any adjournment thereof).

I/We desire to vote as follows (see note 3):

	Number of votes (one vote per Ordinary Share)		
	For	Against	Abstain
SPECIAL RESOLUTION NUMBER 1 Approval of the Disposal transaction			
ORDINARY RESOLUTION NUMBER 1 Authorisation to implement ordinary resolutions			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

If you return this form duly signed without any specific voting directions indicated in the appropriate spaces above, you will be deemed to authorise and direct the chairman of the general meeting, if your proxy is the chairman, to vote in favour of all the resolutions proposed at the general meeting. If the chairman is not your proxy, then the proxy will be entitled to vote or abstain from voting at the general meeting as he/she thinks fit.

My/Our proxy may not delegate his/her authority to act on my/our behalf to any other person.

Signed at   on   2015

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable)

Full name

Capacity

Signature

Please read the below summary of the rights contained in section 58 of the Companies Act and the below notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE ACT

In terms of section 58 of the Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3); and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a Company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Act or such Company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

NOTES TO THE FORM OF PROXY

1. Each Jasco shareholder is entitled to appoint one (or more) proxies (none of whom need be Jasco shareholders) to participate, speak and vote in place of that Jasco shareholder at the general meeting.
2. 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 general meeting", but the Jasco shareholder must initial any such deletion. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Jasco shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Jasco shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the general meeting, if the chairman is the authorised proxy, to vote in favour of all the resolutions proposed at the general meeting, or, if the chairman is not so authorised, the proxy will be entitled to vote or abstain from voting at the general meeting as he/she deems fit, in respect of all the Jasco shareholder's votes exercisable at the general meeting. A Jasco shareholder is not obliged to use all the votes exercisable by him, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the relevant Jasco shareholder.
4. 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 at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by 15:30 on Friday, 6 November 2015 or handed to the chairman of the general meeting before the appointed proxy exercises any of the relevant Jasco shareholder's rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive a Jasco shareholder's form of proxy less than 48 hours before the general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the general meeting before the appointed proxy exercises any of such Jasco shareholder's rights at the general meeting (or any adjournment of the general meeting).
5. The completion and lodging or posting of this form of proxy will not preclude the relevant Jasco shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Jasco shareholder wish to do so.
6. The chairman of the general meeting may accept or reject any form of proxy, not completed and/or received, in accordance with these notes or with the Company's Memorandum of Incorporation.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a Company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or the transfer secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by the Company or either the transfer secretaries or waived by the chairman of the general meeting.
10. Where ordinary shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Jasco shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company or the transfer secretaries.
12. If you are a holder of dematerialised shares without own-name registration you must not complete this form of proxy but must instruct your CSDP or broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or broker.
13. This form of proxy shall be valid at any resumption of an adjourned general meeting to which it relates, although this form of proxy shall not be used at the resumption of an adjourned general meeting if it could not have been used at the general meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the general meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company or the transfer secretaries before the commencement of the general meeting or adjourned general meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Jasco shareholder.
16. In terms of section 58 of the Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the general meeting or any adjournment of the general meeting.
17. If the general meeting is adjourned or postponed, valid forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.