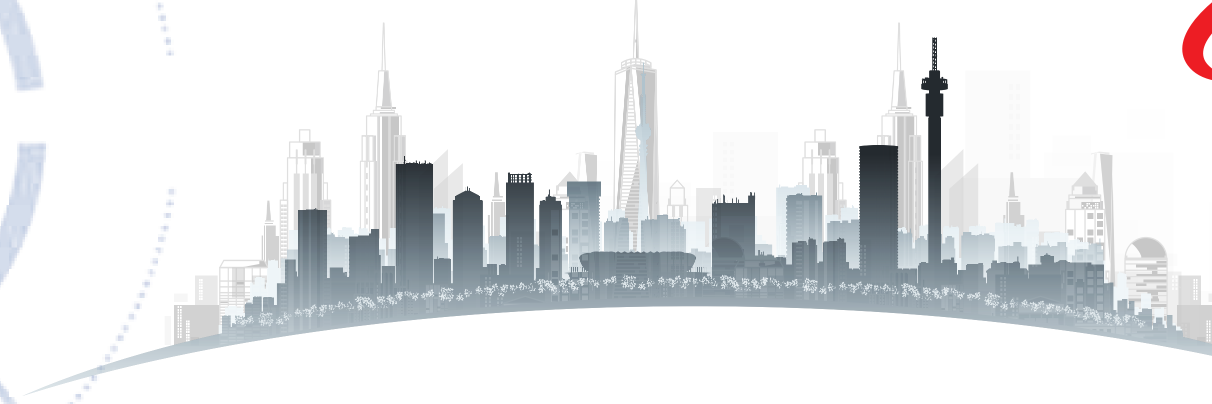

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Introduction

Group overview

Jasco delivers technologies across Information and Communication Technology (ICT), security and fire, power and renewables.

The group's strategy is to provide solutions that assists its customers in a rapidly changing business environment created by disruptive technology. These products and solutions range from the infrastructure level to analytics and business consulting at the top end of the value chain where the group has the ability to differentiate itself in the market.

Jasco is transitioning from a product development, distributor and reseller model to that of a systems integrator and service provider of choice. To achieve this, the group is transforming each of the respective business units to progress higher up the value chain.

The restructured business units to deliver this strategy are:

ICT Solutions		Security & Fire Solutions	Energy Solutions	Manufacturers
ICT-Carriers	ICT-Enterprise			
• Radiation systems (cables and connectors) • Kitting • Distributed antenna systems • Masts and towers • Hi-Sites • Transmission/access networks • Outside plant (passive products)	• Contact centres, workforce optimisation and unified communications • IT infrastructure and services • Broadcast solutions • Voice recording solutions • Property technology management (smart buildings) • Internet of Things analytics • Data centres, IaaS, PaaS and SaaS • Open access – fibre to the home and business	• Access control and people flow • Surveillance and CCTV • Fire detection and suppression	• Power assurance (including UPS and generators) • Photo-voltaic (solar) solutions, grid-tie, hybrid and off-grid systems	• Component manufacturers • Tooling manufacture • Plastic and injection moulding • Metal pressings

Context to the interim results

The disposal of Jasco's Electrical Manufacturers business is well advanced, with all suspensive conditions expected to be met before the end of April 2020. Consequently, the results of Electrical Manufacturers are separately disclosed as discontinued operations for the current reporting period. Refer to Note 1 of the summary financial statements that appears later in this announcement.

The implementation of IFRS 16 Leases had a material impact on the results for the six months ended 31 December 2019 and on the statement of financial position. More information on this is outlined later.

The most prominent issue all businesses are facing globally and in South Africa at the moment is the COVID-19 outbreak and its impact. The group has taken immediate preventative measures to ensure employee, customer and supplier safety. Jasco has also implemented its business continuity plan and risk and mitigation processes. This is managed on a daily basis through the risk and mitigation committee. A work from home policy has been implemented for those functions where this is possible, with key customers being serviced remotely. The employees who are unable to work from home are on mandatory annual leave, with the December 2020 and January 2021 annual shutdown period to be shortened. Whilst it is still too early to fully understand all the consequences, we are hopeful that our actions thus far will assist in minimising the impacts on our business.

Operational performance

Although the performance from continuing operations for the six months to December 2019 was weaker than the comparative period to December 2018, it improved from the preceding six months ended June 2019.

The performance for the six months to 31 December 2019 was impacted by poor results from ICT-Carriers and continuing losses in Power & Renewables. This offset the good performance from ICT-Enterprise (Datavoice and Reflex Solutions), the turnaround of Security & Fire, and a strong first half by Electrical Manufacturers.

Financial overview

Statement of comprehensive income

Revenue of R429.3 million from continuing operations was 11.8% lower (Dec 2018: R487.0 million). The decline was mainly due to a 50% reduction in volumes in ICT-Carriers to R100.0 million due to a significant slowdown in orders and spend from one of the large telecommunications operators in South Africa. The growth in revenue by ICT-Enterprise of 9% and Security & Fire of 53% only partly offset this large decline. The Electrical Manufacturers revenue of R115.9 million, which is excluded from the total for continuing operations, increased by 29% off a low base of R89.8 million. The total revenue of R545.2 million, including Electrical Manufacturers, decreased by 5.5% from R576.7 million in the comparative period.

Profit before interest and taxation (PBIT or operating profit) from continuing operations was down 110.7% to a loss of R2.6 million (Dec 2018: R24.0 million profit). This was mainly due to the R29.4 million decrease in profit in ICT-Carriers due to lower volumes.

Profit in ICT-Enterprise decreased by R2.4 million and a loss in Power & Renewables increased by R0.5 million to R3.2 million. This was somewhat offset by a R7.0 million improvement from a loss to a profit of R0.9 million in Security & Fire. Electrical Manufacturers improved its operating profit to R8.4 million from R2.0 million in the first half of F2019 and R7.6 million in the second half of F2019 on higher revenue, although at slightly lower gross margins. The total operating profit of R5.9 million decreased by 77.3% from R26.0 million in the comparative period. The operating loss of R5.9 million for the six months ended 31 December 2019 was a R20.5 million improvement from the loss of R14.6 million recorded for the preceding six months ended 30 June 2019.

The main contributors to finance costs were interest on the corporate bond and on the Bank of China's working capital facility. Net finance costs of R15.2 million from continuing operations increased from the corresponding period's R10.6 million due to the IFRS 16 interest impact of R4.9 million. Following the adoption of the new standard on a modified retrospective basis, the six months to 31 December 2018 is not adjusted. The opening retained income on 1 July 2019 is therefore adjusted for the cumulative brought-forward impact. Refer to the statement of changes in equity. The net finance costs of the discontinued operation (Electrical Manufacturers) was R0.6 million compared to R0.2 million for the comparative period.

The taxation expense for continuing operations was a R3.4 million credit (Dec 2018: R6.3 million charge). The effective tax rate differs from the statutory rate of 28%, mainly due to the corporate bond interest, which is non-deductible, and a number of entities where deferred tax is not recognised on losses incurred. The taxation charge of the discontinued operation (Electrical Manufacturers) was R2.2 million compared to R0.5 million for the comparative period.

The equity accounted loss of R1.1 million (Dec 2018: R0.8 million) relates to East Africa (Kenya). This operation is in the process of being disposed of.

Profit attributable to ordinary shareholders from continuing operations decreased from a profit of R1.6 million in December 2018 to a R19.1 million loss in December 2019. It improved by R23.6 million from the R42.7 million loss in the preceding six months ended June 2019. Including the profit from the discontinued operation, the total profit attributable to ordinary shareholders decreased from a profit of R2.9 million in December 2018 to a R13.5 million loss in December 2019. However, this improved by R23.9 million from the R37.4 million loss in the preceding six months ended June 2019.

Earnings per share (EPS) decreased from 1.3 cents per share to a loss of 6.0 cents per share, although it improved compared to the 14.0 cents loss per share in the preceding six months to June 2019. The weighted average number of shares in issue decreased from 228,660 million shares to 226,281 million shares due to an increase in the number of treasury shares from 0.659 million to 3.039 million. This did not have a material impact on the comparison to the prior period.

Headline earnings per share decreased from 1.3 cents per share to a loss of 5.2 cents per share, but improved compared to the 11.9 cents loss per share in the preceding six months to June 2019.

The difference between earnings and headline earnings this year relates to a loss on disposal of fixed assets and the loss on disposal of a small subsidiary.

Statement of financial position

Non-current assets and liabilities

Plant and equipment of R51.9 million (Dec 2018: R76.2 million and June 2019: R83.4 million) decreased on the reclassification of Electrical Manufacturers. The capital expenditure of R8.5 million in the period (Dec 2018: R2.1 million) mainly related to data centre and computer equipment in Reflex Solutions.

IFRS 16 Right of Use assets amounting to R79.5 million were recognised, with the head office lease in Midrand of R31.7 million and the Reflex lease of R45.7 million being the major contributors. Intangible assets (including goodwill) of R136.8 million decreased from R150.8 million at 31 December 2018 and from R144.2 million at 30 June 2019 due to the continuing amortisation of intangibles and the exclusion of Electrical Manufacturers.

The investment in associate increased from a full write down position at 30 June 2019 to R0.7 million at 31 December 2019 due to the funding of equity-accounted losses in the East Africa region. No further impairment provisions have been raised at this stage as the disposal negotiations continue into the second half.

The net deferred tax asset increased from R15.3 million at 30 June 2019 to R17.5 million at 31 December 2019 due to the recognition of deferred tax assets related to the operating losses in the Jasco Trading entity (Webb Industries). The Enterprise assessed loss was unchanged at a 50% recognition level and the Power & Renewables loss was not recognised.

Other non-current financial assets of R8.0 million (Dec 2018: R11.3 million) decreased from R8.5 million at 30 June 2019 and mainly relate to the loan receivable for a call centre upgrade delivered by the Enterprise business to a major customer in the previous financial year.

The interest-bearing liabilities of R203.8 million, including the short-term borrowings of R198.4 million (Dec 2018: R201.5 million and June 2019: R209.1 million) consist of the working capital loan from the Bank of China of R145.0 million and the corporate bond of R45.0 million, which were both still classified as short-term at the reporting date. The remaining R13.8 million relates mainly to the group's asset financing.

Taking into account the cash on hand of R21.3 million, the net debt:equity ratio deteriorated from 81.4% in June 2019 to 116.8% in December 2019, mainly due to the earnings loss for the current period. This is in excess of the group's internal maximum range of 50%. The expected proceeds of R60 million from the Electrical Manufacturers disposal will reduce the borrowings and improve the debt:equity ratio in the second half.

The IFRS 16 lease liabilities of R106.4 million (short- and long-term) are shown separately on the first-time adoption of the new standard. These are excluded from the calculation of the debt:equity ratio to ensure comparability to the prior periods.

Working capital

Inventories on hand were R65.5 million (Dec 2018: R119.2 million) and reduced from R108.5 million at 30 June 2019, mainly due to the exclusion of Electrical Manufacturers. The inventory levels decreased in all areas in line with lower volumes.

Trade and other receivables (including contract assets of R22.8 million) decreased to R198.3 million (Dec 2018: R219.6 million) from R211.8 million (including contract assets of R6.7 million) at the June 2019 year-end due to the exclusion of Electrical Manufacturers. The age profile of the debtors' book remains sound, with isolated incidents of delayed payments from one or two smaller customers across the businesses.

Non-interest-bearing liabilities of R157.7 million (Dec 2018: R213.1 million) decreased from R214.8 million in June 2019 due to the exclusion of Electrical Manufacturers and on a reduction in trade and other payables due to increased payments to suppliers.

The deferred maintenance revenue of R49.5 million (Dec 2018: R42.7 million) increased from R41.7 million in June 2019 and relates to prepaid service level agreements from blue-chip customers, predominantly in ICT-Enterprise.

The following table compares the current period to the June 2019 and December 2018 positions:

	December 2019	June 2019	December 2018
Inventory	36.0	33.6	33.4
Receivables	72.6	78.9	72.4
Payables	(78.8)	(92.8)	(83.4)
NWC days	29.8	19.7	22.5

Net working capital days of 29.8 days were pleasingly below the target of 35 days due to the improvement in trade receivables and trade payables compared to June 2019. The inventory days increased, mainly due to the lower revenue in the ICT-Carriers division. The net working capital days demonstrate management's continuing effort to stay within the maximum range.

The assets and liabilities held for sale relate to Electrical Manufacturers at 31 December 2019. Excluding cash on hand, the net asset value is R68.5 million. Management expects the NAV to be R65.0 million at the effective date of the disposal.

Statement of cash flows

The statement of cash flows reflects cash generated from operations before working capital changes of R27.9 million compared to R37.8 million in December 2018. Although this was in line with the decline in operating profit performance, the decrease is due to the fact that the rental payments are now accounted for in net financing costs and cash flow from financing activities as result of IFRS 16 application. Working capital changes reflect an outflow of R18.8 million (Dec 2018: R12.9 million outflow). This outflow mainly relates to the decrease in trade payables, partly offset by the decrease in inventories. Management will focus on reducing inventory levels in ICT-Carriers in the second half.

The net interest payment of R15.8 million (Dec 2018: R10.8 million) increased due to the adoption of IFRS 16, which increased interest by R4.9 million. Income tax payments decreased from R10.6 million to R2.8 million on lower profitability levels in a number of the subsidiaries. The dividend outflow of R3.3 million related to the minority shareholders in Reflex Solutions.

Consequently, total cash outflows from operating activities of R12.9 million compare to a R3.5 million inflow recorded in December 2018.

Investing activities saw an outflow of R11.3 million (Dec 2018: R25.6 million outflow), mainly due to the capital expenditure mentioned under the statement of financial position.

The financing activities outflow of R12.6 million (Dec 2018: R17.6 million inflow) relates to the repayment of asset finance. There were no repayments required during the period on the corporate bond nor the Bank of China working capital facility.

Accordingly, the closing cash balance of R21.3 million decreased from R65.5 million in June 2019 (Dec 2018: R63.5 million).

Operational segmental review

As indicated earlier, the group structure was amended to more closely align the businesses with their markets.

ICT-Carriers

ICT-Carriers includes the Webb Industries, Hi-Sites and Carrier Solutions businesses and contributed 18% of group revenue.

Revenue decreased by 50.0% to R100.0 million (Dec 2018: R200.1 million), mainly in Webb Industries due to a slowdown in spend for a network infrastructure roll-out by a major telecommunications operator.

This resulted in operating profit decreasing by 89.7% to R3.4 million (Dec 2018: R32.8 million) due to lower revenue. Operating margin declined to 3.4% (Dec 2018: 16.4%).

Outlook

Revenue in the second half is expected to improve, as Webb Industries is one of four suppliers that were awarded a project by one of the large telecommunications operators in South Africa. In-building solutions projects and Mast & Towers are expected to increase due to orders from key customers. Although these should result in an improvement in the second half, it is only expected in the last quarter and will not fully compensate for the shortfall in the first half.

Risks

Continuing lack of revenue in Webb Industries due to reduced spend by the large telecommunications operators.

Actions taken

- An immediate headcount and salary increase freeze was implemented in Webb Industries in January 2020 and a section 189 restructure was initiated and is planned to be completed by the end of April 2020.
- The Carrier Solutions business has been restructured and will be combined with Webb Industries, under one management team after the completion of the section 189 process.
- Jasco Property Solutions and Newtelco are being combined with the Hi-Sites in the second half, also under one management team.
- Webb Industries is currently developing a new open access infrastructure business model that will be implemented after the section 189 restructure process. This will add to this business's annuity business model revenue and profitability streams.

ICT-Enterprise

ICT-Enterprise includes Enterprise Communications, Reflex Solutions, RAMM Technologies, Broadcast Solutions, Property Technology Management, Networks and Datavoice (Channel). This business contributed 51% of group revenue.

Revenue for the year increased by 9.0% to R279.9 million (Dec 2018: R256.8 million), mainly due to strong volumes in Reflex Solutions from existing and new customers, new international projects in Datavoice (Channel), and the extension of a co-location services maintenance contract for a regional telecommunications operator. The Broadcast, Property Technology Management and RAMM businesses were flat on the prior period and Contact Centres was down 27% on the loss of a large financial services client. The award of a new client only partly offset this. The annuity service level agreement revenue base was maintained in Enterprise Communications.

This resulted in a 10.0% decline in operating profit to R21.7 million (Dec 2018: R24.1 million) and a margin of 7.8% (Dec 2018: 9.4%). The decrease was due to the completion of a significant contract in first quarter and offset a strong performance from the Datavoice (Channel) business. Reflex Solutions was down on the prior year due to additional investment to cater for future expansion and capacity.

Outlook

Revenue for the full year is expected to track ahead of last year, with Reflex Solutions and Datavoice continuing to perform strongly. However, the group expects this to be somewhat offset by lower revenue in the contact centre business. Broadcast, Property Technology Management and RAMM are expected to be flat on last year.

Risks

- Ongoing decline in revenue on traditional premises-based solutions in the Contact Centre business.
- Funding not becoming available for the digital billboard projects.
- Inability to secure additional waste and fleet management contracts with other public and private sector customers to further scale the RAMM business.

Actions taken

- Continue to focus on selling cloud-based solutions, cloud and hosted contact centre, hosted workforce management and consulting services. Further downsizing of the headcount is being reviewed to better fit the new business model.
- Continue to proactively engage with potential funders for the digital billboard business.
- Target additional municipalities and continue with diversifying the customer base by focusing on specific industry verticals within the private sector.

Security & Fire

Security & Fire includes Security Solutions and Fire Solutions and contributed 9% of group revenue.

Revenue increased by 53.3% to R47.8 million (Dec 2018: R31.2 million) following higher volumes due to projects with new customers.

The operating profit of R0.9 million was a pleasing turnaround from the loss of R6.1 million in December 2018 on the higher volumes. Operating margins improved to 1.9% from the previous period's loss position.

Outlook

Revenue for the full year is expected to track ahead of last year.

Risks

- Ability to execute projects within the required timeframe and budget, as well as cash flow constraints placed on the business by suppliers.

Actions taken

- Project Management resources have been allocated to assist with planning and project management to improve margins.
- Working capital requirements have been calculated and the payment terms offered to customers are being matched to supplier payment terms.

Energy

Energy includes Jasco Power and Renewables and contributed 1% of group revenue.

During the period, revenue declined by 31.5% to R3.2 million (Dec 2018: R4.7 million) on a lack of projects. To address this, the business model was changed from being an engineer, procure and construct provider to a Power Purchase Agreement and Rent-to-Own provider.

The operating loss deteriorated from a loss of R2.7 million in December 2018 to a loss of R3.2 million due to additional sales resource capacity being employed to secure new revenue with the change in the business model.

Outlook

Revenue for the full year is expected to improve as planned renewables projects materialise for the fourth quarter in partnership with a new funding partner.

Risks

- Closing out the transaction with a funding party to fund the business model timeously.

Actions taken

- Ongoing engagements have taken place with a potential funding party to finalise a partnership.

Electrical Manufacturers

This business is currently a discontinued operation.

Electrical Manufacturers contributes 21% of group revenue on a total revenue basis.

Revenue in Electrical Manufacturers increased by 29.1% to R115.9 million (Dec 2018: R89.8 million) due to increased volumes from its major customer.

The operating profit increased by 331.2% to R8.5 million (Dec 2018: R2.0 million) on higher volumes. Cost control remains very tight, and the operating margin of 7.3% increased from 2.2% last year. The continued focus on diversifying the revenue base is delivering good results, with reduced reliance on this busines's major customer and an improved margin mix.

Outlook

Revenue for the full year is expected to exceed the prior year's performance. It is anticipated that this business will be consolidated until 31 March 2020.

Risks

- Continued reliance on a single large customer.

Actions taken

- Continue with the customer diversification strategy, which has had some success over the last few years, with four new customers.

Equity-accounted investment

The equity-accounted investment consists of Jasco East Africa. The decision to exit the East Africa business was made in the second half 2019. Although the anticipated management buy-out is not proceeding, a third party has expressed interest and is currently negotiating the purchase of the business.

Key internal initiatives

The following key internal initiatives are underway:

Rightsizing the business

The group has completed the rightsizing within the head office and all business units, outside of Webb Industries (ICT-Carriers) which will be completed by the end of April 2020. This will result in significant cost savings from July 2020.

Raising capital in the equity market

The group's plan to raise additional capital in the market was postponed until 2021. There are ongoing discussions with various parties to secure capital through other programmes.

Reducing debt

The group plans to reduce debt (the corporate bond and the working capital loan) in the second half following the conclusion of the Electrical Manufacturers disposal transaction.

Working capital management

The continued focus on working capital management in recent years has delivered results. The reduction of inventory levels in ICT-Carriers (Webb) is a focus area in the second half.

Transformation

The transformation of Jasco is receiving ongoing attention, with the following focus areas:

- Skills development and training of employees;
- Employment equity – achieving targets at all management levels;
- Retention of key technically skilled and scarce resources; and
- Business models – digital media, renewable energy Power Purchase Agreements and rent-to-own, and fibre network infrastructure.

Group prospects

The group continues to operate against difficult economic and market conditions in all its markets, with the outbreak of COVID-19 creating exceptionally challenging conditions. The exchange rate volatility in South Africa also makes trading more difficult. The risk of a credit ratings downgrade of South Africa's sovereign debt is high and the electricity crisis continues to be a real threat to economic growth.

To counter this, Jasco will focus on executing its strategy by concentrating on the following additional key areas:

- Maintain its focus on costs and ensure a continued improvement in sustainable profitability levels in all business units;
- Reduce the financial gearing below the internal target of 50% from the cash generated by Jasco's operations;
- Add new products and services to Jasco's portfolio, with an emphasis on new organic fast-growing and higher-margin business areas; and
- Continue transforming the group to remain relevant.

Jasco's primary focus in the short-term will therefore remain on delivering sustained profits through a combination of organic growth and cost control, subject to the impact of COVID-19 on the business. The full impact of this cannot yet be fully determined.

Litigation, claims and other contingencies

There are no other material matters to disclose.

Subsequent events

Other than the pending disposal of Electrical Manufacturers and the pending change in ownership of the Midrand property, there were no material subsequent events.

Major accounting developments

The impact of IFRS 16 (Leases) in terms of paragraph C8(b)(i) will have a material impact on the F2020 interim results, as described above.

The impact of adopting IFRS 16 on this basis is summarised in the following table.

Para C8(b)(i)	HO	Reflex	Webb	Electrical Manu-facturers	Total
Right of use asset	31 708	45 717	8 266	18 253	103 944
Depreciation	2 642	2 625	918	2 028	8 213
Accumulated depreciation	(2 642)	(2 625)	(918)	(2 028)	(8 213)
Interest expense	2 144	2 080	198	438	4 860
Lease liability	(49 533)	(49 449)	(7 462)	(16 497)	(122 941)
IAS 17 reversal					
Rent expense reversed	(5 037)	(3 422)	(1 064)	(2 351)	(11 874)
Deferred lease liability	10 409	–	62	157	10 628
Retained earnings	10 309	5 074	–	–	15 383

Note: positives = debit balances and negatives = credit balances
All amounts are R'000

Changes to the board

Mr Thapelo Petje resigned from the board with effect from 1 March 2020. The board thanks him for his dedicated service and wishes him well in his future business endeavours.

For and on behalf of the board

Dr ATM Mokgokong	**M Janse van Vuuren**	**WA Prinsloo**
(Non-executive chairman)	*(Chief executive officer)*	*(Chief financial officer)*

30 March 2019

Basis of preparation

The unaudited results comply with IAS 34 – Interim Financial Reporting. The accounting policies and methods of computation used in the preparation of this announcement are consistent with those used in the preparation of the annual financial statements for the year ended 30 June 2019, which comply with International Financial Reporting Standard ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act (2008) of South Africa.

Fair value of financial instruments

The fair values of financial instruments are determined using appropriate valuation techniques, including recent market transactions and other valuation models. These have been applied and significant inputs include exchange rates. The group only has assets that are carried at fair value in level 2. There is no difference between the fair value and carrying value of financial instruments not presented below due to either the short-term nature of these items, or the fact that they are priced at variable interest rates.

Fair value hierarchy

Financial instruments carried at fair value in the statement of financial position	(R'000)
– Financial assets at fair value through profit or loss	–
– Financial liabilities at fair value through profit or loss	1 866

Directors and Secretary: Dr ATM Mokgokong (Chairman), MJ Madungandaba (Deputy Chairman), P Radebe*, DH du Plessis*, S Bawa*, T Zondi*, AMF da Silva# (Non-executives), M Janse van Vuuren (CEO), WA Prinsloo (CFO) (Executives), WA Prinsloo (Company Secretary)
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Registered office: Jasco Park, c/o 2nd Street and Alexandra Avenue, Midrand, 1685
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Sponsor: Grindrod Bank Limited, Fourth Floor, Grindrod

JASCO ELECTRONICS HOLDINGS LIMITED
Registration number 1987/003293/06
JSE share code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the company**" or "**the group**")

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(R'000)		Unaudited Dec 2019 6 months	Unaudited Dec 2018 6 months	% change	Audited Jun 2019 12 months	Unaudited Jun 2019 6 months	% change
Continuing operations							
Revenue		429 274	486 961	(12)	940 714	453 753	(5)
Operating (loss)/profit before interest and taxation		(2 572)	24 002	(111)	1 774	(22 228)	88
Interest received		848	619	37	4 476	3 857	(78)
Interest paid		(16 056)	(11 198)	(43)	(25 754)	(14 556)	(10)
Equity accounted share of loss from joint venture/associate		(1 105)	(750)		(1 111)	(361)	
Profit before taxation		(18 885)	12 673	(249)	(20 615)	(33 288)	43
Taxation		3 418	(6 331)	154	(5 345)	986	247
(Loss)/profit for the period/year from continuing operation		(15 467)	6 342	(344)	(25 960)	(32 302)	52
Discontinuing operations							
Revenue		115 882	89 774	29	196 641	106 867	(8)
Operating profit before interest and taxation		8 447	1 959	331	9 575	7 616	(11)
Interest received		–	37	(100)	83	46	100
Interest paid		(637)	(278)	129	(512)	(234)	(172)
Profit before taxation		7 810	1 718	355	9 146	7 428	(5)
Taxation		(2 187)	(481)	355	(2 561)	(2 080)	(5)
Profit for the year from discontinued operations		5 623	1 237	355	6 585	5 348	(5)
(Loss)/profit for the period/year		(9 844)	7 579	(230)	(19 375)	(26 954)	64
Total comprehensive (loss)/income for the period/year		(9 844)	7 579	(230)	(19 375)	(26 954)	64
Tax rate		11,1%	47,3%		(25,9%)	(4,2%)	
Profit attributable to:							
– minority shareholders		3 682	4 704	(22)	9 762	5 058	(27)
– equityholders of the parent		(13 526)	2 875	(570)	(29 137)	(32 012)	58
(Loss)/profit for the period/year		(9 844)	7 579	(230)	(19 375)	(26 954)	64
Total comprehensive income attributable to:							
– minority shareholders		3 682	4 704	(22)	9 762	5 058	(27)
– equity holders of the parent		(13 526)	2 875	(570)	(29 137)	(32 012)	58
Total comprehensive (loss)/income for the period/year		(9 844)	7 579	(230)	(19 375)	(26 954)	64
Total comprehensive (loss)/income for the period attributable to owners:							
Continuing operations		(19 149)	1 638		(35 722)	(37 360)	
Discontinued operations		5 623	1 237		6 585	5 348	
		(13 526)	2 875		(29 137)	(32 012)	
Reconciliation of headline earnings							
Net earnings attributable to equityholders of the parent		(13 526)	2 875	(570)	(29 137)	(32 012)	58
Headline earnings adjustments		1 784	136	(2 120)	4 965	4 829	63
– loss on disposal of subsidiary/ business unit		1 625	–		–	–	
– Impairment of goodwill		–	–		4 569	4 569	
– net after-tax loss/(profit) on disposal of fixed assets		159	136		(396)	260	
Headline earnings		(11 742)	3 011	(490)	(24 172)	(27 183)	57
Number of shares in issue	('000)	229 319	229 319	0	229 319	229 319	0
Treasury shares	('000)	3 039	659		3 039	250	
Weighted average number of shares on which earnings per share is calculated	('000)	226 281	228 660	(1)	226 281	229 069	(1)
Dilutive shares							
– dilutive shares and options	('000)	–	–		–	373	
Weighted average number of shares on which diluted earnings per share is calculated	('000)	226 281	228 660	(1)	226 281	229 442	(1)
Ratio analysis							
Attributable earnings	(R'000)	(13 526)	2 875	(570)	(29 137)	(32 012)	58
EBITDA	(R'000)	34 637	44 278	(22)	54 821	10 543	229
Earnings per share from total operations	(cents)	(6,0)	1,3	(575)	(12,9)	(14,0)	57
Diluted earnings per share from total operations	(cents)	(6,0)	1,3	(575)	(12,9)	(14,0)	57
Headline earnings per share from total operations	(cents)	(5,2)	1,3	(494)	(10,7)	(11,9)	56
Diluted headline earnings per share from total operations	(cents)	(5,2)	1,3	(494)	(10,7)	(11,9)	56
Net asset value per share	(cents)	50,3	78,6	(36)	64,1	64,1	(22)
Net tangible asset value per share	(cents)	(10,5)	12,6	(183)	0,8	0,8	(1 434)
Debt:Equity from total operations	(%)	217,1	95,4	128	118,5	118,5	83
Debt:Equity (net of Bank balances)	(%)	212,2	65,3	225	81,4	81,4	161
Interest cover	(times)	0,5	2,4	(80)	0,7	(0,9)	154
EBITDA interest cover	(times)	2,2	4,1	(47)	2,5	1,0	126
PBIT % of Revenue	(%)	1,1%	4,5%		1,0%	(2,6%)	
Ratios excluding IFRS 16 right-of-use asset and interest expense							
Net tangible asset value per share		(52,8)	12,6	(518)	0,8	0,8	(6 806)
Debt:Equity from total operations		135,8	95,4	42	118,5	118,5	15
Debt:Equity (net of Bank balances)		116,8	65,3	79	81,4	81,4	44
Interest cover		0,7	2,4	(71)	0,7	(0,9)	178
EBITDA interest cover		3,2	4,1	(23)	2,5	1,0	226

* Foreign currency translation reserves do not attract any tax, this may subsequently be reclassified to profit or loss.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Dec 2019 (R'000)	Unaudited Dec 2018 (R'000)	Audited Jun 2019 (R'000)
ASSETS			
Non-current assets	300 905	265 744	258 203
Plant and equipment	51 914	76 247	83 393
Right-of-use assets	79 505	–	–
Intangible assets	136 803	150 808	144 233
Investment in joint venture/associate	656	3 662	–
Deferred tax asset	23 993	23 680	22 093
Other non-current assets	8 034	11 347	8 484
Current assets	305 897	420 306	399 823
Inventories	65 536	119 249	108 484
Contract assets#	22 834	–	6 685
Trade and other receivables	175 487	219 574	205 136
Taxation refundable	17 748	13 552	11 308
Short-term portion of other non-current assets	3 028	4 474	2 723
Cash and cash equivalents	21 264	63 457	65 487
Assets classified as held for sale	109 532	–	–
Total assets	716 334	686 050	658 026
EQUITY AND LIABILITIES			
Share capital and reserves	151 183	211 219	176 535
Non-current liabilities	107 899	146 745	17 721
Interest-bearing liabilities	5 374	137 116	7 083
Lease liabilities	96 043	–	–
Contract liabilities*	–	–	3 877
Deferred tax liability	6 482	9 629	6 761
Current liabilities	423 656	328 086	463 770
Short-term lease liabilities	10 401	–	–
Non-interest bearing liabilities	157 674	213 072	214 804
Taxation	7 626	7 971	5 239
Contract liabilities*	49 517	42 709	41 674
Short-term borrowings	198 438	64 334	202 053
Liabilities directly associated with assets classified as held for sale	33 596	–	–
Total equity and liabilities	716 334	686 050	658 026

* Contract liabilities was previously disclosed as deferred maintenance revenue.
\# Contract assets was previously included as part of prepayments and revenue accruals within trade and other receivables.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Dec 2019 6 months (R'000)	Unaudited Dec 2018 6 months (R'000)	Audited Jun 2019 12 months (R'000)
Attributable to equity holders of the parent			
Opening balance	130 632	177 382	177 382
Opening balance as at beginning of period/year	146 015	177 382	177 382
Adjustments to opening balance – IFRS 16	(15 383)	–	–
Treasury shares – Share Incentive Trust	–	(524)	(2 753)
Share based payment reserve	61	(55)	517
Utilisation of equity settled share-based payment reserve	–	–	(2 442)
Disposal of subsidiary	(122)	–	–
Transactions with non-controlling shareholder	–	–	2 448
Total Comprehensive income	(13 526)	2 875	(29 137)
– (Loss)/profit for the period/year	(13 526)	2 875	(29 137)
Dividends declared	(3 263)	–	–
Closing balance	113 782	179 678	146 015
Non-controlling interests			
Opening balance	30 520	26 837	26 837
Transactions with non-controlling shareholder	–	–	(6 079)
Total comprehensive income	3 682	4 704	9 762
– Profit for the period/year	3 682	4 704	9 762
Disposal of subsidiary	(64)	–	–
Dividend paid to non-controlling shareholder	3 263	–	–
Closing balance	37 401	31 541	30 520
Total equity	151 183	211 219	176 535

SUMMARISED SEGMENTAL REPORTS

Income and expenses (R'000)	31 Dec 2019 6 months Revenue	31 Dec 2019 6 months Operating profit/(loss)	31 Dec 2018 6 months Revenue	31 Dec 2018 6 months Operating profit/(loss)	30 June 2019 12 months Revenue	30 June 2019 12 months Operating profit/(loss)	30 June 2019 6 months Revenue	30 June 2019 6 months Operating profit/(loss)
Energy	3 245	(3 240)	4 737	(2 669)	9 633	(4 466)	4 896	(1 797)
ICT-Enterprise	279 884	21 709	256 793	24 111	535 145	54 738	278 352	30 627
ICT-Carriers	100 038	3 371	200 073	32 813	342 747	43 022	142 674	10 209
Security and Fire	47 828	904	31 208	(6 055)	65 762	(9 530)	34 554	(3 475)
Electrical Manufacturers	115 882	8 447	89 774	1 959	196 641	9 575	106 867	7 616
Sub-total operating divisions	546 877	31 191	582 585	50 159	1 149 928	93 339	567 343	43 180
Other	–	(22 049)	–	(20 856)	610	(95 804)	610	(74 948)
Adjustments	(1 721)	(3 267)	(5 850)	(3 342)	(13 183)	13 814	(7 333)	17 156
Total	545 156	5 875	576 735	25 961	1 137 355	11 349	560 620	(14 612)

Financial position (R'000)	31 Dec 2019 Assets	31 Dec 2019 Liabilities	31 Dec 2018 Assets	31 Dec 2018 Liabilities	30 June 2019 (12 months) Assets	30 June 2019 (12 months) Liabilities	30 June 2019 (6 months) Assets	30 June 2019 (6 months) Liabilities
Energy	4 099	832	4 888	358	3 781	350	3 781	350
ICT-Enterprise	256 718	187 334	173 867	97 403	177 467	94 746	177 467	94 746
ICT-Carriers	84 381	22 707	115 941	30 750	112 877	30 294	112 877	30 294
Security and Fire	28 521	12 270	35 941	16 567	32 478	17 795	32 478	17 795
Electrical Manufacturers	101 524	25 108	82 116	9 020	100 111	23 261	100 111	23 261
Sub-total operating divisions	475 243	248 251	412 753	154 098	426 714	166 446	426 714	166 446
Other	91 859	271 955	72 111	240 747	179 349	238 772	179 349	238 772
Adjustments	149 232	44 945	201 186	79 986	51 963	76 273	51 963	76 273
Total	716 334	565 151	686 050	474 831	658 026	481 491	658 026	481 491

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

(R'000)	Unaudited Dec 2019 6 months	Unaudited Dec 2018 6 months	Audited Jun 2019 12 months
Cash generated from operations before working capital changes	27 851	37 797	75 779
Working capital changes	(18 786)	(12 857)	3 701
Cash generated from operations	9 065	24 940	79 480
Net financing costs	(15 845)	(10 820)	(19 605)
Net taxation paid	(2 818)	(10 578)	(13 440)
Dividends paid	(3 263)	–	(4 000)
Cash flow from operating activities	(12 861)	3 542	42 435
Cash flow from investing activities	(11 323)	(25 595)	(55 915)
Cash flow from financing activities	(12 569)	17 621	10 335
Decrease in cash resources	(36 753)	(4 432)	(3 145)

NOTE 1: DISCONTINUED OPERATIONS

Description

A binding offer was received for the Electrical Manufacturers (EM) business in Jasco Trading (Pty) Ltd. The necessary approval process was concluded on 21 January 2020.

The results of business is reported in the current period as a discontinued operation. The related assets and liabilities of EM are consequently presented as held for sale in the December 2019 interim results.

Financial performance and cash flows

The financial performance and cash flow information presented are for the six months ended 31 December 2019:

	2019 R'000	2018 R'000
Revenue	115 882	89 774
Cost of sales	(96 455)	(78 465)
Gross profit	19 427	11 309
Other income	(61)	256
Expenses	(10 919)	(9 606)
Operating profit	8 447	1 959
Finance income	29	37
Finance costs	(666)	(278)
Profit before taxation	7 810	1 718
Taxation	(2 187)	(481)
Profit for the year from discontinued operations	**5 623**	**1 237**
Net cash inflow from operating activities	2 876	(3 994)
Net cash inflow/(outflow) from investing activities	(9 138)	(1 347)
Net cash (outflow) from financing activities	(1 720)	(1 018)
Net increase in cash generated by the subsidiary	**(7 982)**	**(6 359)**

Assets and liabilities held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2019:

	2019 R'000
Assets classified as held for sale	
Property, plant and equipment	28 458
Right-of-use assets	16 225
Intangibles	753
Inventories	33 472
Trade and other receivables	23 228
Cash and cash equivalents	7 396
Total assets of disposal group held for sale	109 532
Liabilities directly associated with assets classified as held for sale	
Interest-bearing liabilities	1 503
Lease liabilities	16 497
Non-interest bearing liabilities	15 596
Total liabilities of disposal group held for sale	33 596

NOTE 2: CHANGES IN ACCOUNTING POLICIES

Adoption of IFRS 16

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Practical expedients are available for short-term and low value leases. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The group's leases includes buildings. The terms on the lease agreements are generally fixed, with a renewal period as an option.

The group adopted IFRS 16 from 1 July 2019 using the modified retrospective transition method and has therefore not restated the comparatives for the F2020 interim results, as permitted under specific transitional provisions in the standard.

Lease liabilities measured as present value of the future minimum lease payments are discounted at an appropriate rate. Right-of-use assets, for leases of buildings, will be measured at their carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

For leases entered into after 1 July 2019 and those relating to motor vehicles, the right-of-use asset is calculated at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms.

The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The group recognises lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17 leases. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

From 1 July 2019, the group recognised right-of-use assets and lease liabilities for most leases. The group has elected not to recognise right-of-use assets and lease liabilities for some of low-value assets (i.e. office equipment) and for short-term leases, i.e. leases that have a lease term of 12 months or less as at 1 July 2019. The group recognises the lease payments associated with these leases as an expense on a straight-line basis.

After adoption of IFRS 16, the group recognised a depreciation expense on the right-of-use assets and interest expense accruing on the lease liabilities.

Cash generated from operations increased as rental expenses are no longer included in this category. Interest paid increased as it is included in the interest portion of the lease liability payments and the capital portion of lease liability is included in cash payments under financing activities. Lessor accounting remains similar to previous accounting policies.

The group has elected to apply the practical expedient to not reassess the lease definition.

For wholly owned subsidiaries, the group determines the lessee's incremental borrowing rate as rate as JIBAR + 330bps as at the date of recognising the lease.

Lease and non-lease components

For leases that include both lease and non-lease components, the group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

Renewal and termination options

The group applies judgement in assessing whether extension or termination options will be exercised. These options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In performing its assessment, management will consider all facts and circumstances that will align with the group's future plans.

The recognised right-of-use assets relate to the following assets:

	2019 R'000	2018 R'000
Buildings	79 505	–

Impacts on transition

On transition to IFRS 16, the group recognised right-of-use assets and lease liabilities. The impact on transition is as per below:

	Continued operation	Discontinued operation	Total
Right-of-use assets	85 690	18 253	103 943
Total assets	**85 690**	**18 253**	**103 943**
Lease liabilities - non-current	91 969	12 768	104 737
Lease liabilities - current	19 556	5 485	25 041
Total liabilities	**111 525**	**18 253**	**129 778**
Retained earnings	15 383	–	15 383
Share capital and reserves	**15 383**	–	**15 383**
Reconciliation of lease commitments to lease liability recognised as at 1 July 2019			
Operating lease commitments as at 30 June 2019	151 788	1 402	153 190
Less: Short-term leases and low-value leases recognised on straight-line assets	(40 263)	(1 402)	(41 665)
Lease liability recognised as at 1 July 2019	**111 525**	–	**111 525**
Current portion	19 556	5 485	25 041
Non-current portion	91 969	12 768	104 737
	111 525	**18 253**	**129 778**