

GEN – General – Jasco Electronics Holdings Limited

Censure imposed by the JSE on Jasco Electronics Holdings Limited (“Jasco”)

The JSE hereby informs stakeholders of the following findings in respect of Jasco:

1. On 27 September 2018, Jasco published provisional audited summarised results for the financial year ended 30 June 2018, stating that the results were ‘audited’ when at the time of release, the audit of Jasco was still underway and no audit report was issued in respect of the provisional results.
2. On 1 October 2018, Jasco published a SENS announcement to inform the market that, “the company erroneously referred to the results being “audited” in the announcement.” Jasco also advised the market that, “Although the group believes that the updated, final AFS will not reflect any changes to the profits and earnings as disclosed in the summarised financial statements that were released on 27 September 2018, the Board has decided to act prudently and retract these results.” On the same day, Jasco applied to the JSE for a voluntary suspension of the listing of its securities until the updated results are republished on SENS.
3. On 5 November 2018, Jasco published its audited results for the year ended 30 June 2018 (“**2018 audited results**”). The 2018 audited results contained adjustments to the retracted provisional results resulting in material changes to profits and earnings, an emphasis of matter and prior period errors that had to be restated. The adjustments included revenue (R3 million), goodwill and impairment (R3,5 million) and basic and diluted earnings per share (7.2 cents).
4. The prior period errors that required restatement were the incorrect cash flow classification of leased assets (R6,8 million) and the incorrect interpretation of control, resulting in a goodwill impairment (R28,3 million), elimination of inter-company revenue (R3,4 million) and deferred tax asset recoverability reassessment (R10,8 million). The corrections of the errors decreased the 2017 basic and diluted earnings per share (“**EPS**”) by 580%, from 3.6 cents to a loss of 17.3 cents per

share. Headline loss per share (“**HEPS**”) also decreased by 292% from 2.5 cents to a loss of 4.8 cents per share.

5. Further, the announcement of the 2018 audited results did not contain details of the nature of the modification to the auditors’ report. To correct this, Jasco published a supplementary announcement on 8 November 2018, including detail of the emphasis of matter.
6. In addition, Jasco failed to publish a trading statement in respect of the changes to EPS and HEPS in the 2018 audited results which differed by 191% and 160% respectively from the previous corresponding period of 2017.
7. Accordingly, the JSE found Jasco to be in breach of the following provisions of the Listings Requirements:
 - Paragraph 8.62(b) for previously published annual financial statements (2017) not being in compliance with International Financial Reporting Standards;
 - Paragraph 3.21(c) for omitting details about the emphasis of matter contained in the auditor’s report in the 2018 audited results released on 5 November 2019;
 - Paragraph 3.4(b) for not issuing a trading statement when it had a reasonable degree of certainty that the financial results for the period to be reported on next (2018) would differ by at least 20% from the previous corresponding period of 2017; and
 - General Principle (v) in that the highest standards of care were not exercised when disseminating information into the market place for:
 - Initially publishing and referring to results that were not audited at the time, as having been audited;
 - Incorrectly advising the market in a SENS announcement that the 2018 audited results would not reflect changes to profits and earnings, whereas they contained adjustments and reflected material changes.

8. The accuracy and reliability of financial information published by companies are of critical importance in ensuring a fair, efficient and transparent market and the investing public relies on a company's published financial information to make important investment decisions. The provisions of the Listings Requirements, which impose various important obligations on listed companies in respect of the disclosure of financial information, contributes to the integrity of the market and for these reasons and with reference to the JSE's findings of breach, the JSE has decided to impose this public censure against Jasco.

16 March 2020