

JCI Limited ("the Company" or "JCI")

COMMUNICATION TO SHAREHOLDERS ON A COMPLIANCE NOTICE RECEIVED FROM THE COMMISSION

16 October 2018

Shareholders are advised that on 5 September 2018 the Company received a Report and a Compliance Notice from the Companies and Intellectual Property Commission ("CIPC") stating that it believes there are reasonable grounds to conclude that the Company has contravened the Companies Act 2008, in particular, the Commission indicated that the Company has failed to comply with section 30 (1); (2) and (4) and Regulation 27 (4).

In its statement CIPC advances that the Board of Directors of JCI Limited has not timeously prepared or provided the Inspector with the individual Annual Audited Financial Statements for the years 2011 to 2016 and the Board of Directors of JCI Limited has consequently breached the Companies Act as the Company failed to publish its individual audited Financial Statements for each of its 2011, 2012, 2013, 2014, 2015 2016, and 2017 financial years. Further, in terms of Regulation 27(4), the Group Annual Audited Financial Statements and the individual Annual Financial Statements have not been prepared in compliance with the International Financial Reporting Standards.

In terms of the Compliance Notice, the Commission requires JCI Limited to submit Group Annual Audited Financial Statements within the prescribed statutory period/s for the years 2011 to 2018, fully compliant with the Companies Act and Regulation 27 (4) in respect of the International Financial Reporting Standards, in respect of each company, including JCI Limited.

The Company has made an Application for relief to the Companies Tribunal within the required fifteen business days requesting, firstly, that the Inspector's Report and the Compliance Notice be set aside and, secondly, without derogating from the first request, an extension of time to file a supplementary affidavit in response to the Inspector's Report and Compliance Notice. The Company also believes that any action in respect of the 2011 to 2013 Annual Financial Statements has prescribed.

The Directors remain strongly of the view that, given the well-known and publicized historical circumstances which have presented many serious and prolonged challenges to the substance and speed of this process, the elapsed time, the lack of relevant information and in some instances the limited extent of accurate and/or reliable records as well as the important need, in the interests of Shareholders, to present annual financial statements in the shortest possible time, it was impossible and/or would have been a wasteful process to produce heavily qualified, unreliable accounts, which would have been the result if the accounts had been prepared in any other manner than those presented to Shareholders. The Company endeavoured to comply with IFRS and the Companies Act where both possible and practicable, but this was not always technically possible and even then would have been wasteful if this resulted in heavily qualified reports. The basis of preparation adopted by the Board, in the circumstances which affect the Company, has sought to provide the JCI shareholders with the best relevant and most accurate accounts prepared to the highest possible standards and free from any material misstatements.

In each and every set of accounts from 2005 to 2016 it has been very clearly stated that IFRS accounts have not been prepared and the detailed reasons as to why the Directors, supported by the Auditors, have taken this decision. All these accounts have been unanimously approved by shareholders, at Annual General Meetings, without any query from any shareholder. CIPC have acted as a result of a complaint from a shareholder holding less than 2% of the issued shares. This shareholder is well aware of the situation and has only complained recently. It is most unfortunate that this has now taken place, as meaningless accounts will have to be prepared and audited if the Compliance Notice is not set aside. Such accounts would then delay the final liquidation of JCI by at least six months or more and will substantially reduce the liquidation dividend that shareholders will receive.

As stated above the Company has objected to this Compliance Notice and hopes that Shareholders funds will not have to be wasted in this way.

At the Annual General Meetings held on 24 January 2013 for the presentation of the 2005 to 2012 Group financial statements and again on 9 June 2017 for the presentation of the 2013 to 2016 Group financial statements, shareholders were given the opportunity of asking questions on the Reports and Group financial statements. There were no questions raised and in both instances no one requested the individual accounts. The adoption of these accounts was unanimous.

JCI Shareholders have been kept informed on progress and important developments through SENS and more recently through communications on the JCI website. The accounts also stipulated very thoroughly the method of preparation and the reasons for doing so. During this arduous and difficult period since 2005, the Company has received full support from the majority shareholders who have condoned the delay in the preparation of the accounts and are in agreement with their presentation.

Following the JCI Annual General Meeting held in June 2017, the Company began the preparation of the 2017 accounts and by September 2017 was ready for the audit to proceed. Given uncertainty expressed by the auditors as to the auditors' capacity to undertake the work, the audit was regrettably delayed. The Company and auditors proceeded on the basis that the process would be completed by the end of September 2018 and that this would have included the preparation and audit of both the 2017 and 2018 Annual Financial Statements.

The Compliance Notice has further delayed any hope of completing the 2017 and 2018 audits within the scheduled timeframe which, in turn, affects the ability of the Company to hold its Annual General Meeting in October 2018 as communicated to Shareholders on 22 August 2018.

Further updates will be provided to Shareholders via the JCI website.