CONTENTS

2014 ANNUAL FINANCIAL STATEMENTS

Declaration in terms of the Companies Act, No. 71 of 2008 ("Companies Act")

The preparation of these financial statements has been supervised by the chief financial officer, Aarti Takoordeen, CA(SA), in terms of section 29 and 30 of the Companies Act. The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

DIRECTORS' RESPONSIBILITY STATEMENT

For the year ended 31 December 2014

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of the JSE Limited, comprising the statements of financial position at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the *directors' report*.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of the JSE Limited, as identified in the first paragraph, were approved by the Board of Directors on 5 March 2015 and signed by:

Nonkululeko Nyembezi-Heita
Chairman

NF Newton King
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

For the year ended 31 December 2014

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, and all directives issued by the Financial Services Board. In terms of section 88 of the Companies Act, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

GA Brookes
Group Company Secretary

REPORT OF THE AUDIT COMMITTEE

Prepared by its chairman, Sam Nematswerani.

The Audit Committee presents its report for the financial year ended 31 December 2014.

Composition and meeting procedures	Primary roles and responsibilities
• During the year under review, three Audit Committee meetings were held. • The Audit Committee is composed of its chairman, who is an independent non-executive director, and three other independent non-executive directors, including the chairman of the Risk Committee. • The Chairman of the Board, CEO, CFO, Company Secretary and representatives of the external auditors and Internal Audit attend meetings by invitation. • The committee is suitably skilled to perform the role required, as reflected in the table below. The collective skills of the committee include an understanding of financial and sustainable reporting, internal financial controls, the internal audit function, the external audit process, corporate law, risk management, IT governance as it relates to integrated reporting, and the governance processes of the Company. However, it is not expected that each member should possess all the required qualifications, skills and experience. The Chairman of the Board is not the chairman of the Audit Committee.	• The committee acts in accordance with its statutory duties, the delegated authority of the Board as recorded in its terms of reference, and within the guidelines of King III. • The committee must prepare a report describing how it carried out its functions as specified in section 94(7) of the Companies Act. • It has power to investigate any activity within the scope of its terms of reference. • The committee has an independent role with accountability to both the Board and shareholders. • The committee, in fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or the Company Secretary to provide it with information. The committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities. • The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The committee members who were approved by shareholders at the annual general meeting in May 2014 to serve until the next annual general meeting are:

Name	Qualification(s)	Director	Appointed by the Board in
Sam Nematswerani*	CA(SA)	Independent non-executive	Feb 2003
Bobby Johnston**	CA(SA)	Independent non-executive	Dec 2000
Anton Botha	BCom; BProc; BCom(Hons)	Independent non-executive	Dec 2000
Nigel Payne***	CA(SA)	Independent non-executive	Aug 2005
Nomavuso Mnxasana	CA(SA)	Independent non-executive	Dec 2012

Except as highlighted above, committee members will be subject to shareholder approval at the AGM scheduled for 21 May 2015.

* *Sam Nematswerani will be retiring from the Board at the next AGM and will thus not be available for re-election*

** *Bobby Johnston retired from the Board with effect from 10 June 2014.*

*** *The Board has elected Nigel Payne to succeed Sam Nematswerani as chairman of the Audit Committee. Nigel Payne will relinquish chairmanship of the Risk Committee but will remain a member of that Board committee.*

The Board is satisfied that:

- the Group Audit Committee, acting as a collective, is adequately skilled to perform its role having regard to the size and circumstances of the Company;
- individual members of the committee possess appropriate qualifications, skills and experience to discharge their responsibilities; and
- all members shown in the table meet the provisions of the Companies Act and that they are independent, and therefore recommends their appointment at the annual general meeting on 21 May 2015.

The committee has discharged all its responsibilities and carried out all the functions assigned to it. In particular, the committee did the following:

Responsibilities	How discharged
In respect of the finance function:	
Annually assessed and confirmed the appropriateness of the expertise and experience of the chief financial officer (CFO) and the appropriateness of the expertise, resources and experience of the senior members of management responsible for the financial function.	Applied at the meeting of the Audit Committee held on 12 November 2014, where the committee satisfied itself that the finance function was adequately and appropriately resourced.
Undertook the appointment and dismissal of the CFO.	Not applicable.
In respect of the external auditor and the external audit:	
Nominated for appointment as auditor of the Company a registered auditor who, in the opinion of the committee, is independent of the Company and determined their terms of engagement and fee [section 94(7)(a) and (b)].	At the 12 November 2014 meeting, the committee reviewed the independence of the external auditors and recommended them for appointment by shareholders at the AGM in 2015, with Ms Tracy Middlemiss as the designated auditor. It also determined the fees to be paid and the terms of engagement.
Ensured the appointment of the auditor complies with the applicable legislation [section 94(7)(c)].	Ensured that the appointment process complied with the statutory requirements. Refer to the 2014 and 2015 AGM notice.
Evaluated the independence, effectiveness and performance of the external auditors.	The committee satisfied itself at the 12 November 2014 meeting that the auditors are independent.
	External auditors have unlimited access to the chairman of the committee.
Determined the nature and extent of non-audit services that the auditor may provide and pre-approved any agreement for the provision of these services by the auditor to the company, or a related company. Approved the internal and external audit plan of the said services on the basis that the provision of the services does not affect the auditor's independence [section 94(7)(d) and (e)].	Applied at the 12 November 2014 meeting in accordance with the Board-approved non-audit services policy.
In respect of the financial statements:	
Confirmed the going concern as the basis of preparation of the interim and annual financial statements.	Reviewed and recommended to the Board for approval. The Board has subsequently approved the integrated annual report.
Reviewed the accounting policies and procedures adopted by the Group and the JSE and ensured that financial statements were prepared on the basis of appropriate accounting policies and International Financial Reporting Standards [section 94(7)(f)].	Applied.
	The CFO prepares financial statements in accordance with all applicable legislation and submits them to this committee for review. Recommended to the Board for approval.
Reviewed financial reports, which should encompass the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents.	Applied.
	At the first meeting of the year, the committee reviewed the full integrated report and recommended it to the Board for approval.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

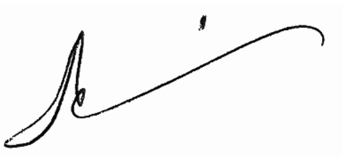
Responsibilities	How discharged
In respect of internal control:	
Reviewed the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control, ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its functions.	This role was performed in part by this committee and in part by the Risk Management Committee. Internal Audit forms part of the Governance, Risk and Compliance Division. PwC is contracted to assist the Internal Audit function in carrying out its duties and to ensure the required degree of independence. Internal audit reports to the Audit Committee.
Reported on the effectiveness of the internal financial controls and risk management.	This role was performed in part by this committee and in part by the Risk Management Committee.
Monitored the appropriateness of the Company's combined assurance model overseeing risk.	This role was performed in part by this committee and in part by the Risk Management Committee.
Ensured that the combined assurance from both internal and external assurance providers and management was sufficient to cover key risks facing the organisation.	This role was performed in part by this committee and in part by the Risk Management Committee.
Annually evaluated the nature and extent of the formal documented reviews of the design, implementation and effectiveness of the system of internal financial controls, which covered all significant areas of financial reporting.	Applied in consultation with the internal audit function each year.
Other:	
Received and dealt with complaints and concerns from within and outside of the Company relating to accounting practices and internal audit; content or auditing of the financial statements; internal financial controls; or any other related matter [section 94(7)(g)].	No complaints were received.
Made submissions to the Board on any matter concerning the accounting policies, financial controls, records and reporting [section 94(7)(h)].	Applied.

The committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost. The committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the Board and the shareholders. On all responsibilities delegated to it by the Board outside of the statutory duties, the committee makes recommendations for approval by the Board.

The JSE continues to prepare Group accounts that comply with International Financial Reporting Standards and these responsibilities are completed within an acceptable timeframe.

The Audit Committee's composition, purpose and duties are set out in the committee's charter. The Board approves amendments of the committee's charter from time to time. The committee is satisfied with the way it has discharged its duties as well as complied with its terms of reference.

The chairman of the Audit Committee attends annual general meetings and is available to answer any questions.



NS Nematswerani

Chairman: Audit Committee

Our business

A description of the JSE's business, its value chain and Group structure is set out on pages 4 to 5.

The Company does not have a controlling shareholder and is managed by its directors for its stakeholders. The JSE Limited has its primary and only listing in South Africa on the securities exchange operated by the JSE.

Regulatory and supervisory structure

The Financial Services Board (FSB) is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing and there were no conflicts of interest that were required to be referred to the FSB. To further mitigate the possibility of such conflict of interest, an SRO Oversight Board committee was set up in the last quarter of 2011. Its terms of reference have been refined to take into account the requirements of the Financial Markets Act. For more information on its mandate and function, refer to page 39.

Corporate governance

The *governance report* is set out on pages 29 to 45.

Financial results

The operating results and the state of affairs of the Company and the Group are fully set out in the attached statement of financial position and described in the CEO's statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the BESA Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the Financial Markets Act. In view of the control that the JSE exercises over these trusts, the JSE is required to consolidate them into the results of the Group in terms of International Financial Reporting Standards.

Major operating subsidiary: JSE Clear (previously Safcom)

JSE Clear (Pty) Ltd is a licensed associated clearing house in terms of the provisions of the Financial Markets Act, No. 19 of 2012, and subject to an annual review conducted by the FSB. Partly as a consequence of the recent global financial crisis, global financial regulators have issued directives (Basel III) for the capitalisation of bank exposures to central counterparties (CCPs). At the end of 2012, JSE Clear was deemed a qualifying CCP by the FSB in terms of the Principles for Market Infrastructures issued by these global regulators (CPSS-IOSCO).

JSE Clear Derivatives Default Fund

JSE Clear's objective is to act as an associated clearing house and to operate as a CCP by interposing itself between parties to derivative contracts listed on the JSE. Significant refinements have been implemented with regard to its risk management processes. One of these is the creation of a new fund, the JSE Clear Default Fund. This default fund reduces systemic risk and, more specifically, clarifies and limits clearing members' exposure to counterparty credit risk when clearing through JSE Clear. Clearing members that are banks will consequently need to hold less capital for centrally cleared exposures under Basel III regulations.

The JSE Clear Default Fund policy requires that fund contributions by the clearing members and the JSE must be held in a legal entity separate and bankruptcy remote from JSE Clear and the JSE. Thus, in 2013, a new private company, JSE Clear Derivatives Default Fund (Pty) Ltd, operating as the JSE Clear Derivatives Default Fund, was constituted for the purpose of ring-fencing the abovementioned contributions, which are to be used only in the event of a clearing member default.

Authorised users of the JSE (members of the JSE)*

As at 31 December 2014, there were 380 authorised users (2013: 389), broken down as follows:

Category of members	2014	2013
Equity members	**61**	62
Equity derivatives members	**116**	121
Commodities derivatives members	**89**	93
Interest rate members	**104**	103
Clearing members	**10**	10
Total	**380**	**389**

* *These numbers include passive and active members. During 2015, the respective membership liaison teams will embark on a process to clean up the lists of passive members.*

Ordinary share capital

The Company did not issue any shares during the year under review. Full details of the authorised, issued and unissued capital of the JSE are contained in note 20 to the annual financial statements.

Rights attaching to shares

Each ordinary JSE share is entitled to identical rights in respect of voting, dividends, profits and a return of capital. The variation of rights attaching to JSE shares requires the prior consent of at least three-fourths of the issued shares of that class or the sanction of a special resolution passed at a special general meeting of the holders of the JSE shares of that class.

The issue of JSE shares, whether in the initial or in any increased capital, is subject to shareholder approval.

Changes to directorate and Company Secretary

The details of the directors of the Company and the Group Company Secretary are contained here.

- 8 May 2014 (AGM):
  - Humphrey Borkum retired as independent non-executive director and chairman of the JSE at the AGM held on 8 May 2014. Humphrey was appointed to the Board in 2000 as deputy chairman and appointed as chairman of the JSE in 2002. He has served the JSE with distinction in a number of capacities for many decades.
  - Dr Michael Jordaan's appointment by the Board with effect from 1 January 2014 was ratified by shareholders.
- 9 May 2014:
  - Ms Nonkululeko Nyembezi-Heita, who joined the Board in June 2009 as an independent non-executive director, succeeded Humphrey Borkum as independent non-executive chairman with effect from 9 May 2014.
- 10 June 2014:
  - Bobby Johnston retired as a Board member on 10 June 2014 to concentrate on his other interests. Bobby has been a long-standing member of the JSE community, having also served as chairman of the JSE when it was an Association of Members.
- 8 July 2014:
  - Gary Clarke, the Group Company Secretary, resigned, with approval of the Board and in the absence of any contention by Gary Clarke, as provided for in section 89(2) of the Companies Act.
- 14 August 2014:

  The Board announced:
  - that Leila Fourie, the executive head of the Post-Trade and Information Services division, would join the JSE Board as an executive director with immediate effect; and
  - that Graeme Brookes would serve as Group Company Secretary, also with immediate effect.
- 5 March 2015:
  - Suresh Kana appointed to the Board with effect from 1 July 2015, after his retirement as Senior Partner of PwC Africa.
- 21 May 2015:
  - Sam Nematswerani retires as Board member.
- All appointments were made in compliance with the Companies Act and the JSE's MOI.

Directors' interests and shareholding (including directors' associates)

Director	Direct beneficial	Indirect beneficial	Total	%
Directors' interest as at 31 December 2014				
NF Newton-King (CEO)*	**17 952**	**134 741**	**152 693**	**0.1758**
A Takoordeen (CFO)*	**–**	**33 820**	**33 820**	**0.0389**
L Fourie*	**–**	**50 320**	**50 320**	**0.0579**
AD Botha	**37 000**	**30 960**	**67 960**	**0.0782**
AM Mazwai	**5 000**		**5 000**	**0.0058**
LV Parsons (alternate)*	**8 887**	**65 351**	**74 238**	**0.0855**
JH Burke (alternate)*	**18 360**	**60 161**	**78 521**	**0.0904**
Other directors hold no interests in the JSE	**–**	**–**	**–**	**–**
Total	**87 199**	**375 353**	**462 552**	**0.5324**
Graeme Brookes (Group Company Secretary)*	**6 600**	**16 870**	**23 470**	**0.0270**

There has been no change in directors' interests from the end of the financial year until 5 March 2015. A SENS announcement was released on 9 March 2015 disclosing those executive directors whose holdings increased.

** These directors and officers participate in the LTIS 2010 scheme and are recipients of shares that vested from 2013 onwards. For further details, refer to note 27.*

Director	Direct beneficial	Indirect beneficial	Total	%
Directors' interest as at 31 December 2013				
NF Newton-King (CEO)*	6 905	106 787	113 692	0.1305
A Takoordeen (CFO)*	–	15 700	15 700	0.0181
HJ Borkum	15 000	–	15 000	0.0173
AD Botha	25 000	–	25 000	0.0288
AM Mazwai	5 000	–	5 000	0.0058
LV Parsons (alternate)*	8 887	65 087	73 974	0.0851
JH Burke (alternate)*	7 586	60 879	68 465	0.0788
Other directors hold no interests in the JSE	–	–	–	–
Total	68 378	248 453	316 831	0.3647

** These directors and officers participate in the LTIS 2010 scheme and are recipients of shares that vested from 2013 onwards. For further details, refer to note 27.*

Details of transactions in JSE Limited shares by directors and prescribed officers were disclosed on SENS during 2014 and are summarised in the table below. The purchases, other than that of Mr AD Botha, are in relation to Allocation 5 of the JSE 2010 LTIS Trust.

		Purchase	Sale
NF Newton-King	Executive director	49 790	7 300
A Takoordeen	Executive director	18 120	–
L Fourie	Executive director	19 120	–
LV Parsons	Alternate director	22 100	18 347
JH Burke	Alternate director	20 610	7 117
GA Brookes	(current Group Company Secretary)*	6 970	–
GC Clarke	(previous Group Company Secretary)	15 030	4 218
AD Botha	Non-executive	42 960	–
Remaining members of the executive committee	Prescribed officers	48 090	9 352

For further details, refer to note 27 of the annual financial statements and the remuneration report, which can be found online at www.jsereporting.co.za/ar2014/financials/notes.asp and www.jsereporting.co.za/ar2014/download-pdf/remuneration.pdf.

Shareholders other than directors

Information on shareholders is set out on pages 119.

Dividend policy

In considering the payment of the dividends, the Board will, with the assistance of the Audit committee, take the following into account:

- The current financial status of the Company and the payment of a dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008;
- The future funding and capital requirements of the Company; and
- The intention to pay a dividend and the preference to pay a single dividend in any year.

The Board and management remained confident as to the underlying strength of the JSE's operations and its continued strong cash flows. All planned investments and capital requirements for 2014 were funded from own resources.

Declaration of ordinary and special dividend

The Board has decided to declare both an ordinary and a special dividend for the year ended December 2014 at 400 cents and 80 cents per ordinary share respectively. Accordingly, notice is hereby given that the directors have declared the following:

Dividend	Annual gross amount	Withholding tax %	Net amount
Ordinary	400	15	340
Special	80	15	68
	480	–	408

The dividend has been declared from retained earnings and no secondary tax on companies (STC) credits are available for use. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 12 June 2015.

In compliance with the Companies Act, the directors of the JSE confirm that the Company will satisfy the solvency and liquidity test immediately after completion of the dividend distribution. The dividend will be noted at the AGM to be held on Thursday, 21 May 2015. In compliance with the requirements of Strate, the following salient dates for the payment of the ordinary and special dividend are applicable:

Dividend paid in year **In respect of financial year ended**	**2015** **31 December**	**2014** **31 December**
Dividend per share (400+80=480 for 2014)	**480 cents**	400 cents
Rand value	**R417 million**	R348 million
Declaration date	**Thur, 5 March 2015**	11 March 2014
Last date to trade JSE shares cum dividend	**Fri, 5 June 2015**	23 May 2014
JSE shares commence trading ex-dividend	**Mon, 8 June 2015**	26 May 2014
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	**Fri, 12 June 2015**	30 May 2014
Date of payment of dividend	**Mon, 15 June 2015**	2 June 2014

Share certificates may not be dematerialised or rematerialised from Monday, 8 June 2015, to Friday, 12 June 2015, both days inclusive. On Monday, 15 June 2015, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not use this facility, cheques dated 15 June 2015 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Monday, 15 June 2015. The issued share capital of the Company as at the declaration date was 86 877 600. The tax number of the Company is 9313008840.

Service contracts with directors

The chief executive officer, all executive directors, the Company Secretary and the executive management of the JSE have signed contracts of employment with the JSE. Apart from the contract with the chief executive officer, all such contracts have a three-month notice period for resignation or termination of employment. The chief executive officer's notice period for resignation or termination of employment is four months. The chief executive officer's service contract makes provision for a 12-month restraint of trade payable on termination of the chief executive officer's employment. All the other clauses of the service contracts are standard clauses for contracts of this nature.

External audit and external auditor independence

The Group financial statements have been audited by independent auditors KPMG Inc. The Audit Committee considered the position of KPMG and resolved that KPMG is independent of the Group and has recommended the reappointment of KPMG as auditors. This view and recommendation were endorsed by the Board on 12 November 2014. The Board believes that KPMG has observed the highest level of business and professional ethics and has no reason to believe that it has not at all times acted with unimpaired independence.

Fees paid to the external auditors for audit and non-audit services are fully disclosed in the financial statements. The JSE has a policy, determined and approved by the Audit Committee, to regulate the use of the external auditors for non-audit services, including consulting services, where appropriate.

The reappointment of the auditors will be a matter for consideration by the shareholders at the AGM to be held on 21 May 2015.

Special resolutions

The following special resolutions were passed in 2014:

Special Resolution numbers 1 and 2:	Special Resolution numbers 1 and 2 were withdrawn and replaced with the single combined Special Resolution number 7.
Special Resolution number 3:	General authority to repurchase shares, in terms of section 48 of the Companies Act, but subject to the JSE Listings Requirements.
Special Resolution number 4:	Specific authority to acquire shares for the purpose of the JSE Long Term Incentive Scheme 2010 ("LTIS 2010").
Special Resolution number 5:	Specific financial assistance in respect of the JSE Long Term Incentive Scheme 2010 ("LTIS 2010"), for a period of two years.
Special Resolution number 6:	Non-executive director emoluments for 2014 and 2015.
Special Resolution number 7:	Authorising the Company to provide financial assistance to the entities as defined, all as contemplated in sections 44 and/or 45 of the Companies Act, for a period of two years.

Refer to the 2014 AGM notice for further details on these resolutions that were passed at the AGM held on 8 May 2014.

State of affairs at Company – material matters

Contingent liabilities and commitments:	The JSE's contingent liabilities and commitments are disclosed in *note 30*.
Related party transactions:	To the knowledge of the Company, none of the directors or major shareholders of the Company or their families had an interest directly or indirectly in any transaction during the period under review or in any proposed transaction, that has or will materially affect the Company or its subsidiaries, other than the disclosure made in *note 29*.

Going-concern statement

In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has reasonable expectation that the Group has sufficient resources to maintain its operational existence for the foreseeable future and that:

- the Group's assets fairly valued exceed its liabilities fairly valued; and
- the Group will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 31 December 2014.

Accordingly, the Board continues to adopt the going-concern basis in preparing the financial statements.

Post-reporting-date events

There have been no changes to the directors' interests in the ordinary share capital of the Company and no material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2014 and the date of this report.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of the JSE Limited

We have audited the consolidated and separate financial statements of the JSE Limited, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 63 to 114.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether owing 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 financial statements 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 financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the JSE Limited as at 31 December 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2014, we have read the *directors' report,* the *Audit Committee's report* and the *Company Secretary's certificate* for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

TMiddlemiss

Per T Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director

5 March 2015
85 Empire Road
Parktown
2193

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Group		Exchange	
		2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Revenue	7.1	**1 778 629**	1 577 552	**1 801 576**	1 594 041
Other income	7.2	**61 240**	76 587	**83 576**	90 275
Personnel expenses	8.1	**(466 786)**	(426 678)	**(462 885)**	(426 678)
Other expenses	8.2	**(669 290)**	(649 779)	**(642 335)**	(625 310)
Profit from operating activities		**703 793**	577 682	**779 932**	632 328
Finance income	8.3	**1 539 449**	992 304	**89 718**	86 648
Finance costs	8.4	**(1 412 589)**	(874 236)	**(15 576)**	(7 332)
Net finance income		**126 860**	118 068	**74 142**	79 316
Share of profit of equity-accounted investees (net of income tax)	13.2	**36 955**	39 788	**–**	–
Profit before income tax		**867 608**	735 538	**854 074**	711 644
Income tax expense	9.1	**(233 269)**	(228 910)	**(232 518)**	(228 189)
Profit for the year		**634 339**	506 628	**621 556**	483 455
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		**27 143**	49 987	**–**	–
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(6 379)**	(15 875)	**–**	–
Income tax on other comprehensive income	9.4	**–**	–	**–**	–
Other comprehensive income for the year, net of income tax		**20 764**	34 112	**–**	–
Total comprehensive income for the year		**655 103**	540 740	**621 556**	483 455
Earnings per share					
Basic earnings per share (cents)	10.1	**742.4**	592.1	**727.5**	565.0
Diluted earnings per share (cents)	10.2	**734.1**	588.6	**719.3**	561.7
Other earnings					
Headline earnings per share (cents)	10.3	**735.0**	644.6	**727.5**	636.1
Diluted headline earnings per share (cents)	10.4	**726.8**	640.8	**719.4**	632.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Assets					
Non-current assets		**969 883**	868 074	**626 420**	582 412
Property and equipment	11.3	**161 836**	162 171	**161 836**	162 171
Intangible assets	12.3/6	**283 111**	259 178	**256 273**	231 844
Investments in equity-accounted investees	13.1	**159 284**	142 169	**21 416**	21 416
Investments in subsidiaries	14.1	**–**	–	**104 352**	104 352
Other investments	15	**292 750**	248 786	**1**	1
Due from Group entity	14.3	**–**	–	**9 640**	6 858
Loan to the JSE Empowerment Fund Trust	16	**13 924**	14 022	**13 924**	14 022
Deferred taxation	23.1/3	**58 978**	41 748	**58 978**	41 748
Current assets		**28 241 085**	20 507 267	**2 210 509**	1 611 183
Trade and other receivables	17	**336 546**	216 692	**193 037**	138 769
Income tax receivable		**605**	17 108	**–**	16 365
Due from Group entities	14.4	**–**	–	**39 161**	8 798
JSE Clear Derivatives Default Fund collateral deposit	18.3	**500 000**	516 870	**100 000**	100 000
Margin deposits	18.1	**25 676 434**	18 335 464	**307 606**	75 447
Collateral deposits	18.2	**96 262**	42 181	**96 262**	42 181
Cash and cash equivalents	19	**1 631 238**	1 378 952	**1 474 443**	1 229 623
Total assets		**29 210 968**	21 375 341	**2 836 929**	2 193 595
Equity and liabilities					
Total equity	20.3	**2 473 994**	2 188 466	**1 976 389**	1 724 408
Share capital		**8 541**	8 533	**8 541**	8 533
Share premium		**63 348**	84 671	**63 348**	84 671
Reserves		**449 488**	431 075	**43 937**	44 740
Retained earnings		**1 952 617**	1 664 187	**1 860 563**	1 586 464
Non-current liabilities		**120 522**	122 127	**152 318**	163 124
Finance leases	30.2	**–**	11 352	**–**	11 352
Borrowings	21	**13 977**	19 055	**–**	–
Employee benefits	22.1	**5 761**	–	**5 761**	–
Due to Safex members	25	**1 347**	1 286	**1 347**	1 286
Deferred taxation	23.1/3	**9 077**	12 324	**8 493**	11 549
Operating lease liability	30.2	**74 358**	57 807	**74 358**	57 807
Deferred income	28	**16 002**	20 303	**62 359**	81 130
Current liabilities		**26 616 452**	19 064 748	**708 222**	306 063
Trade and other payables	24	**295 200**	214 541	**155 798**	125 603
Income tax payable		**32 377**	–	**32 377**	–
Employee benefits	22.1	**116 179**	62 534	**116 179**	62 534
Operating lease liability	30.2	**–**	28	**–**	28
Due to Group entities	14.5	**–**	–	**–**	270
JSE Clear Derivatives Default Fund collateral contribution	18.3	**400 000**	410 000	**–**	–
Margin deposits	18.1	**25 676 434**	18 335 464	**307 606**	75 447
Collateral deposits	18.2	**96 262**	42 181	**96 262**	42 181
Total equity and liabilities		**29 210 968**	21 375 341	**2 836 929**	2 193 595

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

Group	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	JSE LTIS 2010 reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2013	8 571	102 858	111 429	336 183	32 719	368 902	1 390 690	1 871 021
Profit for the year	–	–	–	–	–	–	506 628	506 628
Other comprehensive income	–	–	–	34 112	–	34 112	–	34 112
Total comprehensive income for the year	–	–	–	34 112	–	34 112	506 628	540 740
Allocation 1 – shares vested	–	11 108	11 108	–	(11 108)	(11 108)	–	–
Distribution from the BESA Guarantee Fund Trust[1]	–	–	–	(2 757)	–	(2 757)	2 757	–
Dividends paid to owners	–	–	–	–	–	–	(217 091)	(217 091)
Equity-settled share-based payment	–	–	–	–	23 129	23 129	–	23 129
Sale of treasury shares	8	5 926	5 934	–	–	–	–	5 934
Transfer of profit from Investor Protection Fund	–	–	–	18 797	–	18 797	(18 797)	–
Treasury shares	(46)	(35 117)	(35 163)	–	–	–	–	(35 163)
Treasury shares – share issue costs	–	(104)	(104)	–	–	–	–	(104)
Total contributions by and distributions to owners of the Company recognised directly in equity	(38)	(18 187)	(18 225)	16 040	12 021	28 061	(233 131)	(223 295)
Balance at 31 December 2013	**8 533**	**84 671**	**93 204**	**386 335**	**44 740**	**431 075**	**1 664 187**	**2 188 466**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**634 339**	**634 339**
Other comprehensive income	**–**	**–**	**–**	**20 764**	**–**	**20 764**	**–**	**20 764**
Total comprehensive income for the year	**–**	**–**	**–**	**20 764**	**–**	**20 764**	**634 339**	**655 103**
Allocation 1 – shares vested	**35**	**11 365**	**11 400**	**–**	**(11 400)**	**(11 400)**	**–**	**–**
Allocation 2 – shares vested	**16**	**10 442**	**10 458**	**–**	**(10 458)**	**(10 458)**	**–**	**–**
Distribution from the BESA Guarantee Fund Trust[1]	**–**	**–**	**–**	**(3 280)**	**–**	**(3 280)**	**3 280**	**–**
Dividends paid to owners	**–**	**–**	**–**	**–**	**–**	**–**	**(347 457)**	**(347 457)**
Equity-settled share-based payment	**–**	**–**	**–**	**–**	**21 055**	**21 055**	**–**	**21 055**
Reserves arising on acquisition of Strate (Pty) Limited transferred	**–**	**–**	**–**	**(10 058)**	**–**	**(10 058)**	**10 058**	**–**
Transfer of profit from Investor Protection Fund	**–**	**–**	**–**	**11 790**	**–**	**11 790**	**(11 790)**	**–**
Treasury shares	**(43)**	**(42 974)**	**(43 017)**	**–**	**–**	**–**	**–**	**(43 017)**
Treasury shares – share issue costs	**–**	**(156)**	**(156)**	**–**	**–**	**–**	**–**	**(156)**
Total contributions by and distributions to owners of the Company recognised directly in equity	**8**	**(21 323)**	**(21 315)**	**(1 548)**	**(803)**	**(2 351)**	**(345 909)**	**(369 575)**
Balance at 31 December 2014	**8 541**	**63 348**	**71 889**	**405 551**	**43 937**	**449 488**	**1 952 617**	**2 473 994**
Note	20.3	20.3		20.3	20.3		20.3	

[1] *The BESA Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R3.3m (December 2013: R2.8m) before intercompany adjustments was transferred to the JSE Limited for the defrayment of market regulatory expenditure.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2014

Exchange	Notes	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	JSE LTIS 2010 reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2013		8 571	102 858	111 429	–	32 719	32 719	1 320 100	1 464 248
Profit for the year		–	–	–	–	–	–	483 455	483 455
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	–	483 455	483 455
Allocation 1 – shares vested	22.6	–	11 108	11 108	–	(11 108)	(11 108)	–	–
Dividends paid to owners	20.4	–	–	–	–	–	–	(217 091)	(217 091)
Equity-settled share based payment	22.6	–	–	–	–	23 129	23 129	–	23 129
Sale of treasury shares		8	5 926	5 934	–	–	–	–	5 934
Treasury shares		(46)	(35 117)	(35 163)	–	–	–	–	(35 163)
Treasury shares – share issue costs		–	(104)	(104)	–	–	–	–	(104)
Total contributions by and distributions to owners of the Company recognised directly in equity		(38)	(18 187)	(18 225)	–	12 021	12 021	(217 091)	(223 295)
Balance at 31 December 2013		**8 533**	**84 671**	**93 204**	–	**44 740**	**44 740**	**1 586 464**	**1 724 408**
Profit for the year		–	–	–	–	–	–	**621 556**	**621 556**
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	–	**621 556**	**621 556**
Allocation 1 – shares vested	22.6	**35**	**11 365**	**11 400**	–	**(11 400)**	**(11 400)**	–	–
Allocation 2 – shares vested	22.6	**16**	**10 442**	**10 458**	–	**(10 458)**	**(10 458)**	–	–
Dividends paid to owners	20.4	–	–	–	–	–	–	**(347 457)**	**(347 457)**
Equity-settled share based payment	22.6	–	–	–	–	**21 055**	**21 055**	–	**21 055**
Treasury shares		**(43)**	**(42 974)**	**(43 017)**	–	–	–	–	**(43 017)**
Treasury shares – share issue costs		–	**(156)**	**(156)**	–	–	–	–	**(156)**
Total contributions by and distributions to owners of the Company recognised directly in equity		**8**	**(21 323)**	**(21 315)**	–	**(803)**	**(803)**	**(347 457)**	**(369 575)**
Balance at 31 December 2014		**8 541**	**63 348**	**71 889**	–	**43 937**	**43 937**	**1 860 563**	**1 976 389**
Note		20.3	20.3		20.3	20.3		20.3	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Cash flows from operating activities					
Cash generated by operations	26.1	**899 719**	757 971	**924 260**	790 109
Interest received		**1 477 111**	965 042	**87 088**	86 616
Interest paid		**(1 358 914)**	(850 457)	**(12 207)**	(6 969)
Dividends received		**5 001**	3 946	**–**	–
Taxation paid	26.2	**(204 866)**	(190 871)	**(204 062)**	(189 974)
Net cash generated by operating activities		**818 051**	685 631	**795 079**	679 782
Cash flows from investing activities					
Proceeds on sale of other investments		**35 284**	40 935	**–**	–
Acquisition of other investments		**(51 533)**	(24 675)	**–**	–
Contributions for JSE Clear Derivatives Default Fund		**16 870**	(516 870)	**–**	(100 000)
Dividends from equity-accounted investees		**19 779**	17 523	**19 779**	17 523
Proceeds from disposal of property and equipment		**295**	172	**295**	89
Leasehold improvements		**(6 370)**	(32)	**(6 370)**	(32)
Acquisition of intangible assets		**(65 741)**	(33 384)	**(64 692)**	(33 384)
Acquisition of property and equipment		**(59 093)**	(48 079)	**(59 093)**	(48 079)
Net cash used in investing activities		**(110 509)**	(564 410)	**(110 081)**	(163 883)
Cash flows from financing activities					
Proceeds from sale of treasury shares		**–**	5 919	**–**	5 919
Contributions (paid)/received JSE Clear Derivatives Default Fund		**(10 000)**	410 000	**–**	–
Loan repaid		**(5 078)**	(4 660)	**–**	–
Acquisition of treasury shares		**(43 173)**	(35 252)	**(43 173)**	(35 252)
Dividends paid		**(347 457)**	(217 091)	**(347 457)**	(217 091)
Net cash (used in)/from financing activities		**(405 708)**	158 916	**(390 630)**	(246 424)
Net increase in cash and cash equivalents		**301 834**	280 137	**294 368**	269 475
Cash and cash equivalents at 1 January		**1 378 952**	1 128 776	**1 229 623**	990 109
Effect of exchange rate fluctuations on cash held		**(49 548)**	(29 961)	**(49 548)**	(29 961)
Cash and cash equivalents at 31 December 2014	19	**1 631 238**	1 378 952	**1 474 443**	1 229 623

For the year ended 31 December 2014

1. Reporting entity

JSE Limited (the "JSE", the "Company" or the "Exchange") is a company domiciled in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012. The JSE has the following main lines of business: primary market services, trading, clearing and settlement services and market data sales. The address of the Company's registered office is One Exchange Square, 2 Gwen Lane, Sandown. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries and controlled Structured Entities (collectively referred to as the "Group" and individually as "Group entities") and reflect the Group's interest in associates.

When reference is made to the "Group" in the accounting policies, it should be interpreted as referring to the Company, where the context requires, unless otherwise noted.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements and the separate financial statements of the Exchange have been prepared in accordance with International Financial Reporting Standards (IFRSs), the SAICA financial reporting guides as issued by the Accounting Practice Commitee, the JSE Listings Requirements and the requirements of the Companies Act, 2008.

The consolidated financial statements and the separate financial statements were authorised for issue by the Board of Directors on 5 March 2015.

2.2 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, measured at fair value as described below:

- Available-for-sale financial assets; and
- Share based payment transactions.

The methods used to measure fair values are discussed further in note 5.

2.3 Functional and presentation currency

The consolidated and separate financial statements are presented in South African rand (which is the Company's functional currency), rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.5 and 11 – property and equipment
- Note 3.6 and 12 – intangible assets
- Note 32 – fair value estimation
- Note 22 – employee benefits
- Notes 22.5 and 22.6 – measurement of share based payments
- Note 30.1 – contingent liabilities
- Note 30.2 – lease classifications

2.5 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

3. Significant accounting policies

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group financial statements incorporate the assets, liabilities and results of the operations of JSE Clear (Pty) Limited, JSE Clear Derivatives Default Fund (Pty) Limited, the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust, JSE Trustees (Pty) Limited, BESA Guarantee Fund Trust, Nautilus MAP Holdings (Pty) Limited and Nautilus MAP Operations (Pty) Limited as subsidiary companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the separate financial statements of the Exchange, investments in subsidiaries are carried at cost less accumulated impairment losses. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

BESA Limited, BESA Investments (Pty) Limited and BondClear Limited are dormant and are in the process of deregistration.

(ii) Structured entities

The JSE Guarantee Fund Trust, the JSE Derivatives Fund Trust and the BESA Guarantee Fund Trust are trusts established in terms of the Trust Property Control Act, No. 57 of 1988. The Investor Protection Funds have been established in consonance with the statutory obligations imposed on the JSE, as licensed exchange, by the peremptory provisions of section 8(1)(h) of the Financial Markets Act, No. 19 of 2012 that state that a licensed exchange must have a guarantee, compensation fund or warranty in place to enable it to provide compensation to clients, subject to the exchange rules. The funds and assets of these trusts are segregated from the assets of the JSE but the JSE, by virtue of its role as trustee and custodian of these funds, have to consolidate the results of these funds in its Annual Financial Statements. The JSE's control as custodian and trustee of the assets of these Funds are exercised within the ambit of the JSE's powers as trustee, as defined in the trust deeds and rules of these Funds.

(iii) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost, which includes transaction costs. The Group's investment includes goodwill identified on acquisition, and is net of any accumulated impairment losses. The equity method is applied to the Group's investment in Strate (Pty) Limited. In applying the equity method, account is taken of the Group's share of the income and expenses and other comprehensive income of the equity-accounted investee from the effective date on which the enterprise became an associate until significant influence ceases. The share of the associated company's retained earnings and reserves is determined from the latest audited financial statements.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. In the separate financial statements of the Exchange, the associate is accounted for at cost less accumulated impairment losses.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to South African rand at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of non-monetary available-for-sale equity instruments, which are recognised directly in other comprehensive income.

3. Significant accounting policies (continued)

3.4 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable, a loan to the JSE Empowerment Fund Trust and other receivables, margin and collateral deposits, cash and cash equivalents, borrowings, trade payables, interest payable, amounts due to and from Group companies, amounts due to Safex members and JSE Clear Derivatives Default Fund (Pty) Limited.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the Group commits itself to purchase or sell the asset. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group classifies non-derivative financial assets into the following categories:

- Available-for-sale financial assets; and
- Loans and receivables.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Group's investments in equity and debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are carried at fair value with any resultant gain or loss being recognised directly in other comprehensive income. Impairment losses and monetary items such as debt securities and foreign exchange gains and losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established. Refer to note 15 (*Other investments*) for the financial assets classified as available-for-sale.

Loans and receivables and financial liabilities measured at amortised cost

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other non-derivative financial instruments include trade and other receivables, borrowings, a loan to the JSE Empowerment Fund Trust, JSE Clear Derivatives Default Fund (Pty) Limited contribution, trade and other payables, cash and cash equivalents, amounts due to and from Group companies, margin and collateral deposits and amounts due to Safex members.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented against share capital and share premium. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3. Significant accounting policies (continued)

3.5 Property and equipment

(i) Recognition and measurement

Items of property and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets and leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Computer hardware	3 to 10 years
• Vehicles	5 years
• Furniture and equipment	3 to 15 years
• Finance leased assets	3 years
• Leasehold improvements	15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

As such, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved technology. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of direct consulting charges and direct labour. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

3. Significant accounting policies (continued)

3.6 Intangible assets (continued)

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Trademarks	5 to 10 years
• Customer relationships	6 to 10 years
• Capitalised development costs	3 to 7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(vi) Derecognition

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognised in profit or loss when the asset is derecognised.

3.7 Leases

Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against profit or loss on a straight-line basis over the period of the lease. When the amount of lease payments does not represent the time pattern of the lessee's benefits under the lease agreement, prepaid rent or accrued liabilities for rental payments are recognised.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes, for a finance lease, that it is impracticable to separate payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.8 Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3. Significant accounting policies (continued)

3.8 Impairment (continued)

(i) Financial assets (continued)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets at amortised cost are tested for impairment on an individual basis. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the impaired financial asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. When an event occurring after the impairment was recognised causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss for debt securities and in other comprehensive income for equity securities.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of goodwill allocated to the cash generating unit, and then to reduce the carrying amounts of other assets of the cash generating unit pro rata. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders the service are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The JSE accrues for the value of leave due on the basis of the number of days owing and the relevant costs associated therewith.

3. Significant accounting policies (continued)

3.9 Employee benefits (continued)

(iii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee became unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

3.10 Revenue

Revenue comprises primary market fees, trading fees, clearing and settlement fees, market data fees, funds management and Strate ad valorem fees. Revenue is recognised in the year to which the service relates.

3.11 Other income

Other income comprises rental income, net foreign exchange gains, dividend income, profit on sale of financial assets, profit on sale of property and equipment, and other sundry income. Dividend income is recognised in profit or loss when the right to receive payment is established, which is the date the dividend is declared. Rental income is recognised on a straight-line basis over the term of the lease. Gains on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment. On derecognition of a financial asset in its entirety, the difference between: a) the carrying amount and b) the sum of consideration received and any cumulative gain or loss that has been recognised in other comprehensive income shall be recognised in profit or loss.

Distributions from structured entities

Funds from the JSE Guarantee Fund Trust approved for distribution by the Financial Services Board for the Data Centre and Disaster Recovery are recognised initially as deferred income at fair value when the funds are received and the Group will comply with the conditions associated with the distribution of the funds. These funds are then recognised in profit or loss as other income on a systematic basis over the useful lives of the related assets.

3.12 Finance income and expenses

Finance income comprises interest income from funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise finance lease charges and the interest expense on margin and collateral deposits and on the investor protection levies. Interest expense is recognised in profit or loss using the effective interest method.

3.13 Income tax expense

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future and the Group can control the timing of the reversal. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant accounting policies (continued)

3.13 Income tax expense (continued)

(i) Income tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which that can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Withholding taxes

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. The Company withholds dividend tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge, but rather as part of the dividend paid, recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount, with the related withholding tax recognised as part of tax expense, unless it is otherwise reimbursable, in which case it is recognised as an asset.

3.14 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to qualifying black shareholders and employees under the long-term incentive scheme.

3.15 Segment reporting

The Group determines and presents operating segments based on the information that is internally provided to the Executive Committee (Exco), which represents the Group's chief operating decision-maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Costs in the JSE are managed holistically across the Exchange and variances against budget are closely monitored. Information technology and other corporate overheads are not generally allocated to a particular segment.

4. New standards and interpretations not yet adopted

There are a number of forthcoming new standards and interpretations or amendments to standards and interpretations, which have been issued by the International Accounting Standards Board (IASB) prior to the publication of these financial statements, but are effective only in future accounting periods, as listed below:

IFRS 9 – Financial Instruments – effective date: 1 January 2018

The amendments affect the classification, measurement and derecognition of financial assets and financial liabilities. The amendment will be adopted by the Group for its financial reporting period ending after the date the statement comes into effect. The Group does not expect a significant impact from the adoption of this statement.

Amendments to IFRS 2 – Share Based Payment – effective date: 1 July 2014

The amendments clarify the definition of "vesting condition" by separately defining "performance condition" and "service condition". The amendment also clarifies how to distinguish between market and non-market performance conditions and the basis on which a performance condition can be differentiated from a non-vesting condition. The Group does not expect a significant impact from the adoption of this statement.

IFRS 15 Revenue from Contracts with Customers – effective date: 1 January 2017

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The Group does not expect a significant impact from the adoption of this statement.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Investments in equity and debt securities

The fair value of available-for-sale financial assets is determined by reference to the quoted bid price for equity instruments and the clean price from a quoted exchange for interest-bearing instruments, at the reporting date. In respect of unit trusts, valuations are carried out in accordance with the agreed principle that units in collective investment schemes shall be valued by reference to their middle market price where the units have a bid/offer spread, or to their most recently published net asset value (NAV). In the absence of final bid/offer prices or final net asset values, estimated figures may be relied upon. The value of any underlying fund is provided by the manager or the administrator of that fund. Should the manager be in any doubt as to the valuations, the manager will request an independent third party to review the valuations in order to confirm their fairness. The NAV per share is calculated and rounded down to four decimal places, any rounding to be retained for the benefit of the fund.

5.2 Share based payment transactions

The fair values of the shares granted to employees in terms of the LTIS 2010 incentive scheme are measured using the Black-Scholes model. Measurement inputs include the share price on measurement date, the exercise price of instrument, the expected volatility (based on weighted average historic volatility, adjusted for changes expected owing to publicly available information), the weighted average expected life of the instrument, expected dividends, and the interest rate (based on the notional amount compounded annually (NACA) rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6. Operating segments

The Group has five reportable segments, as stated below. Each business unit offers different products and services and is managed separately because each requires different technology and a different marketing strategy. Management makes decisions based on management accounting information, which reflects revenue by business unit and costs at a cost category level without specific allocation to business units.

Information about reportable segments

	Cash[1] equities R'000	Equity and currency derivatives R'000	Commodity derivatives R'000	Interest rate[2] market R'000	Market data R'000	Other[3] R'000	Total R'000
For the year ended 31 December 2014							
External revenues	**1 108 731**	**170 551**	**55 191**	**63 018**	**203 852**	**177 286**	**1 778 629**
For the year ended 31 December 2013							
External revenues	965 856	155 765	48 750	61 954	176 641	168 586	1 577 552

[1] Comprises equities trading fees, risk management, clearing and settlement fees, membership fees, primary market fees and back-office services (BDA).
[2] Includes R19.3m (2013: R16.0m) of primary market fees relating to the bond market.
[3] Comprises funds under management and Strate ad valorem fees.

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
7. Revenue and other income				
7.1 Revenue comprises:				
Back-office services (BDA)	**268 096**	237 556	**268 096**	237 556
Commodity derivatives fees	**55 191**	48 750	**55 191**	48 750
Currency derivatives fees	**23 473**	23 858	**23 473**	23 858
Equity derivatives fees	**147 078**	131 907	**147 078**	131 907
Equity market fees	**414 815**	374 283	**414 815**	374 283
Funds under management	**76 186**	68 379	**96 255**	82 450
Interest rate market fees	**43 742**	45 954	**46 620**	48 372
Primary market fees	**134 213**	109 685	**134 213**	109 685
Market data fees	**203 852**	176 641	**203 852**	176 641
Membership fees	**11 617**	11 108	**11 617**	11 108
Post-trade services	**299 265**	249 224	**299 265**	249 224
Total revenue before Strate ad valorem fees	**1 677 528**	1 477 345	**1 700 475**	1 493 834
Strate ad valorem fees	**101 101**	100 207	**101 101**	100 207
Total revenue	**1 778 629**	1 577 552	**1 801 576**	1 594 041

For the year ended 31 December 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
7. Revenue and other income (continued)					
7.2 Other income comprises:					
Recognised in profit or loss					
Investor protection funds		**12 045**	19 826	**–**	–
– Contributions to BESA Guarantee Fund Trust		**665**	4	**–**	–
– Dividend income		**5 001**	3 946	**–**	–
– Net realised gain on disposal of available-for-sale financial assets		**6 379**	15 876	**–**	–
Dividends received		**–**	–	**19 779**	17 523
Foreign exchange gain		**18 557**	19 691	**18 557**	19 691
Income recognised from deferred income (data centre and disaster recovery)		**–**	–	**14 470**	16 871
Investor Protection Levy		**22 324**	22 643	**22 324**	22 643
Rental income		**2 740**	2 259	**2 740**	2 259
Sundry income		**5 574**	12 168	**5 706**	11 288
Total other income		**61 240**	76 587	**83 576**	90 275
8. Profit before taxation comprises:					
8.1 Personnel expenses					
Remuneration paid to employees		**391 013**	351 467	**387 252**	351 467
Fixed-term contractors		**21 247**	22 031	**21 247**	22 031
Contribution to defined contribution plans		**13 958**	13 324	**13 818**	13 324
Directors' emoluments		**28 820**	24 763	**28 820**	24 763
– Executive directors	27.1	**22 272**	18 439	**22 272**	18 439
– Non-executive directors	27.3	**6 548**	6 324	**6 548**	6 324
Long-term incentive schemes		**22 070**	28 246	**22 070**	28 246
– Deferred cash bonus 2008 charge		**–**	2 867	**–**	2 867
– Deferred cash bonus 2009 charge		**1 015**	2 250	**1 015**	2 250
– JSE LTIS 2010		**21 055**	23 129	**21 055**	23 129
Total personnel expenses		**477 108**	439 831	**473 207**	439 831
Less: Capitalised to intangible assets		**(10 322)**	(13 153)	**(10 322)**	(13 153)
		466 786	426 678	**462 885**	426 678

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000

8. Profit before taxation comprises: (continued)

8.2 Other expenses

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Amortisation of intangible assets	**40 524**	40 681	**39 582**	40 001
Auditor's remuneration	**4 611**	5 492	**3 551**	4 456
– Audit fee	**4 163**	4 587	**3 103**	3 521
– Fees for other assurance services	**22**	11	**22**	11
– Fees for other services	**426**	933	**426**	924
– Prior year over accrual	**–**	(39)	**–**	–
Consulting fees	**26 407**	17 767	**26 284**	16 973
Depreciation	**58 599**	50 080	**58 599**	50 080
– Computer hardware	**37 225**	35 522	**37 225**	35 522
– Furniture and equipment	**2 426**	2 632	**2 426**	2 632
– Leased assets	**9 309**	2 704	**9 309**	2 704
– Leasehold improvements	**9 631**	9 187	**9 631**	9 187
– Vehicles	**8**	35	**8**	35
Impairment of intangible assets	**–**	48 138	**–**	48 138
Impairment of other receivables	**–**	248	**–**	248
Impairment of trade receivables	**431**	356	**431**	356
Investor Protection Levy expense	**22 324**	22 643	**22 324**	22 643
Operating lease charges	**61 608**	56 690	**61 608**	56 690
– Building	**61 608**	50 938	**61 608**	50 938
– Equipment	**–**	5 752	**–**	5 752
Strate ad valorem fees	**110 857**	110 123	**110 857**	110 123
Other expenses	**141 842**	126 879	**118 055**	105 415
Technology costs	**202 087**	170 682	**201 044**	170 187
	669 290	649 779	**642 335**	625 310

8.3 Finance income

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Investor Protection Funds	**7 455**	7 004	**–**	–
Finance income earned on collateral deposits	**4 435**	2 045	**4 435**	2 045
Finance income earned on margin deposits	**1 426 654**	882 932	**13 840**	6 326
– Derivatives	**1 412 813**	876 606	**–**	–
– Equities	**13 841**	6 326	**13 840**	6 326
Finance income earned on all funds excluding collateral and margin deposits	**100 905**	100 323	**71 443**	78 277
	1 539 449	992 304	**89 718**	86 648

8.4 Finance costs

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Finance costs on all funds excluding collateral and margin deposits	**31 349**	24 618	**1 510**	1 551
Finance costs on collateral deposits	**407**	100	**407**	100
Finance costs on margin deposits	**1 380 833**	849 518	**13 659**	5 681
– Derivatives	**1 367 174**	843 837	**–**	–
– Equities	**13 659**	5 681	**13 659**	5 681
	1 412 589	874 236	**15 576**	7 332

For the year ended 31 December 2014

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
9. Income tax expenses				
9.1 Taxation				
– Current tax expense				
– Current year	**253 746**	199 067	**252 805**	198 155
– Overprovision in respect of prior year	**–**	(8 730)	**–**	(8 730)
– Deferred tax asset				
– Reversal of deductible temporary differences	**(17 486)**	31 195	**(17 486)**	31 195
– Deferred tax liability				
– Origination of taxable temporary differences	**(2 991)**	7 378	**(2 801)**	7 569
	233 269	228 910	**232 518**	228 189
9.2 Reconciliation of effective tax rate	**%**	%	**%**	%
Current tax rate	**28**	28	**28**	28
Adjusted for:				
– Non-taxable income	**–**	(2.06)	**(0.02)**	(2.06)
– Adjustment for prior periods	**0.16**	(1.23)	**0.01**	(1.23)
– Non-deductible expenses	**0.02**	7.35	**0.02**	7.35
– Share of profit of equity-accounted investees	**(1.00)**	(0.94)	**–**	–
	27	31	**28**	32

9.3 The Group's consolidated effective tax rate for the year ended 31 December 2014 was 27% (2013: 31%). The reason for the higher 2013 effective tax rate is the impairment of R48m, referred to in note 12.7 below, which was not deducted for tax purposes.

We are currently investigating the tax treatment of software development costs, which may impact the taxation charge in future.

9.4 The following tax rates are applicable to the various entities in the Group:

JSE Limited	28% (2013: 28%)
JSE Clear (Pty) Limited	28% (2013: 28%)
Strate (Pty) Limited	28% (2013: 28%)
Nautilus MAP Holdings (Pty) Limited	28% (2013: 28%)
Nautilus MAP Operations (Pty) Limited	28% (2013: 28%)
JSE Trustees (Pty) Limited	28% (2013: 28%)
JSE Derivatives Fidelity Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
JSE Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
BESA Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
JSE Clear Derivatives Default Fund (Pty) Limited	28% (2013: 28%)

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

10. Earnings and headline earnings per share

10.1 Basic earnings per share

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Profit for the year attributable to ordinary shareholders	**634 339**	506 628	**621 556**	483 455
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**86 877 600**	86 877 600	**86 877 600**	86 877 600
Effect of own shares held (JSE LTIS 2010)	**(1 435 563)**	(1 315 623)	**(1 435 563)**	(1 315 623)
Weighted average number of ordinary shares at 31 December	**85 442 037**	85 561 977	**85 442 037**	85 561 977
Basic earnings per share (cents)	**742.4**	592.1	**727.5**	565.0

10.2 Diluted earnings per share

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Profit for the year attributable to ordinary shareholders	**634 339**	506 628	**621 556**	483 455
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 442 037**	85 561 977	**85 442 037**	85 561 977
Effect of LTIS Share Scheme	**965 962**	514 487	**965 962**	514 487
Weighted average number of ordinary shares (diluted)	**86 407 999**	86 076 464	**86 407 999**	86 076 464
Diluted earnings per share (cents)	**734.1**	588.6	**719.3**	561.7

The average market value of the Exchange's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.

10.3 Headline earnings per share

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Reconciliation of headline earnings:				
Profit for the year attributable to ordinary shareholders	**634 339**	506 628	**621 556**	483 455
Adjustments are made to the following:				
Profit or loss on disposal of property and equipment	**37**	27	**37**	27
– Gross amount	**51**	38	**51**	38
– Taxation effect	**(14)**	(11)	**(14)**	(11)
Impairment of intangible assets	**–**	60 795	**–**	60 795
– Gross amount	**–**	48 138	**–**	48 138
– Taxation effect	**–**	12 657	**–**	12 657
Net realised gain on disposal of available-for-sale financial assets (no taxation effect)	**(6 379)**	(15 875)	**–**	–
Headline earnings	**627 997**	551 575	**621 593**	544 277
Headline earnings per share (cents)	**735.0**	644.6	**727.5**	636.1

10.4 Diluted headline earnings per share

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Diluted headline earnings per share (cents)	**726.8**	640.8	**719.4**	632.3

For the year ended 31 December 2014

	Notes	Computer hardware R'000	Furniture and equipment R'000	Leasehold improvements R'000	Vehicles R'000	Total owned assets R'000	Finance lease assets R'000	Total assets R'000
11. Property and equipment								
11.1 Cost								
Group and Exchange								
2014								
Balance at 1 January 2014		**212 070**	**41 206**	**114 098**	**202**	**367 576**	**40 332**	**407 908**
Additions		**18 339**	**2 448**	**6 370**	**–**	**27 157**	**–**	**27 157**
Transfer from development		**38 307**	**–**	**–**	**–**	**38 307**	**–**	**38 307**
Disposals		**(8 839)**	**(2 236)**	**–**	**–**	**(11 075)**	**(2 185)**	**(13 260)**
Balance at 31 December 2014		**259 877**	**41 418**	**120 468**	**202**	**421 965**	**38 147**	**460 112**
Group and Exchange								
2013								
Balance at 1 January 2013		195 627	40 311	114 066	202	350 206	9 672	359 878
Additions		16 524	895	32	–	17 451	30 660	48 111
Disposals		(81)	–	–	–	(81)	–	(81)
Balance at 31 December 2013		212 070	41 206	114 098	202	367 576	40 332	407 908
11.2 Accumulated depreciation								
Group and Exchange								
2014								
Balance at 1 January 2014		**144 082**	**30 604**	**58 646**	**179**	**233 511**	**12 226**	**245 737**
Depreciation charge for the year	8.2	**37 225**	**2 426**	**9 631**	**8**	**49 290**	**9 309**	**58 599**
Disposals		**(4 124)**	**(1 936)**	**–**	**–**	**(6 060)**	**–**	**(6 060)**
Balance at 31 December 2014		**177 183**	**31 094**	**68 277**	**187**	**276 741**	**21 535**	**298 276**
Group and Exchange								
2013								
Balance at 1 January 2013		108 617	27 972	49 459	144	186 192	9 522	195 714
Depreciation charge for the year	8.2	35 522	2 632	9 187	35	47 376	2 704	50 080
Disposals		(57)	–	–	–	(57)	–	(57)
Balance at 31 December 2013		144 082	30 604	58 646	179	233 511	12 226	245 737
11.3 Carrying amounts								
Group and Exchange								
2014								
At 31 December 2013		67 988	10 602	55 452	23	134 065	28 106	162 171
At 31 December 2014		**82 694**	**10 324**	**52 191**	**15**	**145 224**	**16 612**	**161 836**
Group and Exchange								
2013								
At 31 December 2012		87 010	12 339	64 607	58	164 014	150	164 164
At 31 December 2013		67 988	10 602	55 452	23	134 065	28 106	162 171

	Notes	Goodwill R'000	Customer relations R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12. Intangible assets							
12.1 Cost							
Group							
2014							
Balance at 1 January 2014		**107 709**	**4 078**	**2 217**	**322 456**	**442 337**	**878 797**
Additions		**–**	**–**	**–**	**7 033**	**97 015**	**104 048**
Transfer to computer software		**–**	**–**	**–**	**63 746**	**(63 746)**	**–**
Transfer to computer hardware		**–**	**–**	**–**	**–**	**(38 307)**	**(38 307)**
Disposals		**–**	**–**	**–**	**(1 126)**	**(158)**	**(1 284)**
Balance at 31 December 2014		**107 709**	**4 078**	**2 217**	**392 109**	**437 141**	**943 254**
Group							
2013							
Balance at 1 January 2013		107 709	4 078	2 217	290 037	441 797	845 838
Additions		–	–	–	2 186	31 198	33 384
Transfer to computer software		–	–	–	30 658	(30 658)	–
Disposals		–	–	–	(425)	–	(425)
Balance at 31 December 2013		107 709	4 078	2 217	322 456	442 337	878 797
12.2 Accumulated amortisation and impairment losses							
Group							
2014							
Balance at 1 January 2014		**158**	**1 700**	**1 570**	**215 994**	**400 197**	**619 619**
Amortisation for the year	8.2	**–**	**680**	**183**	**39 661**	**–**	**40 524**
Balance at 31 December 2014		**158**	**2 380**	**1 753**	**255 655**	**400 197**	**660 143**
Group							
2013							
Balance at 1 January 2013		158	1 020	1 204	176 607	352 059	531 048
Amortisation for the year	8.2	–	680	366	39 635	–	40 681
Impairment loss		–	–	–	–	48 138	48 138
Disposals		–	–	–	(248)	–	(248)
Balance at 31 December 2013		158	1 700	1 570	215 994	400 197	619 619
12.3 Carrying amounts							
Group							
2014							
At 31 December 2013		107 551	2 378	647	106 462	42 140	259 178
At 31 December 2014		**107 551**	**1 698**	**464**	**136 454**	**36 944**	**283 111**
Group							
2013							
At 31 December 2012		107 551	3 058	1 013	113 430	89 738	314 790
At 31 December 2013		107 551	2 378	647	106 462	42 140	259 178

12. Intangible assets (continued)

	Notes	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12.4 Cost						
Exchange						
2014						
Balance at 1 January 2014		**82 987**	**1 829**	**300 943**	**442 340**	**828 099**
Additions		**–**	**–**	**5 984**	**97 015**	**102 999**
Transfer to computer software		**–**	**–**	**66 386**	**(66 386)**	**–**
Transfer to computer equipment		**–**	**–**	**–**	**(38 307)**	**(38 307)**
Disposals		**–**	**–**	**(1 048)**	**(158)**	**(1 206)**
Balance at 31 December 2014		**82 987**	**1 829**	**372 265**	**434 504**	**891 585**
Exchange						
2013						
Balance at 1 January 2013		82 987	1 829	268 524	441 800	795 140
Additions		–	–	2 186	31 198	33 384
Transfer to computer software		–	–	30 658	(30 658)	–
Disposals		–	–	(425)	–	(425)
Balance at 31 December 2013		82 987	1 829	300 943	442 340	828 099
12.5 Accumulated amortisation and impairment losses						
Exchange						
2014						
Balance at 1 January 2014		**–**	**1 650**	**194 408**	**400 197**	**596 255**
Amortisation for the year	8.2	**–**	**179**	**39 403**	**–**	**39 582**
Disposals		**–**	**–**	**(525)**	**–**	**(525)**
Balance at 31 December 2014		**–**	**1 829**	**233 286**	**400 197**	**635 312**
Exchange						
2013						
Balance at 1 January 2013		–	1 284	155 095	352 059	508 438
Amortisation for the year	8.2	–	366	39 635	–	40 001
Impairment loss	12.8	–	–	–	48 138	48 138
Disposals		–	–	(322)	–	(322)
Balance at 31 December 2013		–	1 650	194 408	400 197	596 255
12.6 Carrying amounts						
Exchange						
2014						
At 31 December 2013		82 987	179	106 535	42 143	231 844
At 31 December 2014		**82 987**	**–**	**138 979**	**34 307**	**256 273**
Exchange						
2013						
At 31 December 2012		82 987	545	113 429	89 741	286 702
At 31 December 2013		82 987	179	106 535	42 143	231 844

12. Intangible assets (continued)

12.7 Impairment loss

Software under development

The impairment loss of R48m in the 2013 financial year relates to the carrying value of the surveillance components of SRP. The functionality of this component was re-assessed in light of the new integrated trading and clearing project. This software component is no longer compatible with the new architecture and therefore the decision to impair.

12.8 Impairment testing for cash-generating units containing goodwill

A cash-generating unit, (CGU), is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represent the lowest level in the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 6.

(i) Goodwill on the acquisition of BESA Limited

All BESA functions are integrated into the JSE. However, as the cash inflows generated have not changed, the Interest Rate Market, previously defined as a CGU, is still defined as such. All other functions relating to the Interest Rate Market (e.g. cash management and creditors) are managed holistically across the JSE, with practical difficulties in allocating the assets and liabilities related to these integrated functions on a reasonable and consistent basis to the BESA CGU. For example, the portion of the JSE's overall cash balance attributable to the Interest Rate Market cannot be identified without undue effort. Other assets and liabilities relating to the running of the Interest Rate Market have also been integrated with the JSE. The integration has resulted in effective synergies and therefore using the costs attributable to BESA in the prior periods as an allocation method is unlikely to be an accurate reflection of the corporate costs associated with the Interest Rate Market in the current period.

A second impairment test was performed. This test was performed at the next highest group of CGUs to which the corporate assets could be allocated on a reasonable and consistent basis. As the JSE monitors corporate assets and expenses holistically, the second impairment test was performed at a JSE level. An impairment was not recognised at this level as the market capitalisation significantly exceeded the net asset value.

(ii) Goodwill on the acquisition of the business of Nautilus MAP Operations (Pty) Limited

On 1 July 2011, a newly created company of the Group, Nautilus MAP Operations (Pty) Limited, acquired the business that administers the hedge fund platform of Momentum Managed Account Platform (Pty) Limited (MOMMAP), as a going concern. For the purposes of impairment testing the business of Nautilus MAP Operations (Pty) Limited was defined as the cash-generating unit. The recoverability of this cash-generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount. An impairment loss was therefore not recognised.

Key assumptions used in the calculation of the recoverable amount were the discount rates (a weighted average cost of capital of 2014: 14.25% (2013: 18.7%), terminal growth rate of 5.0% (2013: 5.0%) and management's estimates of future cash flows. Five years of future cash flows have been included in the discounted cash flow model.

This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of a listed entity that has a single asset (or a portfolio of assets) similar in terms of service potential and risks to the asset under review.

The values assigned to the key assumptions represent management's assessment of future trends for the business, which were based on both external and internal sources (forecasts and budgets).

For the year ended 31 December 2014

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
13. Investments in equity-accounted investees				
13.1 Carrying amount				
Strate (Pty) Limited				
– Carrying amount at beginning of year	**142 109**	119 844	**21 416**	21 416
– Dividends received	**(19 779)**	(17 523)	**–**	–
– Share of profit	**36 955**	39 788	**–**	–
– Carrying amount at end of year	**159 284**	142 109	**21 416**	21 416
Indexco Managers (Pty) Limited				
– Carrying amount at beginning of year	**–**	60	**–**	*
– Share of profit	**–**	–	**–**	–
– Carrying amount at end of year	**–**	60	**–**	*
Total investments in equity-accounted investees	**159 284**	142 169	**21 416**	21 416

Less than R1 000

	Strate (Pty) Limited 2014 R'000	Strate (Pty) Limited 2013 R'000
13.2 Group share of post acquisition profit		
Share of opening accumulated profit	**235 584**	195 796
Share of profit after tax	**36 955**	39 788
Share of closing accumulated profit	**272 539**	235 584
13.3 Summarised financial statements at 31 December		
Non-current assets	**208 449**	115 409
Current assets	**282 488**	271 598
Total assets	**490 937**	387 007
Equity	**376 846**	338 849
Non-current liabilities	**8 652**	13 844
Current liabilities	**105 439**	34 314
Total equity and liabilities	**490 937**	387 007
Revenue	**347 411**	332 579
Other income including finance income	**12 649**	17 257
Expenses	**(244 542)**	(225 037)
Taxation	**(32 473)**	(35 387)
Profit for the year	**83 045**	89 412

	Effective holding 2014 %	Effective holding 2013 %	Number of shares held 2014	Number of shares held 2013
13.4 Unlisted associated companies				
Group and Exchange				
Strate (Pty) Limited*	**45**	45	**4 346**	4 346
Indexco Managers (Pty) Limited	**–**	33	**–**	50

**Strate (Pty) Limited is the authorised Central Securities Depositary (CSD) for the electronic settlement of all financial instruments and is incorporated in South Africa.*

	Issued share capital/ trust capital	Percentage holding 2014 %	Percentage holding 2013 %	Carrying value of shares held 2014 R'000	Carrying value of shares held 2013 R'000
14. Subsidiaries – Exchange					
14.1 Investments in subsidiaries					
14.1.1 JSE Clear (Pty) Limited[1]					
– Ordinary shares of 12.5 cents each	**8 300**	**100**	100	**3 201**	3 201
14.1.2 JSE Clear Derivatives Default Fund (Pty) Limited[2]					
– Ordinary shares of R1 each	**1**	**100**	100	*****	–
14.1.3 JSE Trustees (Pty) Limited					
– Ordinary shares of R1 each	**7**	**100**	100	*****	*
The Group elected directors to hold shares in their capacity as nominees for the Exchange. The Exchange has control over the operating and decision-making activities of JSE Trustees (Pty) Limited.					
14.1.4 Nautilus MAP Holdings (Pty) Limited					
– 1 ordinary share of R1 each	**1**	**100**	100	*****	*
Nautilus MAP Holdings (Pty) Limited holds 100% of the ordinary shares in Nautilus MAP Operations (Pty) Limited.					
14.1.5 JSE LTIS 2010 Trust					
– Trust capital	**1 000**	**100**	100	**1**	1
14.1.6 BESA Limited					
– Ordinary shares of 12.5 cents each	**1 925**	**100**	100	**101 150**	101 150
BESA Limited holds 100% of the ordinary shares in BESA Investments (Pty) Limited and 80% of the ordinary shares of BondClear Limited. The remaining 20% of the ordinary share capital in BondClear Limited is held by the JSE. All three entities are in the process of being deregistered.					
Total				**104 352**	104 352

14.1.7 Investor protection funds

In terms of section 9.1(e) of the Financial Markets Act, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients in certain circumstances. In compliance with this requirement, the JSE has guarantee funds (The JSE Guarantee Fund Trust and The BESA Guarantee Fund Trust) that cover the Equities and Interest Rate Markets respectively, and a fidelity fund (The JSE Derivatives Fidelity Fund Trust) that covers the derivatives markets. The three funds are housed in formalised trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees. As a result of the control exercised over these funds, we are required to consolidate them.

** Less than R1 000.*

[1] JSE Clear (Pty) Limited operates as the JSE's appointed clearing house in terms of the Financial Markets Act, 2012. In order to achieve recognition as a qualifying central counterparty (QCCP) under the CPSS-IOSCO provisions, clearing houses are required to establish a default fund for mutualising losses in the event of a clearing member default. JSE Clear (Pty) Limited has established such a default fund, and has been recognised by the Financial Services Board (FSB) as a QCCP with effect from January 2013.

[2] JSE Clear Derivatives Default Fund (Pty) Limited is incorporated as a private for profit company wholly owned by JSE Limited with a limited purpose of holding these funds.

For the year ended 31 December 2014

14. Subsidiaries – Exchange (continued)

14.2. Involvement with unconsolidated structured entities

The table below describes the structured entities that the Group does not consolidate but in which it holds an interest.

Name of structured entity	Nature and purpose	Interest held by the Group
The JSE Benevolent Fund	The purpose of the fund is to provide financial assistance and poverty relief for specific persons in distress, namely: stockbrokers and employees of authorised members of the JSE, as well as all full-time employees of the JSE prior to 8 November 1995 and their dependants. The assets of the fund are applied by the Board according to the applicable rules and their discretion.	The provision of administrative services. This is a fund and JSE does not have any investments in this fund. This is a structured fund for which the JSE provides administrative services. JSE does not earn any revenue in return for the provision of these services and the JSE does not provide financial support to this unconsolidated fund.
The JSE Empowerment Fund Trust	The purpose of the fund is to provide, "education and development" as contemplated in paragraph 3 of Part II of the Ninth Schedule of the Income Tax Act No 58 of 1962 by way of bursaries or financial assistance.	The provision of administrative services. This is a fund and JSE does not have any investments in this fund. This is a structured fund for which the JSE provides administrative services. JSE does not earn any revenue in return for the provision of these services to this unconsolidated fund.
Nautilus MAP (Pty) Limited	The purpose of the company is to allow investors to invest into alternative assets where the operational risks are mitigated.	The provision of administrative services. The JSE holds 100% of the issued share capital at a cost of R1. The JSE does not provide financial support to this unconsolidated entity. The JSE does not earn any revenue directly through this entity.

	2014 R'000	2013 R'000
14.3 Due from Group entity		
Nautilus MAP Operations (Pty) Limited	**9 640**	6 858
Total non-current asset	**9 640**	6 858
Amounts due from Group entity is unsecure, interest free and of a long term nature.		
14.4 Due from Group entities		
JSE Clear (Pty) Limited	**32 455**	2 477
JSE Clear Derivatives Default Fund (Pty) Limited	**–**	820
JSE Trustees (Pty) Limited	**6 360**	5 169
BESA Guarantee Fund Trust	**306**	273
BESA Investments (Pty) Limited	**–**	55
BondClear Limited	**–**	4
JSE Derivatives Fidelity Fund Trust	**40**	–
Total current asset	**39 161**	8 798
All entities are incorporated in the Republic of South Africa.		
Amounts due from Group entities consist mainly of management fees payable to the Exchange. These fees are invoiced monthly by the Exchange and are payable within 30 days from invoice date.		
14.5 Due to Group entities		
BESA Limited	**–**	270

BESA Limited is incorporated in the Republic of South Africa. The entity is in the process of being deregistered.

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
15. Other investments				
15.1 Investor protection funds available-for-sale financial assets				
15.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds	**13 113**	7 696	**–**	–
Listed equities	**98 275**	82 800	**–**	–
Foreign unit trusts	**37 553**	32 329	**–**	–
	148 941	122 825	**–**	–
15.1.2 JSE Guarantee Fund Trust				
Bonds	**12 184**	9 035	**–**	–
Listed equities	**88 610**	80 077	**–**	–
Foreign unit trusts	**38 648**	33 272	**–**	–
Local unit trusts	**4 366**	3 576	**–**	–
	143 808	125 960	**–**	–
Total	**292 749**	248 785	**–**	–
15.2 Other				
Stock Exchange Nominees (Pty) Ltd[1]	**1**	1	**1**	1
Total other investments	**292 750**	248 786	**1**	1

[1] *Fair value is assumed to approximate cost.*

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
16. Loan to the JSE Empowerment Fund Trust	**13 924**	14 022	**13 924**	14 022

In accordance with the JSE's holistic transformation strategy, a loan to facilitate enterprise development was granted to the JSE Empowerment Fund Trust. The intention of this loan is to assist the sustainability of the financial and operational independence of the fund. The loan is interest free. The JSE has the option to terminate the agreement with the fund on one month's written notice, charging interest at JIBAR on any outstanding amounts.

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
17. Trade and other receivables				
17.1 Trade and other receivables				
Interest receivable	**136 350**	74 012	**4 696**	2 066
Other receivables	**21 272**	8 575	**13 786**	7 931
Prepaid expenses	**22 356**	23 564	**19 685**	20 503
Trade receivables	**156 568**	110 541	**154 870**	108 269
	336 546	216 692	**193 037**	138 769

17. Trade and other receivables (continued)

The age analysis of trade receivables is as follows:

	Group		Exchange	
	Gross R'000	Allowance for impairment losses R'000	Gross R'000	Allowance for impairment losses R'000
At 31 December 2014:				
Fully performing: 0-30 days	**142 629**	**–**	**141 202**	**–**
Past due: 31-90 days	**12 489**	**–**	**12 438**	**–**
Past due: More than 90 days	**2 250**	**800**	**2 030**	**800**
Total	**157 368**	**800**	**155 670**	**800**
At 31 December 2013:				
Fully performing: 0-30 days	104 419	–	102 147	–
Past due: 31-90 days	1 759	–	1 759	–
Past due: More than 90 days	4 952	589	4 952	589
Total	111 130	589	108 858	589

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
At 1 January	**589**	946	**589**	946
Increase in allowance for impairment	**452**	356	**452**	356
Receivables written off during the year as uncollectable	**(241)**	(714)	**(241)**	(714)
At 31 December	**800**	589	**800**	589

All trade receivables are both individually and collectively assessed for impairment, taking into consideration the client's payment record and the industry in which the entity operates. An impairment is raised in respect of trade receivables where there are liquidity concerns about the debt and a potential default in payment.

Based on historic default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables as the amounts relate to clients that have a good payment record with the Group and there has been no objective evidence to the contrary.

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

18. Margin and collateral deposits

Margin and collateral deposits received are managed and invested on behalf of members in terms of the JSE's rules. These funds have been placed with F1/A1 and F1+/A1+ rated banks. A corresponding liability has been raised (which is due to market participants) against these margin and collateral deposits, as the JSE only manages these assets to facilitate clearing of the equity and derivative markets.

18.1 Margin deposits

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Derivatives funds held by JSE Clear (Pty) Limited	**25 368 828**	18 260 017	**–**	–
Equities	**307 606**	75 447	**307 606**	75 447
	25 676 434	18 335 464	**307 606**	75 447
18.2 Collateral deposits	**96 262**	42 181	**96 262**	42 181

The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement of equity trades in the Strate environment. At year-end, interest-bearing collateral deposits of R96.3m (2013: R42.2m) have been lodged as security against securities lending transactions with a market value of R84.1m (2013: R38.2m).

18.3 JSE Clear Derivatives Default Fund (Pty) Limited

JSE Clear Derivatives Default Fund (Pty) Limited has established a default fund for neutralising losses in the event of clearing member default.

The initial collateral deposits required from clearing members are managed and invested in terms of the JSE Rules. The Exchange contribution of the fund is R100m (2013: R100m).

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Call deposits	**500 000**	516 870	**100 000**	100 000
JSE Clear Derivatives Default Fund (Pty) Limited members' contributions	**400 000**	410 000	**–**	–

19. Cash and cash equivalents

Cash and cash equivalents comprises:

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Bank balances	**1 078 464**	886 188	**940 233**	858 585
Call deposits	**552 774**	492 764	**534 210**	371 038
	1 631 238	1 378 952	**1 474 443**	1 229 623

20. Share capital and reserves

20.1 Authorised share capital

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
400 000 000 ordinary shares with a par value of 10 cents per share	**40 000**	40 000	**40 000**	40 000

20.2 Issued share capital

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Balance at 1 January	**8 533**	8 571	**8 533**	8 571
Ordinary shares issued	**51**	–	**51**	–
Acquisition of treasury shares	**(43)**	(46)	**(43)**	(46)
Sale of treasury shares	**–**	8	**–**	8
Balance at 31 December	**8 541**	8 533	**8 541**	8 533

For the year ended 31 December 2014

20. Share capital and reserves (continued)

20.3 Share capital and reserves

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Share capital	**8 541**	8 533	**8 541**	8 533
Share premium	**63 348**	84 671	**63 348**	84 671
Non-distributable reserves made up as follows:	**405 551**	386 335	**–**	–
Strate (Pty) Limited[1]	**–**	10 058	**–**	–
Investor protection funds	**405 551**	376 277	**–**	–
Fair value reserve[2]	**135 933**	115 168	**–**	–
– JSE Derivatives Fidelity Fund Trust	**63 718**	52 227	**–**	–
– JSE Guarantee Fund Trust	**72 215**	62 941	**–**	–
Capital and accumulated funds[3]	**269 618**	261 109	**–**	–
– BESA Guarantee Fund Trust	**105 262**	103 023	**–**	–
– JSE Derivatives Fidelity Fund Trust	**89 094**	84 428	**–**	–
– JSE Guarantee Fund Trust	**75 262**	73 658	**–**	–
JSE LTIS 2010 reserve[4]	**43 937**	44 740	**43 937**	44 740
Retained earnings	**1 952 617**	1 664 187	**1 860 563**	1 586 464
Total	**2 473 994**	2 188 466	**1 976 389**	1 724 408

[1] Arose as a result of change in ownership in Strate (Pty) Limited in 2004.

[2] This reserve comprises fair value adjustments in respect of available-for-sale financial assets.

[3] These funds were established for the purpose of investor protection in the event of a member defaulting in the Equity, Equity Derivatives and Bond Markets.

[4] This reserve relates to the portion of the LTIS 2010 Long-Term Incentive Scheme that has been expensed to date.

20.4 Dividends declared and paid

	Exchange 2014 R'000	Exchange 2013 R'000
Ordinary dividend of 350 cents (2013: 250 cents) per share	**304 071**	217 193
Special dividend of 50 cents (2013: nil) per share	**43 439**	–
Ordinary dividend of 350 cents (2013: 250 cents) on unallocated treasury shares	**(53)**	(102)
	347 457	217 091

21. Borrowings

	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Loan from FirstRand Alternative Investment Management (Pty) Limited	**13 977**	19 055	**–**	–

The purchase consideration for the acquisition of Nautilus MAP was funded via a loan from FirstRand Alternative Investment Management (Pty) Limited. The loan is denominated in South African rands. It is repayable in monthly instalments and bears interest in accordance with the 12-month Short-Term Fixed Interest Index, (STEFI) compounded monthly in arrears. Monthly instalments are calculated in accordance with an agreed-upon formula and will terminate as soon as the cumulative amount of the loan, excluding interest, has been repaid.

	Notes	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000

22. Employee benefits

22.1 Group and Exchange

	Notes	Group 2014 R'000	Group 2013 R'000	Exchange 2014 R'000	Exchange 2013 R'000
Non-current liabilities		**5 761**	–	**5 761**	–
Cash-settled liability	22.5	**5 761**	–	**5 761**	–
Current liabilities		**116 179**	62 534	**116 179**	62 534
Contractual bonus (deferred portion only)	22.2	**27 230**	25 769	**27 230**	25 769
Leave pay accrual		**19 323**	18 378	**19 323**	18 378
Cash-settled liability (Cash LTIS 2008 and 2009)	22.5	**6 226**	18 387	**6 226**	18 387
Discretionary bonus		**63 400**	–	**63 400**	–

22.2 Contractual bonus (includes deferral)

The contractual bonus scheme is an annual incentive for qualifying employees. Specialists and staff from junior management level upwards (excluding the CEO) are eligible to participate in this scheme. Awards are assessed on individual performance, with a maximum award at executive management level equal to 3.74 months' guaranteed pay. Contractual bonuses are awarded in December each year, with 50% of these awards being subject to a six-month deferral based on continued employment. The deferred portion attracts interest at 5% per annum. No performance claw-back provisions apply to these awards.

The CEO does not qualify for awards under the scheme, but is eligible for an annual bonus up to a maximum of her annual guaranteed cost-to-company package (with 50% being deferred for six months, and the deferred portion attracting interest at 5% per annum).

For the year under review, contractual bonuses awarded under this scheme amounted to R49.5m (2013: R49.8m) of which R7.5m (2013: R7.1m) was awarded to executive management (all amounts inclusive of interest). In total 50% of these awards are deferred for six months.

The CEO's contractual bonus totalled R3.7m (2013: R3.5m) this being an amount equal to 100% of her annual guaranteed package, with half of this award deferred for six months (this amount being inclusive of interest).

22.3 Discretionary bonus retained

The discretionary bonus scheme is an annual incentive for qualifying employees. All permanent staff members are eligible to participate in this scheme. Awards are assessed on individual performance and the achievement of specific corporate deliverables as set out in the annual corporate scorecard approved by the Board. Historically, the maximum award at executive director level has been nine months' guaranteed pay. Special bonuses related to 2014 performance was paid in February 2015. Previously, these were paid in December of the year under review.

The total discretionary bonus pool for 2014 amounted to R63.4m (2013: R47.9m), of which R18.6m (2013: R17.7m) was paid to executive management (including the CEO).

22.4 Retirement benefits

The JSE provides a retirement benefits for employees through the JSE Pension Scheme, which is a defined contribution retirement scheme.

22.5 Cash-settled liability (Cash LTIS 2008 and 2009)

For the 2008 and 2009 financial years, the Board implemented a cash-only long-term retention scheme (Cash LTIS 2008 and 2009) as an alternative to a traditional long-term incentive. This retention scheme, which is now closed, was applicable to selected senior employees of the JSE.

Cash LTIS 2008 vested in three annual tranches – 50% at 31 December 2011, 25% at 31 December 2012 and 25% at 31 December 2013. Cash LTIS 2009 also vests in three tranches – 50% at 31 December 2012, 25% at 31 December 2013 and 25% at 31 December 2014.

The unvested portions of both Cash LTIS schemes attract interest at the commercial rate earned by the JSE Trustees on funds under management. No performance hurdles or claw-back provisions are applicable to either Cash LTIS scheme.

In order to calculate the net present value impact to profit or loss of all unvested tranches under the Cash LTIS schemes, the unvested portions have been discounted on an annual basis at the average cost of capital. The net present value and interest movement in both schemes resulted in a charge to profit and loss of R1.0m (2013: R5.1m).

	Cash LTIS 2009 R'000
Total cash value of grant approved by Board	34 200
Portion of grant awarded to Executive Committee members	20 631

22. Employee benefits (continued)

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010)

The Long-Term Incentive Scheme was approved by shareholders at the annual general meeting in April 2010. This new scheme (LTIS 2010) took the place of the JSE's legacy long-term schemes.

Scheme objective and design

The main objective of LTIS 2010 is to retain and incentivise selected senior employees of the JSE over rolling three- and four-year time horizons. To this end, LTIS 2010 comprises a personal component and a corporate performance component, with the objectives, qualifying criteria and potential rewards applicable to each component being clearly distinguished. In particular, the corporate performance component is intended to align the interests of scheme participants with the interests of JSE shareholders.

LTIS 2010 is a full-value, restricted share scheme that provides scheme participants with exposure to JSE shares, these shares having been acquired on an annual basis in the open market by a trust established by the JSE. A scheme participant gets immediate beneficial ownership of the JSE shares from the date of the award, although this beneficial ownership is subject to restrictions, being the participant's continued employment and the JSE achieving certain Group-level performance conditions over the vesting period. Shares awarded under LTIS 2010 are forfeited if either the employment requirement or performance conditions are not achieved.

Allocation #1 under LTIS 2010

The first award ("Allocation 1") under LTIS 2010 was granted in May 2010, with the following vesting profile:

Tranche 1: 50% of the total award, which vested on 1 May 2013,

Tranche 2: 50% of the total award, which vested on 1 May 2014 (during the period under review)

The vesting of Tranche 1 was completed in 2013.

Tranche 2 – fully vested

All available Tranche 2 retention shares (130 150 shares) vested for those participants still in the employ of the JSE on 1 May 2014.

In respect of Tranche 2 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 93% (2013: 54%) of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 May 2014. The remainder of the Tranche 2 corporate performance shares (being 4 219 shares) was forfeited by participants.

As at 31 December 2014, details of Tranche 2 were as follows:

	Retention shares	Corporate performance shares	Total shares
Original number of Tranche 2 shares awarded in May 2010	163 700	77 750	241 450
Forfeited by leavers to date	(30 750)	(10 850)	(41 600)
Forfeited by good leavers,(per LTIS rules), to date	(1 167)	(2 182)	(3 349)
Accelerated for good leavers to date	(1 633)	(4 368)	(6 001)
Tranche 2 shares forfeited for missing corporate performance targets	–	(4 219)	(4 219)
Tranche 2 shares vested on 1 May 2014	(130 150)	(56 131)	(186 281)
Tranche 2 shares outstanding	–	–	–

Allocation #2 under LTIS 2010

The second award ("Allocation 2") under LTIS 2010 was granted in May 2011 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per ordinary share)	67.44	67.44
Total number of shares granted	317 500	109 400
Dividend yield (%)	3.00	3.00
Vesting profile:		
50% of the shares awarded vest on 1 May 2014	158 750	54 700
50% of the shares awarded vest on 1 May 2015	158 750	54 700

The vesting of Tranche 1 was completed during the year under review.

22. Employee benefits (continued)

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010) (continued)

All available Tranche 1 retention shares (134 550 shares) vested for those participants still in the employ of the JSE on 1 May 2014.

In respect of Tranche 1 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 70% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 May 2014. The remainder of the Tranche 1 corporate performance shares (being 11 835 shares) was forfeited by participants.

	Retention shares	Corporate performance shares	Total shares
Tranche 1 – fully vested			
Original number of Tranche 1 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(24 200)	(15 250)	(39 450)
Tranche 1 shares forfeited for missing corporate performance targets	–	(11 835)	(11 835)
Tranche 1 shares vested on 1 May 2014	(134 550)	(27 615)	(162 165)
Tranche 1 shares outstanding	–	–	–
Tranche 2			
Original number of Tranche 2 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(27 700)	(12 200)	(39 900)
Accelerated for good leavers to date	(14 000)	(12 400)	(26 400)
Tranche 2 shares available for vesting in May 2015	117 050	30 100	147 150

Allocation #3 under LTIS 2010

The third award ("Allocation 3") under LTIS 2010 was granted in June 2012 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per ordinary share)	78.68	78.68
Total number of shares granted	263 600	103 000
Dividend yield (%)	3.00	3.00
Vesting profile:		
50% of the shares awarded vest on 30 June 2015	131 800	51 500
50% of the shares awarded vest on 30 June 2016	131 800	51 500

Allocation #4 under LTIS 2010

The fourth award ("Allocation 4") under LTIS 2010 was granted in May 2013 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per ordinary share)	76.92	76.92
Total number of shares granted	328 500	128 600
Dividend yield (%)	3.00	3.00
Vesting profile:		
50% of the shares awarded vest on 1 June 2016	164 250	64 300
50% of the shares awarded vest on 1 June 2017	164 250	64 300

22. Employee benefits (continued)

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010) (continued)

Allocation #5 under LTIS 2010

At the annual general meeting held on 8 May 2014, shareholders approved two special resolutions authorising the acquisition of shares for the purposes of awards under the LTIS 2010 scheme as well as the provision of financial assistance to the JSE LTIS 2010 Trust for a period of two years, for the purpose of acquiring such JSE ordinary shares in the open market for allocation to selected employees in accordance with the rules of LTIS 2010. In accordance with the terms of these resolutions, the Board approved a fresh annual allocation of shares ("Allocation 5") to selected employees for the 2014 year, and these individual allocations were all accepted by scheme participants by 23 May 2014. Allocation 5 comprised a total of 422 870 JSE ordinary shares and these shares were acquired in the open market by 29 May 2014, at a volume-weighted average price (including all execution costs) of R102.27 per ordinary share. These shares are held in trust and are restricted until all vesting conditions are fulfilled whereupon the shares vest. Refer to the shareholder spread for further disclosure of all unvested shares, on page 116.

Notwithstanding the fair value grant date of 23 May 2014, a charge to profit and loss in respect of Allocation 5 has been brought to account as from 1 June 2014, based on the materiality principle.

Included in the total number of shares granted of 422 870, a total of 271 010 corporate performance shares has been granted to members of the JSE's Executive Committee. No personal performance shares were allocated under Allocation 5.

	Corporate performance shares
Share price at grant date (rands per share)	102.27
Total number of shares granted	422 870
Dividend yield (%)	3.00
Grant date	23 May 2014
Vesting profile:	
50% of the shares awarded vest on 1 June 2017	211 435
50% of the shares awarded vest on 1 June 2018	211 435

Fair value charge to profit and loss.

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2010 is as follows:

	2014	2013
Allocation #1 (granted in May 2010)	**R0.7m**	R4.2m
Allocation #2 (granted in May 2011)	**R1.1m**	R6.2m
Allocation #3 (granted in June 2012)	**R5.0m**	R8.1m
Allocation #4 (granted in May 2013)	**R8.0m**	R4.6m
Allocation #5 (granted in May 2014)	**R6.2m**	-
	R21.0m	R23.1m

22.7 Compensation on termination of contract

The CEO is the only member of staff with a specific service contract, which is for a three-year term and continues on an indefinite basis thereafter. The contract is subject to a four-month notice period and a one-year restraint (following termination of employment). The agreed restraint precludes the CEO from being engaged by any stock exchange, bond market or futures market carried on in South Africa for a period of one year from the date of termination of her employment.

23. Deferred tax assets and liabilities

23.1 Deferred tax assets and liabilities are attributable to the following:

	Assets 2014 R'000	Assets 2013 R'000	Liabilities 2014 R'000	Liabilities 2013 R'000	Net 2014 R'000	Net 2013 R'000
Group						
Property and equipment	–	377	–	–	–	377
Intangible assets	–	–	(584)	(826)	(584)	(826)
Operating lease liability	20 820	16 194	–	–	20 820	16 194
Operating lease asset	–	–	–	(334)	–	(334)
Employee benefits	34 144	17 509	–	–	34 144	17 509
Allowance for impairment losses	168	124	–	–	168	124
Prepayments	–	–	(3 814)	(3 139)	(3 814)	(3 139)
Finance lease asset	–	–	(4 651)	(7 869)	(4 651)	(7 869)
Finance lease liability	3 008	6 357		–	3 008	6 357
Loan to the JSE Empowerment Fund Trust	–	–	(28)	(156)	(28)	(156)
Income received in advance	838	1 187		–	838	1 187
Total	58 978	41 748	(9 077)	(12 324)	49 901	29 424

23.2 Movement in temporary differences during the year:

	Balance 1 January 2013 R'000	Recognised in profit or loss R'000	Balance 31 December 2013 R'000	Recognised in profit or loss R'000	Balance 31 December 2014 R'000
Group					
Property and equipment	139	238	377	(377)	–
Intangible assets	34 214	(35 040)	(826)	242	(584)
Operating lease asset	15 103	1 091	16 194	4 626	20 820
Operating lease liability	(180)	(154)	(334)	334	–
Employee benefits	20 441	(2 932)	17 509	16 635	34 144
Allowance for impairment losses	247	(123)	124	44	168
Prepayments	(3 133)	(6)	(3 139)	(675)	(3 814)
Finance lease asset	(42)	(7 827)	(7 869)	3 218	(4 651)
Finance lease liability	45	6 312	6 357	(3 349)	3 008
Loan to the JSE Empowerment Fund Trust	193	(350)	(156)	128	(28)
Income received in advance	969	218	1 187	(349)	838
Total	67 996	(38 573)	29 424	20 477	49 901

There are no current and deferred tax implications relating to items charged/credited directly to other comprehensive income or equity, since these relate to investor protection funds, which are exempt from tax.

For the year ended 31 December 2014

23. Deferred tax assets and liabilities (continued)

23.3 Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'000
Exchange						
Property and equipment	**–**	377	**–**	–	**–**	377
Intangible assets	**–**	–	**–**	(51)	**–**	(51)
Operating lease liability	**20 820**	16 194	**–**	–	**20 820**	16 194
Operating lease asset	**–**	–	**–**	(334)	**–**	(334)
Employee benefits	**34 144**	17 509	**–**	–	**34 144**	17 509
Allowance for impairment losses	**168**	124	**–**	–	**168**	124
Prepayments	**–**	–	**(3 814)**	(3 139)	**(3 814)**	(3 139)
Finance lease asset	**–**	–	**(4 651)**	(7 869)	**(4 651)**	(7 869)
Finance lease liability	**3 008**	6 357		–	**3 008**	6 357
Loan to the JSE Empowerment Fund Trust	**–**	–	**(28)**	(156)	**(28)**	(156)
Income received in advance	**838**	1 187		–	**838**	1 187
Total	**58 978**	41 748	**(8 493)**	(11 549)	**50 485**	30 199

23.4 Movement in temporary differences during the year

	Balance 1 January 2013 R'000	Recognised in profit or loss R'000	Balance 31 December 2013 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2014 R'000**
Exchange					
Property and equipment	139	238	377	**(377)**	**–**
Intangible assets	35 179	(35 230)	(51)	**51**	**–**
Operating lease asset	15 103	1 091	16 194	**4 626**	**20 820**
Operating lease liability	(180)	(154)	(334)	**334**	**–**
Employee benefits	20 441	(2 932)	17 509	**16 635**	**34 144**
Allowance for impairment losses	247	(123)	124	**44**	**168**
Prepayments	(3 133)	(6)	(3 139)	**(675)**	**(3 814)**
Finance lease asset	(42)	(7 827)	(7 869)	**3 218**	**(4 651)**
Finance lease liability	45	6 312	6 357	**(3 349)**	**3 008**
Loan to the JSE Empowerment Fund Trust	193	(350)	(156)	**128**	**(28)**
Income received in advance	969	218	1 187	**(349)**	**838**
Total	68 961	(38 763)	30 199	**20 286**	**50 485**

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
24. Trade and other payables				
Trade payables	**140 222**	112 084	**137 582**	109 468
Current portion of finance lease	**10 743**	11 352	**10 743**	11 352
Interest payable	**140 672**	86 865	**3 912**	543
Receipts in advance	**3 563**	4 240	**3 561**	4 240
	295 200	214 541	**155 798**	125 603
25. Due to Safex members				
Non-current liability	**1 347**	1 286	**1 347**	1 286
Relates to unclaimed funds				
26. Notes to the cash flow statement				
26.1 Cash generated by operations				
Profit for the year before tax	**867 608**	735 538	**854 074**	711 644
Adjustments for:				
– depreciation of property and equipment	**58 599**	50 080	**58 599**	50 080
– amortisation of intangible assets	**40 524**	40 681	**39 582**	40 001
– impairment losses on software development costs	**–**	48 138	**–**	48 138
– JSE LTIS 2010	**21 055**	23 129	**21 055**	23 129
– share of profit of equity-accounted investees	**(36 955)**	(39 788)	**–**	–
– interest expense	**1 412 721**	874 236	**15 576**	7 332
– interest income	**(1 539 449)**	(992 304)	**(89 718)**	(86 648)
– dividend income	**(5 001)**	(3 946)	**(19 779)**	(17 523)
– non-cash items in respect of employee benefits	**(100 030)**	(24 119)	**(100 030)**	(24 119)
– loss on scrapping of assets	**6 852**	–	**6 852**	–
– profit on sale of property and equipment	**51**	38	**51**	38
– change in fair value of loan to JSE Empowerment Fund	**98**	(19)	**98**	(19)
– gain on disposal of investment securities	**(6 379)**	(15 875)	**–**	–
Surplus from operations	**719 694**	695 789	**786 360**	752 053
Changes in:				
– (increase)/decrease in trade and other receivables	**(7 191)**	45 876	**(34 548)**	38 996
– increase/(decrease) in trade and other payables	**187 216**	16 306	**172 448**	(940)
Cash generated by operations	**899 719**	757 971	**924 260**	790 109
26.2 Taxation paid				
Taxation receivable at beginning of year	**(17 108)**	(16 574)	**(16 365)**	(15 817)
Deferred tax effects	**20 477**	(38 573)	**20 286**	(38 763)
Per statement of comprehensive income	**233 269**	228 910	**232 518**	228 189
Taxation payable at end of year	**(31 772)**	17 108	**(32 377)**	16 365
	204 866	190 871	**204 062**	189 974

27. Directors' and executives' remuneration[4]

27.1 Executive directors – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2014			
NF Newton-King	Chief executive officer	**3 280**	**216**
A Takoordeen	Chief financial officer	**1 870**	**86**
L Fourie[5]	Director of Post-Trade and Information Services	**1 982**	**130**
		7 132	**432**
2013			
NF Newton-King	Chief executive officer	3 096	204
A Takoordeen	Chief financial officer	1 591	82
		4 687	286

27.2 Other key executives – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2014			
GA Brookes	Director of Governance, Risk and Compliance	**1 668**	**–**
JH Burke	Director of Issuer Regulation	**1 997**	**140**
S Cleary	Director of Strategy and Public Policy	**1 480**	**96**
Z Jacobs	Director of Marketing and Corporate Affairs	**1 846**	**89**
N Mashigo[6]	Director of Human Resources	**1 199**	**63**
D Oosthuyse[7]	Director of Capital Markets	**894**	**54**
LV Parsons	Director of Trading and Market Services	**1 797**	**500**
R van Wamelen	Chief information officer	**1 977**	**89**
		12 858	**1 031**
2013			
JH Burke	Director of Issuer Regulation	1 883	133
GC Clarke[8]	Director of Corporate Services and Group Company Secretary	1 445	125
S Cleary	Director of Strategy and Public Policy	1 347	87
SA Davies	Director of Market Regulation	1 669	90
A Forssman	Director of Market Data	1 408	73
L Fourie	Director of Post-Trade and Information Services	1 857	119
Z Jacobs	Director of Issuer and Investor Relations	1 751	84
LV Parsons	Director of Equity Market	1 726	478
G Smale	Director of Bonds and Financial Derivatives	1 857	77
C Sturgess	Director of Commodity Derivatives	1 298	102
R van Wamelen	Chief information officer	1 806	83
		18 047	1 451

Footnotes 1-8 below are applicable to notes 27.1-27.3

[1] *Represents short-term employee benefits.*

[2] *Contractual bonuses are subject to personal performance and are calculated according to a fixed percentage of basic salary (which percentage varies on a sliding scale based on grade). Altogether 50% of all contractual bonuses are subject to six-month deferral linked to continued employment. The full contractual bonus award is reflected here, together with interest on the deferred portion at 5%, in accordance with the contractual bonus policy.*

[3] *Discretionary bonuses are subject to both personal performance and the achievement of specific corporate deliverables (per the annual corporate scorecard approved by the Board at the beginning of each financial year). These awards are not subject to deferral, unless otherwise so determined by the Board in any particular year.*

Medical aid[1], UIF and other R'000	Total guaranteed pay R'000	Contractual bonus[1, 2] (includes deferral) R'000	Discretionary bonus[1, 3] R'000	Total annual incentives R'000	Total current year remuneration R'000	Total long-term and other benefits R'000	Total number of shares granted in the LTIS 2010 scheme
110	**3 606**	**3 695**	**3 911**	**7 606**	**11 212**	**2 283**	**133 741**
95	**2 051**	**655**	**1 483**	**2 138**	**4 189**	**–**	**33 820**
50	**2 162**	**690**	**1 736**	**2 426**	**4 588**	**–**	**50 320**
255	**7 819**	**5 040**	**7 130**	**12 170**	**19 989**	**2 283**	**217 881**
101	3 401	3 484	3 000	6 484	9 885	4 931	105 787
43	1 716	597	1 310	1 907	3 623	–	15 700
144	5 117	4 081	4 310	8 391	13 508	4 931	121 487
42	**1 710**	**547**	**927**	**1 474**	**3 184**	**533**	**16 870**
135	**2 271**	**743**	**1 681**	**2 424**	**4 695**	**2 225**	**60 161**
25	**1 602**	**512**	**1 012**	**1 524**	**3 126**	**530**	**36 240**
42	**1 977**	**631**	**1 607**	**2 238**	**4 215**	**–**	**33 220**
40	**1 302**	**415**	**1 000**	**1 415**	**2 717**	**–**	**11 550**
28	**976**	**1 851**	**1 736**	**3 587**	**4 563**	**–**	**–**
157	**2 454**	**797**	**1 808**	**2 605**	**5 059**	**2 283**	**64 351**
96	**2 162**	**690**	**1 736**	**2 426**	**4 588**	**1 576**	**54 021**
565	**14 453**	**6 186**	**11 507**	**17 693**	**32 147**	**7 147**	**276 413**
123	2 139	707	1 552	2 259	4 398	1 586	60 879
96	1 666	532	1 020	1 552	3 218	878	42 589
23	1 457	465	893	1 358	2 815	390	28 900
113	1 872	597	983	1 580	3 452	902	45 289
46	1 527	488	1 203	1 691	3 218	829	38 981
2	1 978	631	1 385	2 016	3 994	–	31 200
39	1 874	598	1 312	1 910	3 784	–	15 800
144	2 348	764	1 571	2 335	4 683	1 550	64 087
44	1 978	631	1 038	1 669	3 647	762	52 421
58	1 458	465	893	1 358	2 816	453	29 100
90	1 979	631	1 558	2 189	4 168	1 174	51 313
778	20 276	6 509	13 408	19 917	40 193	8 524	460 559

[4] *All executive directors and other key executives are full-time employees of JSE Limited.*
[5] *Appointed to the Board on 14 August 2014.*
[6] *Appointed to Executive Management Team on 1 January 2014.*
[7] *Appointed on 5 August 2014.*
[8] *Resigned on 31 July 2014.*

27. Directors' and executives' remuneration (continued)

27.3 Non-executive director emoluments

		Total R'000	Board member fees R'000	Committee member fees R'000
2014				
HJ Borkum[1]	Board Chairman, Chairman of Nominations Committee	**581**	**581**	**–**
AD Botha	Chairman of Human Resources, Social and Ethics Committee	**744**	**362**	**382**
MR Johnston[2]		**243**	**122**	**121**
M Jordaan[3]		**278**	**278**	**–**
DM Lawrence		**489**	**278**	**211**
MA Matooane		**384**	**278**	**106**
AM Mazwai	Chairman of SRO Committee	**737**	**278**	**459**
NP Mnxasana		**398**	**278**	**120**
NS Nematswerani	Chairman of Audit Committee	**768**	**278**	**490**
NMC Nyembezi-Heita[4]	Board Chairman, Chairman of Nominations Committee	**1 213**	**1 157**	**56**
NG Payne	Chairman of Risk Committee	**713**	**278**	**435**
		6 548	**4 168**	**2 380**
2013				
HJ Borkum	Board Chairman, Chairman of Nominations Committee	1 600	1 600	–
AD Botha	Chairman of Human Resources, Social and Ethics Committee	713	353	360
NP Mnxasana		382	272	110
MR Johnston		531	272	259
DM Lawrence		472	272	200
MA Matooane		360	272	88
AM Mazwai	Chairman of SRO Committee	451	272	179
NS Nematswerani	Chairman of Audit Committee	721	272	449
NMC Nyembezi-Heita		422	272	150
NG Payne	Chairman of Risk Committee	672	272	400
		6 324	4 129	2 195

[1] *Retired on 8 May 2014.*
[2] *Retired on 10 June 2014.*
[3] *Appointed on 1 January 2014.*
[4] *Appointed as independent non-executive Chairman of the Board on 9 May 2014.*

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
28. Deferred income				
Investor Protection Levy	**16 002**	20 303	**16 002**	20 303
Distribution from the JSE Guarantee Fund Trust	**–**	–	**46 357**	60 827
	16 002	20 303	**62 359**	81 130

Investor Protection Levy

This amount represents unexpended levies received from investors in terms of the Investor Protection Levy. These levies are raised to finance the market regulatory activities of the Financial Services Board and are committed to this purpose. These funds are included in the cash and cash equivalents balances.

Distribution from the JSE Guarantee Fund Trust

This represents the monies distributed by the JSE Guarantee Fund Trust for the specific purpose of funding the establishment of the JSE's disaster recovery site (2010: R50m) and data centre (2011: R51m). This is a transaction between related parties as disclosed in note 29 and is eliminated on consolidation. The income transferred from deferred income to profit or loss is based on the relating depreciation charge of the disaster recovery site and the data centre.

29. Related parties

29.1 Identity of related parties

The JSE is the main provider of risk management, clearing and settlement, and accounting systems to equity member firms (many of whom are shareholders). Revenue earned from this source, and from providing trading and market data to member firms, amounted to R1.3bn (2013: R1.1bn) for the year. These transactions are conducted on an arm's length basis.

The associated companies and subsidiaries of the Group are identified in notes 13 and 14 respectively.

The directors and key executives are listed in note 27.

29.2 Material related-party transactions and balances

Strate ad valorem fees	– see notes 7.1 and 8.2
Amounts due to and from related parties	– see notes 14.3 and 14.4
Directors' emoluments	– see note 27
Other key executives' remuneration	– see note 27
Income recognised from deferred income (data centre and disaster recovery)	– see note 7.2

During the prior financial years, surplus assets amounting to R101m were distributed by the JSE Guarantee Fund Trust to the JSE for the establishment of the JSE's data centre and disaster recovery site. The transfer of the funds was formally approved by the Financial Services Board. The funds received are recognised in deferred income in the JSE's separate financial statements and are released to profit or loss on a systematic basis over the useful life of the assets comprising the data centre and the disaster recovery site. Also refer to note 28.

Management fees from related entities	R96.3m (2013: R82.5m)

The JSE provides secretarial services to all the Group entities (excluding Strate (Pty) Limited) for no consideration.

30. Contingent liabilities and commitments

30.1 Contingent liabilities

30.1.1 The JSE has a contingent liability in respect of a guarantee of R0,7m (2013: R0,7m) issued to the Financial Services Board.

30.1.2 A summons was served on the JSE during December 2011 in terms of which Pinnacle Point Holdings (Pty) Ltd (PPG) and four other plaintiffs have instituted action against the JSE for payment of R1 387 451 336.30. These losses were allegedly suffered as a result of the transaction concluded between the Acc-Ross group of companies and PPG. The JSE has lodged an exception against the plaintiff's particulars of claim to dismiss the action against the JSE, which exception will be heard in due course.

30.2. Commitments

30.2.1 On 3 June 2013, the JSE entered into an extension to the operating lease on the building from which it conducts business. The lease has been extended on revised terms and conditions and will now terminate on 30 August 2025. On termination of the lease, the JSE has the right to extend the lease for an initial five-year period and thereafter for five-year periods ad infinitum. The operating lease payments escalate at 8.25% per annum.

	Group		Exchange	
	2014	2013	**2014**	2013
	R'000	R'000	**R'000**	R'000
Total future minimum lease payments under a non-cancellable operating lease:				
Not later than one year	**40 557**	37 466	**40 557**	37 466
Between one and five years	**198 564**	183 431	**198 564**	183 431
Later than five years	**413 572**	469 261	**413 572**	469 261
	652 693	690 158	**652 693**	690 158

Note: The disclosure on the face of the statement of financial position represents the accrual from the straight-lining of the rental income.

30.2.2 Certain contracts relating to information technology operations have been classified as finance leases.

	Group		Exchange	
	2014	2013	**2014**	2013
	R'000	R'000	**R'000**	R'000
Total future minimum payments:				
Not later than one year	**11 195**	11 195	**11 195**	11 195
Between one and five years	**–**	11 195	**–**	11 195
	11 195	22 390	**11 195**	22 390
Total present value minimum payments:				
Not later than one year	**10 597**	10 318	**10 597**	10 318
Between one and five years	**–**	9 509	**–**	9 509
	10 597	19 827	**10 597**	19 827

30. Contingent liabilities and commitments (continued)

30.2 Commitments (continued)

30.2.3 The JSE has entered into an operating lease contract for the disaster recovery site.

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Total future minimum payments:				
Not later than one year	**–**	427	**–**	427
Between one and five years	**–**	–	**–**	–
	–	427	**–**	427

30.2.4 The JSE sub-leases areas of the building in which it operates (refer note 7.2). The minimum lease payments expected from sub-leases are set out below:

	Group		Exchange	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Total future minimum lease receipts				
Not later than one year	**2 480**	2 185	**2 480**	2 185
Between one and five years	**6 999**	8 542	**6 999**	8 542
	9 479	10 727	**9 479**	10 727

31. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Operational risk;
- Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other market risk);
- Liquidity risk;
- Credit risk and
- Capital risk.

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

31. Financial risk management (continued)

The Group Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk Committee is assisted in its role by the Group risk management function and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Risk Committee.

31.1 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Board accepts overall responsibility for operational risk, with the responsibility for day-to-day management of operational risk delegated to management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal obligations;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

31.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

31. Financial risk management (continued)

31.2. Market risk (continued)

31.2.1 Currency risk

The majority of the JSE's transactions are concluded in its functional currency (South African rand), with the result that its exposure to foreign currency risk from operating transactions is limited. The JSE's Finance department monitors the net foreign currency exposure, which is primarily represented by USD-denominated cash and cash equivalents, ensuring that it remains within acceptable levels as set out in the Group's risk management policies and procedures.

The Group's exposure to foreign currency risk based on notional amounts was as follows:

	Group			Exchange		
	USD	GBP	EUR	USD	GBP	EUR
2014	R'000	R'000	R'000	R'000	R'000	R'000
Financial assets	**210 607**	**–**	**–**	**210 607**	**–**	**–**
Trade receivables	**11 616**	**–**	**–**	**11 616**	**–**	**–**
Cash and cash equivalents	**198 991**	**–**	**–**	**198 991**	**–**	**–**
Financial liabilities	**(6 468)**	**–**	**(433)**	**(6 468)**	**–**	**(433)**
Trade payables	**(6 468)**	**–**	**(433)**	**(6 468)**	**–**	**(433)**
Net exposure	**204 139**	**–**	**(433)**	**204 139**	**–**	**(433)**
2013						
Financial assets	168 036	11	–	168 036	11	–
Trade receivables	8 786	–	–	8 786	–	–
Cash and cash equivalents	159 250	11	–	159 250	11	–
Financial liabilities	(1 465)	(274)	–	(1 465)	(274)	–
Trade payables	(1 465)	(274)	–	(1 465)	(274)	–
Net exposure	166 571	(263)	–	166 571	(263)	–

As at 31 December 2014:

Bank buying rates	**Bank selling rates**
USD – 11.3526 (2013: 10.2627)	USD – 11.7878 (2013: 10.6848)
GBP – 17.6444 (2013: 16.9627)	GBP – 18.4213 (2013: 17.7395)
EUR – 13.7209 (2013: 14.1159)	EUR – 14.2943 (2013: 14.7319)

Sensitivity analysis

A 10% (2013: 10%) strengthening of the rand against the USD and a 5% (2013: 5%) strengthening of the rand against the GBP and EUR respectively, at 31 December, would have increased profit by R20.3m (2013: R16.6m) and equity by Rnil (2013: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2013.

31. Financial risk management (continued)

31.2. Market risk (continued)

31.2.1 Currency risk (continued)

	Group		Exchange	
	Profit or loss	Equity	Profit or loss	Equity
2014	R'000	R'000	R'000	R'000
USD	20 414	–	20 414	–
GBP	–	–	–	–
EUR	(22)	–	(22)	–
Net impact	20 392	–	20 392	–
2013				
USD	16 657	–	16 657	–
GBP	(13)	–	(13)	–
EUR	–	–	–	–
Net impact	16 644	–	16 644	–

A 10% (2013: 10%) weakening of the rand against the USD and a 5% (2013: 5%) weakening of the rand against the GBP and EUR respectively, at 31 December, would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remained constant.

31.2.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk of the JSE being exposed to fluctuations in the fair values or future cash flows of financial instruments because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in respect of its floating rate financial assets and financial liabilities as set out below and to fair value interest rate risk in respect of fixed rate bonds classified as available-for-sale financial assets. Cash flow interest rate risk is managed by the JSE, ensuring that the floating rate financial assets are at least equal to or greater than the floating rate financial liabilities. The fair value interest rate risk arising from fixed rate bonds is managed by a reputable asset manager according to approved guidelines. There is no interest rate risk on the margin and collateral as there is an equal liability to offset the asset.

The following table analyses the interest rate risk profile for assets and liabilities at year-end:

	Group		Exchange	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2014	R'000	R'000	R'000	R'000
Assets	16 206 297	11 722 934	840 000	1 138 311
Investments	25 297	–	–	–
JSE Clear Derivatives Default Fund collateral deposit	341 000	159 000	–	100 000
Margin and collateral deposits	15 000 000	10 772 696	–	403 868
Cash and cash equivalents	840 000	791 238	840 000	634 443
Liabilities	(15 272 800)	(10 913 873)	–	(403 868)
Borrowings	–	(13 977)	–	–
Safcom Default Fund contribution	(272 800)	(127 200)	–	–
Margin and collateral deposits	(15 000 000)	(10 772 696)	–	(403 868)
Net exposure	933 497	809 061	840 000	734 443

31. Financial risk management (continued)

31.2. Market risk (continued)

31.2.2. Cash flow and fair value interest rate risk (continued)

	Group		Exchange	
2013	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000
Assets	12 471 731	7 818 467	455 000	992 251
Investments	16 731	–	–	–
Safcom Default Fund collateral deposit	–	516 870	–	100 000
Margin and collateral deposits	12 000 000	6 377 645	–	117 628
Cash and cash equivalents	455 000	923 952	455 000	774 623
Liabilities	(12 000 000)	(6 806 700)	–	(117 628)
Borrowings	–	(19 055)	–	–
JSE Clear Derivatives Default Fund contributions	–	(410 000)	–	–
Margin and collateral deposits	(12 000 000)	(6 377 645)	–	(117 628)
Net exposure	471 731	1 011 767	455 000	874 623

Floating rate assets yield interest at call rates.

Sensitivity analysis

A change of 100 (2013: 100) basis points on the fixed rate bonds and 100 (2013: 100) basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2013.

	Group		Exchange	
2014	**Profit or loss R'000**	**Equity R'000**	**Profit or loss R'000**	**Equity R'000**
Fixed-rate bond: +100 bps	–	**(1 337)**	–	–
Fixed-rate bond: -100 bps	–	**1 116**	–	–
Floating-rate instruments: +100 bps	**7 912**	–	**6 344**	–
Floating-rate instruments: -100 bps	**(7 912)**	–	**(6 344)**	–
2013				
Fixed-rate bond: +100 bps	–	(594)	–	–
Fixed-rate bond: -100 bps	–	636	–	–
Floating-rate instruments: +100 bps	9 431	–	7 746	–
Floating-rate instruments: -100 bps	(9 431)	–	(7 746)	–

31. Financial risk management *(continued)*

31.2 Market risk (continued)

31.2.3 Other market price risk

The Group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets because of changes in market prices (other than changes in interest rates and currencies). With regard to the unit trusts, the Group is exposed to fluctuations in the fair value of the unit trusts (which is determined by the fair value movement of the underlying instruments).

To manage its other market price risk arising from the available-for-sale financial assets, the investments are managed by a reputable asset manager according to approved guidelines. The JSE's Finance department monitors the investments in unit trusts and equity instruments by review of the monthly reports from the asset manager. The portfolio of instruments held is regularly reviewed and amended to manage the Group's exposure to market risk.

Sensitivity analysis – other market price risk

The available-for-sale financial assets considered in the sensitivity analysis below exclude the listed bonds, as management believes that the majority of the sensitivity of these instruments lies in their exposure to interest rates, which is included in the interest rate sensitivity analysis in note 31.2.2.

The equity investments are listed on JSE Limited, with the majority of the investments included in the JSE All Share Index.

A 4% (2013: 4%) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R7.5m (2013: R6.5m) and profit by Rnil (2013: Rnil); an equal change in the opposite direction would have decreased equity by R7.5m (2013: R6.5m) and profit by Rnil (2013: Rnil). This analysis is performed on the same basis as 2013.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 5% (2013: 5%) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R3.8m (2013: R3.3m); an equal change in the opposite direction would have decreased equity by R3.8m (2013: R3.3m). The analysis is performed on the same basis as 2013.

31.3 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year-end.

31. Financial risk management (continued)

31.3 Liquidity risk (continued)

	Group			Exchange		
2014	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000
Financial assets	**28 510 873**	**–**	**13 925**	**2 190 824**	**–**	**23 565**
Other investments	**292 749**	**–**	**1**	**–**	**–**	**1**
Loan to the JSE Empowerment Fund Trust	**–**	**–**	**13 924**	**–**	**–**	**13 924**
Trade and other receivables (excluding payments in advance)	**177 840**	**–**	**–**	**168 656**	**–**	**–**
Interest receivable	**136 350**	**–**	**–**	**4 696**	**–**	**–**
Due from Group entities	**–**	**–**	**–**	**39 161**	**–**	**9 640**
Margin and collateral deposits	**25 772 696**	**–**	**–**	**403 868**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**500 000**	**–**	**–**	**100 000**	**–**	**–**
Cash and cash equivalents	**1 631 238**	**–**	**–**	**1 474 443**	**–**	**–**
Financial liabilities	**(26 467 896)**	**–**	**(15 324)**	**(559 666)**	**–**	**(1 347)**
Finance leases	**–**	**–**	**–**	**–**	**–**	**–**
Borrowings	**–**	**–**	**(13 977)**	**–**	**–**	**–**
Due to Safex members	**–**	**–**	**(1 347)**	**–**	**–**	**(1 347)**
Trade payables	**(154 528)**	**–**	**–**	**(151 886)**	**–**	**–**
Interest payable	**(140 672)**	**–**	**–**	**(3 912)**	**–**	**–**
Due to Group entities	**–**	**–**	**–**	**–**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**(400 000)**	**–**	**–**	**–**	**–**	**–**
Margin and collateral deposits	**(25 772 696)**	**–**	**–**	**(403 868)**	**–**	**–**
Net exposure	**2 042 977**	**–**	**(1 399)**	**1 631 158**	**–**	**22 218**
2013						
Financial assets	20 715 380	–	14 023	1 581 172	–	14 023
Other investments	248 785	–	1	–	–	1
Loan to the JSE Empowerment Fund Trust	–	–	14 022	–	–	14 022
Trade and other receivables (excluding payments in advance)	119 116	–	–	116 200	–	–
Interest receivable	74 012	–	–	2 066	–	–
Due from Group entities	–	–	–	15 656	–	–
Margin and collateral deposits	18 377 645	–	–	117 628	–	–
JSE Clear Derivatives Default Fund collateral deposit	516 870	–	–	100 000	–	–
Cash and cash equivalents	1 378 952	–	–	1 229 623	–	–
Financial liabilities	(19 003 472)	–	(30 407)	(240 277)	–	–
Finance leases	–	–	(11 352)	–	–	(11 352)
Borrowings	–	–	(19 055)	–	–	–
Due to Safex members	(1 286)	–	–	(1 286)	–	–
Trade payables	(127 676)	–	–	(120 820)	–	–
Interest payable	(86 865)	–	–	(543)	–	–
Due to Group entities	–	–	–	–	–	–
Safcom Default Fund contribution	(410 000)	–	–	–	–	–
Margin and collateral deposits	(18 377 645)	–	–	(117 628)	–	–
Net exposure	1 711 908	–	(16 384)	1 340 895	–	14 023

31. Financial risk management (continued)

31.4 Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables (excluding payments in advance), interest receivable, other investments and amounts due from Group entities. Credit risk on cash and cash equivalents, margin and collateral deposits, and interest receivable is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third party confirmation of investments and monitoring of compliance with investment mandates are applied daily to monitor and control exposure to credit risk associated with other investments. Trade and other receivables are monitored by the JSE's Finance department on an ongoing basis.

The JSE is exposed to credit losses in the event of default by a clearing member. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. A significant number of the Group's clients have been transacting with the Group for over four years and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties.

During 2013, JSE Clear established a separate legal entity to house a formal default fund to clarify and limit clearing members' and the JSE's obligations in the case of a clearing member default. This is a pre-funded resource whereby, in the case of clearing member default, the defaulting clearing members' contributions are used first, thereafter the JSE's contribution, and last, the contributions of the non-defaulting clearing members are used to fund losses.

31.5 Capital risk

The JSE Board monitors the level of capital, which the Group defines as total share capital and reserves (refer to note 20). In order to maintain or adjust the level of capital, the Group may issue new shares, adjust the amount of dividends paid to shareholders or return capital to shareholders. In addition, the Board of Directors monitors the return on capital, which the Group defines as the result of operating activities divided by total shareholders' equity. The JSE Board also monitors the level of dividends declared to ordinary shareholders.

The Group considers capital risk to reside in three main areas:

- Settlement guarantee;
- Operating costs; and
- Capital or opportunity needs.

Settlement guarantee is the money that would be required to settle a failed trade by replacing the defaulting party. This would either entail a settlement in cash or the acquisition of equities required to settle a trade. If it is the latter, the risk is that the price of the equities moves against the JSE. (Although the cash would be forthcoming, it may be less than the original transaction).

Operating costs: Globally, the prudential requirements for operating reserves are between two and six months of operating costs. The JSE Board considers four months to be appropriate.

Capital or opportunity needs: The need to maintain a world-class technology environment requires that a high level of cash be maintained. This level of cash is also maintained to allow flexibility in negotiating potential corporate actions. This cash is managed by the JSE's Treasury department and is invested with only F1/A1 and F1+/A1+ rated institutions, with a view to maximising interest received.

There were no changes to the Group's approach to capital management during the year.

The Board has noted the increased global attention on the capitalisation of key financial market infrastructures, such as exchanges and clearing houses. The Board believes that the JSE is appropriately capitalised, given the nature of the risks we currently face and given the uncertain nature of future regulatory capital requirements.

32. Fair value estimation

Financial instruments measured in the statement of financial position at fair value require disclosure. The following is the fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2014					
Assets					
Other investments					
– Equity securities (available-for-sale)	15.1/2	**186 885**	**80 567**	**–**	**267 452**
– Debt investments (available-for-sale)	15.1/2	**25 297**	**–**	**–**	**25 297**
Total assets		**212 182**	**80 567**	**–**	**292 749**
2013					
Assets					
Other investments					
– Equity securities (available-for-sale)	15.1/2	162 877	69 177	–	232 054
– Debt investments (available-for-sale)	15.1/2	16 731	–	–	16 731
Total assets		179 608	69 177	–	248 785

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group pricing market transactions on an arm's length basis and transactions occur regularly. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For all other financial assets and liabilities, the carrying value approximates the fair value.

33. Funds under management

33.1 JSE Trustees (Pty) Limited

	Year ended 31 December 2014 R'000	Year ended 31 December 2013 R'000
Assets under administration		
Interest receivable	**138 887**	95 898
Fixed deposits	**21 302 000**	16 207 000
Current and call accounts	**13 687 098**	13 557 177
Total assets under administration	**35 127 985**	29 860 075

In terms of rule 2.100.7 of the JSE rules, the JSE Trustees act as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities while acting as an agent are the acceptance of monies on deposit for account of clients of members of the Exchange and the later repayment of such monies. These monies are invested in various interest-earning bank accounts. JSE Trustees earns an administration fee for the services rendered. Funds so deposited or invested neither form part of the assets of JSE Trustees nor of any member acting on behalf of a client.

Credit risk on assets under administration is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 40 (2013: 40) days.

33.2 Total assets under management on the Nautilus Managed Account Platform

Nautilus MAP (Pty) Limited provides a legal structure allowing investors to pool their assets with other investors and invest into a number of trading portfolios, which are set up as separate legal entities that are legally separated from the trading advisor and one another. Nautilus MAP (Pty) Limited houses these partnerships and fund-of-funds portfolios. The entity issues notes to institutional and retail investors in return for proceeds. The proceeds of such notes are invested into a number of MAP partnerships.

As at 31 December 2014, the combined assets under management on the Nautilus MAP platform amounted to R4.2bn (2013: R4.4bn).

Liquidity risk is managed by instituting limits on fund managers when investing in less liquid stocks; which means that, in an ordinary trading environment, it is unlikely that a redemption will not be facilitated. In the event that the unwinding of positions will result in a significant loss for all investors in the fund, a consultative process is employed to determine whether the redemption period may be extended or whether the investor would prefer their redemption in specie rather than cash.

Credit risk is mitigated by Nautilus MAP Operations (Pty) Limited in only taking counterparty risk to entities who are required by an independent regulatory body to hold capital against over-the-counter products that are not traded or regulated on an exchange, for example banks and insurance companies.

Shareholder diary

Events or reports in relation to the 2014 financial year

Summarised interim report for the six months ended 30 June 2014	14 August 2014
Summarised annual financial statements with the declaration of a dividend	5 March 2015
Annual results presentation	Week of 9 March 2015
Publication of 2014 integrated annual report	Not later than 31 March 2015
Annual general meeting	21 May 2015
Dividends payable	15 June 2015
Summarised interim report for the six months ended 30 June 2015	14 August 2015

Ordinary and special dividend

A gross dividend of 480 cents per share was declared and approved by the board on 5 March 2015. Refer to page 59-60 of the *directors' report*.

Share information

The JSE Limited has a primary listing on the Johannesburg Stock Exchange. There are no secondary listings.

Share code: JSE ISIN: ZAE000079711

Sector: Financial Services Subsector: Investment Services

	Shares in issue	Closing price (R)	Market Capitalisation (R)
31 December 2014:	86 877 600	121.00	10 512 189 600
30 June 2014:	86 877 600	95.90	8 331 561 840
31 December 2013:	86 877 600	89.73	7 795 527 048

Shareholder spread as at 31 December 2014

Shareholder spread	#	Direct holdings	Indirect LTIS*	Indirect other**	Total	% of total issued shares
Total: Public shareholders	**4 274**				**85 187 468**	**98.05**
Total: Non-public shareholders	**101**	**171 143**	**1 448 263**	**70 726**	**1 690 132**	**1.95**
Directors	7	87 199	342 393	32 960	462 552	0.53
Prescribed officers	6	15 847	151 901	0	167 748	0.19
Other employees	88	68 097	953 969	37 766	1 059 832	1.22
OVERALL TOTALS	**4 375**				**86 877 600**	**100.00**

* *The JSE LTIS 2010 Trust is the registered shareholder that holds unvested shares on behalf of directors, prescribed officers and key senior employees.*

** *The following registered shareholders also indirectly hold shares on behalf of non-public shareholders:*
2005 BROAD-BASED EMPLOYEE SHARE (various employees);
SBSA ITF IMALIVEST FLEX FND (AD Botha).

Major shareholders

Pursuant to Section 56(7) of the South African Companies Act, 2008, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2014 were disclosed or established from enquiries:

	Number of shares held	% of total issued ordinary shares
Government Employees Pension Fund (GEPF)	11 187 806	12.88

No individual shareholder's beneficial shareholding in the any JSE employee scheme is equal to or exceeds 5%.

Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 31 December 2014, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of JSE Limited.

Fund manager	Number of shares held	% of total issued ordinary shares
Northern Trust Global Services	13 540 564	15.59
Public Investment Commissioner*	9 420 944	10.84
State Street Bank and Trust	8 228 575	9.47
JP Morgan	6 998 031	8.06
Vanguard Emerging Markets Stock	3 882 344	4.47
Aberdeen	3 148 823	3.62
Citibank Global Services	2 918 795	3.36

** Shares managed on behalf of the Government Employees Pension Fund.*

CORPORATE INFORMATION AND DIRECTORATE

Administration

JSE Limited (Incorporated in the Republic of South Africa)

Registration number: 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

Registered office	One Exchange Square 2 Gwen Lane Sandown Sandton 2196	**Transfer secretary**	Computershare Investor Services (Pty) Limited Ground Floor 70 Marshall Street Johannesburg 2001
Postal address	Private Bag X991174 Sandton 2146	**Telephone**	+27 (0) 11 370 5000
Telephone	+27 (0) 11 520 7000	**Auditors**	KPMG Inc, 85 Empire Road, Parktown, 2193
Web	www.jse.co.za	**Sponsor**	Rand Merchant Bank, 1 Merchant Place, Corner Fredman and Rivonia Road, Sandton, 2196
IR email	ir@jse.co.za	**Bankers**	First National Bank of SA Limited, Corporate Account Services, 4 First Place, Bank City, Simmonds Street, Johannesburg, 2001

Directors	NMC Nyembezi-Heita (Chairman – succeeded HJ Borkum on 9 May 2014) NF Newton-King (CEO) A Takoordeen (CFO) L Fourie (Executive director – appointed in August 2014) AD Botha (Lead independent director; Chair: HRSE) NS Nematswerani (Chair: Audit) NG Payne (Chair: Risk) AM Mazwai (Chair: SRO; Chair: Investment of Funds) DM Lawrence MA Matooane NP Mnxasana M Jordaan – appointed 1 January 2014
Alternate directors	LV Parsons and JH Burke
Group Company Secretary:	GA Brookes – appointed 14 August 2014

All investor queries received directed to ir@jse.co.za will be attended to and, where applicable, redirected to the Chairman or CEO or another mandated officer for an appropriate response.