JSE

JSE LIMITED >> ANNUAL REPORT 2007

About the JSE

The JSE is licensed as an exchange under the Securities Services Act, No. 36 of 2004.

It is a full service, modern securities exchange providing fully electronic trading, clearing and settlement in equities, derivatives (equities and agricultural), interest rate products and other associated instruments. It has extensive surveillance capabilities.

The JSE is also a major provider of financial information products.

The JSE's main lines of business are: listings,trading, clearing and settlement services, technology and related services and information product sales.

The JSE is moving forward through...

Contents

A full list of authorised users of the JSE is available on the website ***www.jse.co.za***

About the report

The annual report for 2007 presents the second set of operating and financial accounts as a listed company. The report is for the period 1 January 2007 to 31 December 2007.

The JSE communicates regularly with its stakeholders, through biannual publication of financial results as well as publication of noteworthy events and regular meetings, presentations and forums. The annual report is a significant part of this communication process.

The financial statements have been prepared in terms of International Financial Reporting Standards and in line with the Companies Act No. 61 of 1973 and the JSE Listings Requirements. We also considered the guidelines set out in the King Code of Corporate Governance and submitted the annual report to the Financial Services Board.

Noteworthy events that took place during the financial year – including the signing of a new technology agreement with the London Stock Exchange, the launch of trade in currency futures and the achievement of record trade volumes in most of our main markets – will be covered in the report. Readers are directed to our discussion of plans and prospects for the forthcoming year on page ■■ of the report.

Global networking
for the future

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Chairman's letter

The JSE went into financial 2007 focused on balancing the launch of new products with bedding down the developments of the previous year. As it turned out, the JSE's second year as a listed company was also a period of strong financial performance. That provides us with a solid platform from which to tackle the global economic challenges which seem likely to be a feature of 2008.

Markets

The South African markets were buoyant for much of 2007. Second-half volatility further boosted the JSE's revenues as investors pushed up trading volumes, seeking to hedge portfolios and to profit from global market turbulence. Trading volumes drive much of the JSE's revenue, so this was one of the main factors behind 2007's impressive results.

Several other influences on performance will be discussed in this report, from new products to efficiency-enhancing technology and diverse revenue streams.

The JSE's consistent drive towards operational improvements will continue. The exchange aims to offer ever-faster, more cost-efficient services that meet the evolving needs of both issuers and investors. During 2007, a programme to replace most of the JSE's technology with next-generation technology, which had been substantially delayed, was brought under the JSE's control. The board is satisfied that the necessary consequential action has been taken.

Shifting global environment

Innovations at the JSE are taking place during a time of dramatic change in the international stock exchange industry.

Humphrey Borkum

"The JSE's consistent drive towards operational improvements will continue as it aims to offer ever-faster, more cost-efficient services."

Chairman's letter

Globally, further cross-border mergers and acquisitions between exchanges took place during 2007, though not on the African continent. These transactions may well produce benefits but the JSE has concentrated on growing its business and fine-tuning its business model rather than actively seeking to be part of a global exchange group. On the African continent, we believe it would make sense for the JSE to seek closer co-operation with certain exchanges and we spent time during 2007 on those discussions. We must find a way to provide African issuers with access to the capital needed for their growth and a way to give investors easy access to such issuers.

New regulatory frameworks – MiFID in Europe and Sarbanes-Oxley and Regulation National Market System (NMS) in the USA – are guiding the way the global industry operates. The JSE has not been affected as directly as European and US exchanges by these changes. However, in a globally competitive environment we are keenly aware of all industry-related changes and will stay ahead of possible impacts on our business.

Looking ahead

In 2008, the board looks forward to another rewarding year in which the JSE builds on its current products and services and deepens its relationships with exchanges in Africa and elsewhere for our mutual benefit.

We will, as a board, also continue the process of the transformation of the JSE by reviewing the make up of the board to ensure that we are appropriately resourced at all levels of the board for the challenges that lie ahead.

Appreciation

In this vein, I would like to thank the members of the JSE board. The JSE has a strong and multi-talented board which has served the institution well. They have given extensive time to the JSE and I value their support and advice. Sadly, we have two of our members retiring at our forthcoming AGM.

Geoff Rothschild, who has served the JSE both as a committee member since 1991 and as a board member since 1 December 2000, retires at the AGM. He served as Chairman of the JSE during the years 2000 and 2001. Geoff has generously agreed to retire to create a vacancy for an executive board member. We are grateful for the huge contribution Geoff has made in the past and are delighted that he will remain on the executive committee of the JSE. Freda Evans, our Chief Financial Officer, has been nominated at the AGM to fill this vacancy. Freda has been in charge of the Finance function at the JSE since 2000. We look forward to her joining the Board.

Stephen Koseff who has been a non-executive director of our board since December 2000 is retiring at the AGM due to time pressures. He is the Chief Executive of Investec and as such is enormously busy. His advice and wise counsel will be sorely missed. David Lawrence has been nominated to fill Stephen's vacancy at the AGM. David is presently Stephen's alternate and has attended most of our board meetings for the past few years. His contribution to our affairs has been most valuable. We look forward to continuing to work with him.

On behalf of the board I would also like to thank the JSE's Executive Committee, staff and particularly CEO Russell Loubser for an excellent year for the company, its clients and its shareholders. I think it noteworthy that this Exco's forward planning has ensured that the JSE has been able to deal with issues such as significantly increased volumes on our markets and more recently extraneous issues such as power shortages.

I would also like to thank Bill Urmson, until October 2007 Director: Surveillance at the JSE, who retired this year. We are delighted that he has agreed to stay on part-time as head of internal audit and risk. Bill has made, and continues to make, a valuable contribution to the JSE.

Finally, I would like to thank all of you, our stakeholders, for your support during the year. We look forward to our engagements with you during the coming year.

Humphrey Borkum

Financial highlights

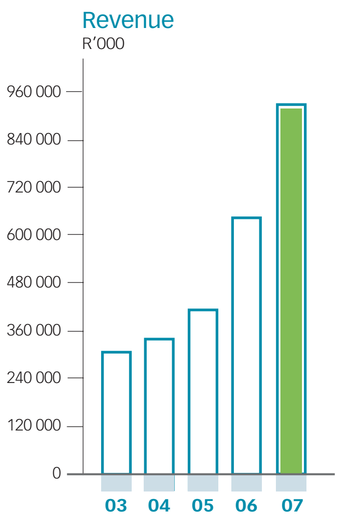
Revenue from operations up 37%

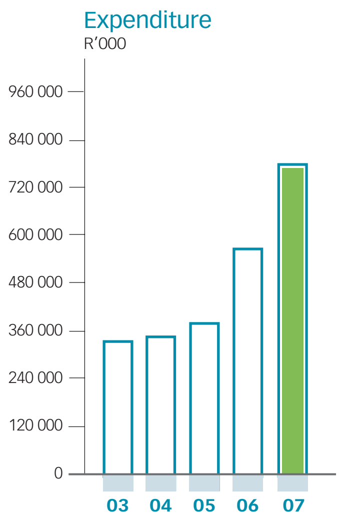
Increase in operating costs contained to 6%

Basic earnings per share up 91%

Average daily number of spot equity trades up 45%

Net asset value per share up 32%





Five year summary

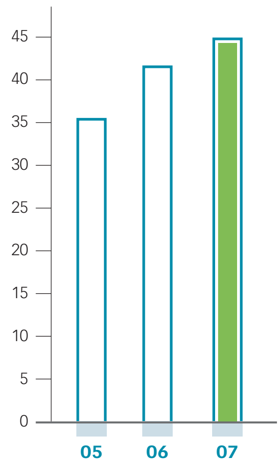
	2003 R'000	2004 R'000	2005 R'000	2006 R'000	2007 R'000
Revenue	329 702	350 670	407 999	640 377	877 426
Other income	13 212	26 117	25 307	65 370	111 993
Expenditure	(345 656)	(365 223)	(394 234)	(576 547)	(713 237)
Profit/(loss) before net finance income	(2 742)	11 564	39 072	129 200	276 182
Net finance income	45 861	39 070	38 839	54 740	97 129
Share of profit of equity accounted investees	14 571	19 132	23 966	27 364	31 865
Profit before tax	57 690	69 766	101 877	211 304	405 176
Income tax*	—	—	5 120	(70 254)	(131 938)
Profit for the year	57 690	69 766	106 997	141 050	273 238

**The JSE became a tax-paying entity in 2005.*

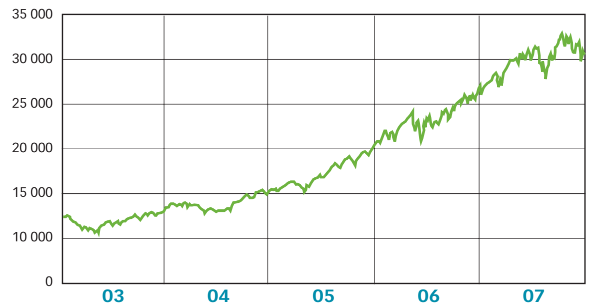
Financial highlights

Annualised JSE liquidity

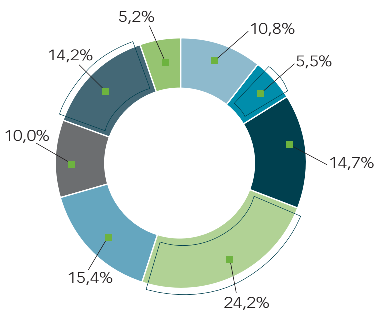
%



All Share index



Revenue contributors*

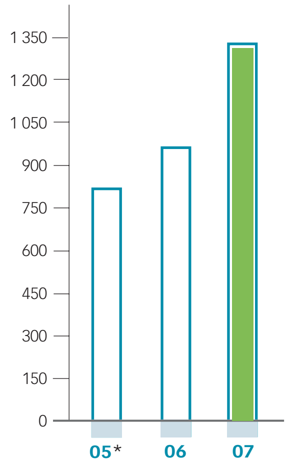


- Listings
- Agricultural derivatives
- Equity derivatives
- Equities trading
- Equities risk management, clearing and settlement
- Information product sales
- Technology services
- Other revenue

*Excluding Strate ad valorem fees

JSE net asset value per share

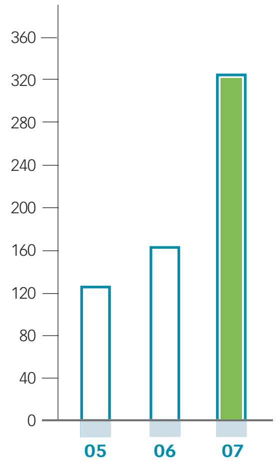
cents



*Assumes 10:1 share split in 2005

JSE basic earnings per share

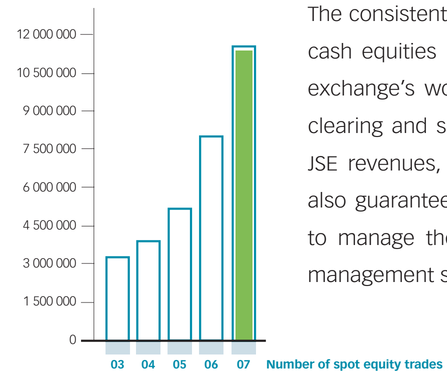
cents



Revenue streams

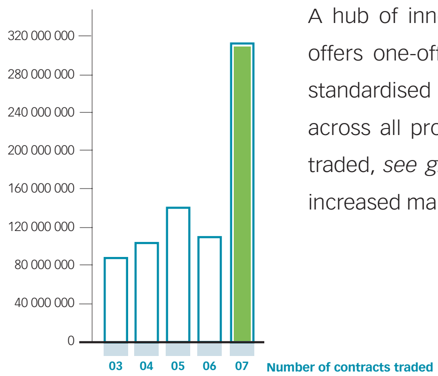
What we do

Equities trading, risk management, clearing and settlement



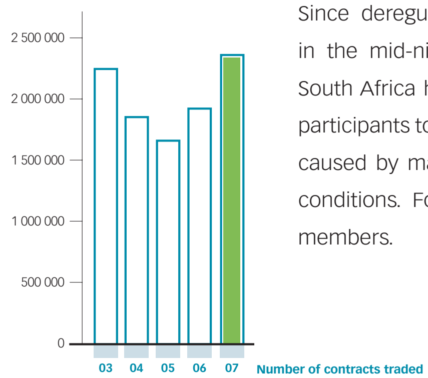
The consistent growth in the number of trades in the JSE's cash equities market shows that investors are using the exchange's world-class and competitively priced trading, clearing and settlement systems. Increasing trade boosts JSE revenues, whether the market rises or falls. The JSE also guarantees spot equity trades (for which we charge to manage the guarantee) and has a sophisticated risk management system that provides for any potential loss.

Equity derivatives



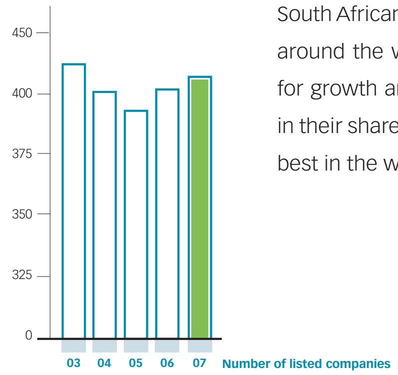
A hub of innovation, the JSE's equity derivatives market offers one-off designer products and options as well as standardised instruments. Showing 217% annual growth across all product lines in 2007 (by number of contracts traded, *see graph*), this market is reaping the rewards of increased marketing and investor awareness.

Agricultural derivatives



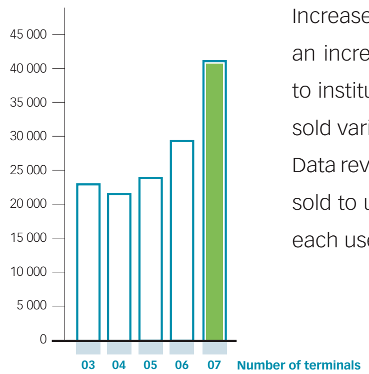
Since deregulation of South Africa's agricultural market in the mid-nineties, the agricultural products market in South Africa has gone from strength to strength, allowing participants to hedge price volatility in agricultural products caused by market demand, exchange rates and weather conditions. Formed in 1995, the market has 87 trading members.

Issuer services



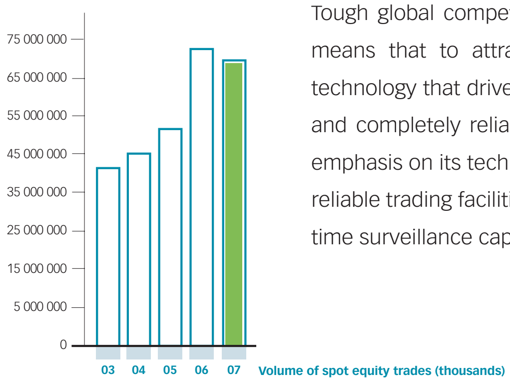
South African companies, and increasingly companies from around the world, are attracted to the JSE to raise capital for growth and to access a regulated market for the trade in their shares. The JSE offers a service comparable with the best in the world, at globally competitive costs.

Information services



Increased international interest in investing in the JSE means an increased appetite for market-related data that is sold to institutions and news providers world-wide. Information sold varies from equity market prices to index movements. Data revenue depends primarily on the number of terminals sold to users and the packages of information acquired by each user.

Technology services



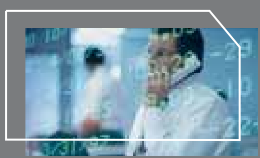
Tough global competition in the stock exchange industry means that to attract both issuers and investors, the technology that drives the JSE must be ahead of the curve and completely reliable. That is why the JSE places great emphasis on its technology to give users fast, efficient and reliable trading facilities. The JSE is unique in providing real-time surveillance capabilities down to client level.

Our products

WHAT WE TRADE	HOW IT WORKS
1. Shares	A unit representing proportional ownership of the company that issued it. Shares can yield dividends and entitle the holder to vote at general meetings.
2. Equity derivatives	A financial instrument whose value is derived from one or more underlying equities, used to hedge equity positions against risk and to speculate on price movements. There are two main types: a future is an obligation to buy or sell a quantity of a given instrument, at an agreed price, on a given date. An option is the right to buy or sell the instrument.
i. Single Stock Futures (SSFs)	An SSF is an exchange-traded futures contract based on an individual underlying share of a JSE-listed company. As a future, however, it trades at a fraction of the price of the underlying share and hence has leverage opportunities.
ii. Index derivatives	An index is a composite of values designed to measure change in a market or an economy. The value of an index derivative is derived from an underlying index. Two innovative indices were launched during 2007, on which derivatives are traded: • The South African Volatility Index (SAVI) provides a forecast of equity market risk or implied volatility in SA markets. • The Research Affiliates Fundamental Index (RAFI) represents shares selected and weighted by sales, cash flow, book value and dividends rather than market cap as is traditional.
iii. Can-Do Options	Can-Do Options allow investors to create customised equity derivatives and enter into a futures contract or option contract.
iv. Warrants	Warrants are instruments issued over shares in a company or units of an index. They entitle the holder to buy or sell a number of shares or units at a specific price and time. Investors trade warrants for their hedging capabilities and the leverage they allow.
3. Exchange Traded Funds (ETFs)	An ETF is a listed security that replicates the composition of an index. An ETF invests passively in the same way as a unit trust index tracker fund does. ETFs can be traded as ordinary shares are.
4. Agricultural derivatives	Agricultural derivatives are exchange-traded contracts which allow market participants to trade the underlying commodity at a fixed price and time. Participants use the agricultural futures market to hedge and to speculate.
5. Dividend futures	Dividend futures are aimed at allowing market participants to hedge against dividend risk. The final settlement price is determined by the actual dividend declared by the company during the quarter preceding the expiry date.
6. Bonds	Bonds are debt securities, in which the issuer is indebted to the holders and is obliged to pay interest (the coupon) regularly and repay the principal at a future date.
7. Currency futures	A currency future contract allows market participants to trade the underlying exchange rate. Currency futures allow participants to take a view on the movement of the exchange rate or to hedge against currency risk.

Our approach is to continue to improve on what we do, broadening our range of products and services to meet the changing needs of the market.

Evolving client needs



Chief Executive Officer's statement

Introduction

Markets were buoyant during 2007. The JSE Ltd performed strongly, as trading volumes were boosted by investors participating strongly in all our main markets. But the period also saw global stock markets move into a fiercely competitive battle for market share. Competition came from other world stock markets and several less traditional entrants into the industry.

So, not only were we pleased to note the increase in trading volumes, which lifted revenues sharply for the period, we were particularly gratified by indications that this growth could continue. Foreign interest in Africa as an investment destination rose. The number of new listings on JSE boards jumped. Sales of JSE market data to offshore investors, some of them trading on the JSE for the first time, climbed significantly. Local retail investors and global hedge funds showed an increased appetite for JSE-listed derivatives. And importantly, our trading platforms, which handled huge increases in trading volumes during 2007, demonstrated the capacity to process even more trades in the future.

These successes led to pleasing results for the period: The JSE Group recorded another strong performance for the year under review, attributable mainly to strong world markets and controlled costs. Group revenue from operations increased by 37% to R877,4 million while the increase in operating costs was contained below inflation, at 6%. Basic earnings per share increased to 321,3 cents per share (2006: 168.0 cents per share).

Arguably, the JSE's success at attracting issuers and investors to its spot market is best reflected in a single number: the exchange's liquidity (or velocity). That is trade volume on the exchange's spot equity market expressed as a percentage of its market capitalisation. As largely fixed-cost businesses, stock exchanges focus

"Our trading platforms, which handled large increases in trading volumes during 2007, demonstrated the capacity to process even more trades in the future."

on growing the top line – where trading volumes are a significant contributor – to widen profit margins. The JSE's liquidity has improved markedly in the last decade, having risen from 7,8% in 1998 to 44,9% in 2007 and driven in part by phenomenal growth of the equity derivatives market.

We believe further improvements are possible. However, in the fast-changing global trading environment, there is no room for complacency. We have increased the pace of initiatives that cater for rapidly changing business requirements and that can withstand the growing competition from alternative trading venues such as new quasi-exchanges, and, in the case of dual-listed stocks, other traditional exchanges. Moves to introduce several new products in 2007 – from currency futures to innovative Exchange Traded Funds and a wider range of derivative instruments – will be followed in 2008 by additional focus on our services, to anticipate the evolving needs of clients and stay ahead of innovations in trading models.

Operations

Trading

The JSE's spot equity market had a record year in 2007, achieving its highest-ever trading volumes. Trade was stimulated by market volatility and carried out using an upgraded technology system – the London Stock Exchange's TradElect™. The average daily number of trades for the period was 46 216, compared with 31 899 in 2006, and a record number of trades, totalling 99 959, occurred on the futures close-out on 20 December 2007.

Having trading systems that are able to cope with changes in trading styles and access mechanisms (seen in the rise of direct market access and algorithmic trading) allows the JSE to capture the majority of spot equity trading activity in the market. Indeed, a survey of trading conducted internally indicates that over three quarters of spot equity orders were entered electronically (through order entry application, direct market access or algorithmic trading) between October 2006 and October 2007. This is an area we intend to focus on during 2008.

But by far outstripping the growth of the more mature spot equities market has been the JSE's equity derivatives market. We now operate the 12th-largest equity derivatives exchange in the world in terms of volumes. Contracts traded increased by a phenomenal 242% during financial 2007. Trade in equity derivatives has grown strongly as more South African retail and institutional investors have accepted these instruments and as hedge funds have made greater use of them. Over the longer term, growth has also been fuelled by increased global confidence in the integrity of the Exchange's systems, which in turn has prompted a rise in liquidity and improved price discovery in this market.

The bulk of this growth comes from sharp increases in trade in two types of instruments: Single Stock Futures, in which South Africa remains the largest player in the world according to number of contracts traded, and transaction-specific, custom-built Can-Do Options.

On the JSE's agricultural products market, too, strong growth in trading volumes boosted revenues during the period. Particularly impressive increases came from the second-grade white maize market. The daily average number of contracts traded grew 23% year-on-year.

Yield-X, the JSE's interest rate market, was the centre of much activity during financial 2007 due to the launch of trading in currency futures. The first contracts to be listed were the US Dollar/Rand contracts, followed by the Sterling/Rand and Euro/Rand. Participation in the market, restricted by South African exchange control regulations, will be broadened as these controls are lifted gradually.

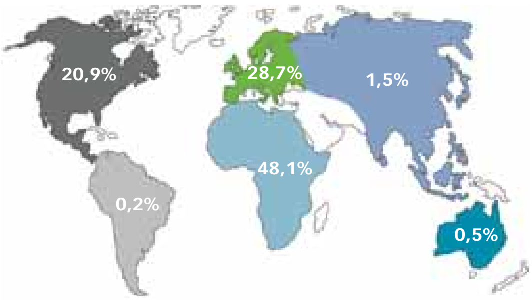
Trading of bonds on Yield-X continued during the financial year, despite structural impediments in the market. Work by the Yield-X team on new products and the smooth functioning of the market will continue and we expect better results in the future.

Supplementary services:

Information sales

The drive to diversify income streams – so as to reduce reliance on activity unrelated to trade – has increased the focus on information sales. During 2007, we reduced the price of real-time data for retail investors and thus introduced a new market for our information sales products. Growth of this market exceeded expectations during the year. As the number of JSE members offering online trading facilities increases, we expect further growth from the retail market. We have also noticed a significant increase in the number of international clients.

Geographic split of terminals



Listings

The JSE is recognised as a financial hub on the African continent. It is also seen as a globally competitive listing destination for issuers worldwide, particularly those companies with assets located in the region. In last year's buoyant economy, however, companies needing to raise funds were also courted by banks and private equity houses – so it was particularly pleasing that a total of 62 new listings took place.

Of these, 37 companies listed on AltX, our board for smaller companies, which was started in 2003 and is progressing well. AltX-listed companies are required to go through a rigorous listings approval process advised by a designated adviser. Though 2008's less optimistic investment environment may subdue the appetite for listing, the pipeline still looks promising.

The remaining 25 new listings in 2007 joined the Main Board, a few as a result of cross-border listings. Cross-border listings, which have been permitted in South Africa for only two years following the relaxation of exchange controls, present a great opportunity to the JSE, its investors and issuers. The JSE now has 37 dual-listed companies trading on its boards. It offers companies – often those with assets or markets in SA – the opportunity to raise funds in this region and investors the chance to participate in this. We intend to pursue this type of listing with vigour in 2008.

Of the 40 companies that delisted in 2007, over half did so as a result of a clean-up operation that the JSE has instituted. It is clearing from the boards companies that do not meet listings requirements, including liquidity or minimum share ownership criteria. Many of these companies were listed during the global listings boom of the late Nineties. Since then, listings requirements and other vital procedures have been tightened significantly; JSE Main Board listings requirements are now aligned closely with those of the London Stock Exchange (LSE).

Infrastructural backbone

The JSE's technological infrastructure is the backbone of all its operations. The continual challenge is to ensure that this infrastructure enables the JSE to cater in advance for increased demand in trading capacity and the evolving requirements of investors and issuers.

At the start of 2007, anticipating a continuation in the increase in trading volumes (through traditional trading methods and direct market access or algorithmic trading) and having plans to list several new trading instruments, we were comfortable about the overall stability and capacity of our systems.

During 2007, the JSE signed a second five-year technology agreement with the LSE, in terms of which we migrated onto that exchange's SETS platform onto the replacement spot equity trading platform, TradElect™, in April 2007. The system, which is 10 times faster than its predecessor and can therefore process much higher volumes, sparked a noticeable increase in trading volumes and dealt with the surge comfortably. The final step in this upgrade took place in early 2008.

Chief Executive Officer's statement
(continued)

The JSE also signed a business agreement with the LSE which covers cross-listing requirements, product development and data sales.

Both our fixed-interest and equity derivative trading platforms are experiencing increases in trading volumes. Replacements of both platforms are expected to go live in 2008.

During 2007, the JSE concluded an agreement to insource those technology operations that had previously been outsourced to an external service provider.

A programme to replace all the JSE's technology with next-generation technology, which had been substantially delayed, was brought under the JSE's control. We have spent several months reviewing the initiative in order to assess what still needs to be done to ensure that it is successfully implemented and will make an announcement in this regard in due course.

The insourcing agreement has resulted in the JSE increasing its staff complement by 41, to include the team that until December 2007 worked under our former service provider. The cost of this must be netted off against the monthly charge which is no longer payable for outsourced IT services. We are delighted to welcome the team on board.

A three-phase upgrade project that was delayed by 12 to 24 months under our service provider's management is now under the JSE's control. Phase one – involving internal administrative changes – is complete.

Financial performance

Group revenue from operations increased by 37% to R877,4 million while the increase in operating costs was contained below inflation, at 6%.

Included for the first full year in Group revenue, is an amount of R83 million (2006: R57 million) relating to the Strate ad valorem fees. In the previous year this figure was only included for 10 months. While the impact on the bottom line is nil, there is a marked increase in the revenue and cost lines.

Other income, including interest income increased by R47 million or 71%. Of this, R75 million related to a once-off payment from a contractor, releasing the contractor from its further obligations with regard to its agreements with the JSE. In 2006, there was a non-recurring performance bonus received on an insurance product by the JSE Guarantee Fund Trust amounting to R26 million.

Personnel costs increased by R67 million, of which R53 million was a consequence of the acceleration of 25% of the first tranche of the Employee Scheme due to be paid in December 2008 but brought forward to December 2007, in recognition of participants' agreement to cap the JSE's liability under the first tranche.

Other expenses include the cost of the Broad-Based Black Economic Empowerment (Broad-Based BEE) initiative, amounting to R30 million (2006: R39 million) for the sale of the final tranche of shares at par value to the JSE Empowerment Fund (JEF). The second element of the Broad-Based BEE initiative, the Black Shareholder Retention Scheme, (the BSR Scheme) cost R53 million in the year under review (2006: R12 million). The final tranche of options due in terms of this scheme is due to be issued to qualifying black shareholders in June 2008 at a discount of 80% of the share price on the date of issue.

Net financing income has improved considerably on the back of increased values invested and the general increase in interest rates.

The tax impact of R132 million in the current year is exacerbated by the fact that the cost of the Broad-Based BEE initiative amounting to R83 million (2006: R50 million) is not deductible for tax purposes. Also included in this tax figure, is Capital Gains Tax amounting to R11 million on the receipt from a contractor of R75 million.

Despite the cost of the Broad-Based BEE initiative and the Long Term Incentive Scheme, the Group has achieved after tax profits for the year of R273 million, an increase over the previous year of 94%.

The JSE Guarantee Fund Trust and JSE Derivative Fidelity Fund Trust are consolidated in terms of International Financial Reporting Standards (IFRS). The trusts are legally separate from the JSE and shareholders do not have any right to the net assets of such trusts.

Chief Executive Officer's statement
(continued)

Trade and other receivables increased by R112 million as a result of interest receivable on margins amounting to R135 million, an increase of R86 million over 2006 and trade receivables on higher revenues being R27 million higher than the previous year.

Trade and other payables increased by R101 million, of which R89 million relates to the interest payable on margins.

Net asset value per share has increased by 32% to 1302,2 cents per share (2006: 984,0 cents per share).

Capital structure and dividend policy

The JSE has no long-term borrowings and now finally has a healthy balance sheet and a good level of cash reserves. This follows a decade of consistent work to develop a solid capital base – a difference from the Exchange's past as an association of members where capital needs were funded by members of the Exchange on an ongoing basis. In 2007, we again revisited the JSE's capital requirements in order to determine a suitable capital structure for the Exchange.

The JSE analyses its capital requirements in three categories. First, to ensure a smoothly operating stock exchange, most exchanges set aside sufficient cash to fund between two and six months of operating costs. The JSE sets aside sufficient cash to fund four months of operations. Second, as the JSE guarantees all on-market equities trades, it sets aside sufficient cash to settle a certain portion of on-market equity trades assuming the failure of a JSE equities member (broker). We have not had such a failure for over 10 years, primarily as a result of our rigorous settlement management process. And third, the JSE must be in a position to maintain infrastructure and meet capital needs for expansion, so we set aside a portion of cash to fund these types of expenses. On the basis of this assessment, the board has determined how much cash we need although this will be revisited regularly as it is influenced by the level of activity on the JSE as well as by our strategic initiatives and dividend policy.

Following the review of the JSE's capital requirements, the board resolved to distribute R77 million in cash to shareholders on 24 December 2007 by way of a special dividend of 130 cents per JSE share out of the JSE's retained earnings on 24 December 2007.

After careful consideration, the Board has decided to amend the dividend policy of the JSE from distributing a maximum of 2,5% of net asset value, after excluding the Investor Protection Funds, to a policy of distributing between 40% and 67% of earnings, after deducting non-recurring items. This equates to a dividend cover of between 1,5 and 2,5 times.

In terms of the new policy the directors of the JSE are proposing to declare ordinary dividend number 3 of 130 cents per share to be approved at the Annual General Meeting of Shareholders to be held on 24 April 2008.

Surveillance and regulation

The JSE's surveillance division has benefited from the sophisticated monitoring tools at its disposal. These tools enable the division to extract and analyse market information and member positions quickly and effectively, regardless of the level of market activity. Higher market activity is often associated with the potential for market abuse, but the efforts of the surveillance division and the Financial Services Board (FSB) have contributed towards a material reduction over the last five years in the number of reported cases of market abuse relating to JSE listed securities.

The JSE and the FSB have made an effort to increase awareness among investors of the capacity of these organisations to detect and investigate potential market abuse, and to inform listed companies and market intermediaries of their responsibilities in this regard. This effort, coupled with effective legislation and appropriate enforcement action by the FSB when market abuse does occur, has had a positive effect on the attitude of market participants. The perceived incidence of insider trading has fallen sharply.

Chief Executive Officer's statement
(continued)

As an element of the migration to the London Stock Exchange's TradElect™ equities trading system, the surveillance division has acquired the use of an additional market surveillance tool. This has sophisticated analytics and added functionality. It supplements the surveillance division's system and, together with the division's access to the central accounting system used by equities members, makes up a comprehensive suite of surveillance applications with full transparency of market activity and member records.

The JSE and consolidation in the stock exchange industry

Increased global competition and pressure on operating margins, along with the growing ability of stock exchanges to operate in new ways and in new locations, is encouraging a spate of cross-continent mergers, acquisitions and alliances. Most are aimed at a wider global footprint and economies of scale, driven by processing a larger number of trades through a single system. It is not yet clear whether these actions will yield the intended results.

So far, the JSE has not been a participant in the global trend towards consolidation in the industry.

However, the Exchange holds the belief that within the African continent, a working linkage between exchanges – which need not involve a merger or acquisition – would benefit issuers and investors active in all affected markets. Various possible approaches are being pursued.

This is particularly pertinent because increased international interest in Africa as an investment destination has boosted volumes not only for the JSE but also for several other stock markets on the continent. Flows of funds are being redirected to Africa from some markets no longer considered to be emerging.

Factors driving the greater interest in investing in Africa include economic reform in several countries in the region, the conviction that many countries are seeing structural rather than cyclical recoveries and economists' forecasts of continued improvement. For 2008, the International Monetary Fund forecasts GDP growth of 6,2% for Africa compared with 4,9% global growth and 2,5% for the developed economies. This heightened interest is obviously good for the JSE, not simply boosting trade on its markets but also sparking higher information sales revenues from new investors on the continent (mostly foreign institutions).

Many institutional investors still don't consider Africa as an option. A lack of research is one reason for this. But the main reasons are the poor liquidity of most African stock markets, their size, varied integrity and the complexity of investing in them. Moreover, not all African countries have stock exchanges.

Seeking to do whatever is of benefit to issuers and investors with interests in these markets, the JSE has also offered companies on the continent the possibility of dual listing on the JSE. This could increase their liquidity and offer more capital-raising opportunities. The first of these, Nigerian energy company Oando, has joined the JSE's boards. More listings activity from the continent is expected in due course.

Appreciation: Our shareholders

Over the past year we have met with holders of over two thirds of JSE Ltd's equity in one-on-one conversations at home and abroad, at investor presentations and at black shareholder forums. During these meetings, many shareholders have shared valuable thoughts and insights about our company and industry. We value the close relationships we have built with many of our shareholders and look forward to continuing them. We consider our shareholders to be an integral part of the company and thank them for their support during the year.

Focus for 2008

There is little doubt that 2008 will be a volatile year in markets worldwide. South Africa, an emerging market, won't escape this.

Despite this sobering reality, the start of 2008 has been good for JSE Ltd. High volumes have been traded during the period. We have had promising indications for the listings pipeline. Plans to launch new products and to improve service levels for investors and issuers have continued apace. Moreover, February 2008 brought the news that due to relaxations of exchange control regulation, the JSE had received permission to broaden participation in our currency futures market.

So despite the fact that market conditions are likely to be less favourable than in 2007 (bar an unexpectedly rapid recovery in global markets), the JSE is positive about the year ahead.

Last year, we focused on launching new and innovative trading instruments such as exchange traded funds and currency futures. That focus won't end. During 2008 we aim, for example, to intensify our efforts towards listing spot bonds. Further listings of exchange traded funds are probable. We will continue to market our Can-Do Options, which have been accepted enthusiastically by the market. As discussed elsewhere in this report, investigation is well underway into methods of encouraging cooperation within the African continent.

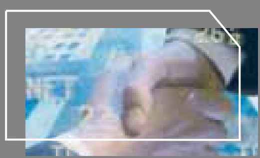
Moreover, as mentioned above, significant regulatory changes announced in the national budget speech of March 2008 enable corporates to trade currency futures on the JSE, a market previously limited to retail investors. This creates tremendous opportunity for the Exchange. Moreover the budget also improved prospects for capital raising by foreign companies listed on the JSE, increasing the attractions of a dual listing on this market by companies worldwide.

During 2008, a significant focus will be on the ease and flexibility of our trading services. This focus includes ensuring that the exchange is able to fulfil the evolving requirements of algorithmic traders and investors accessing the market directly. Currently, both groups trade on our markets. However, a thorough review of the requirements of these investors, now underway, may prompt changes including a revised pricing structure for equity trades on the JSE. If this occurs, a new structure could recognise the different needs of liquidity takers or providers or of high and low volume trades. Clearly, the objective of this exercise would be to increase the JSE's liquidity (or velocity).

The focus on ease and flexibility of trading also includes a continuation of our investigation into all obstacles hampering our move from a T+5 to a T+3 settlement period for spot equities. We will not move to T+3 before we are convinced that our clearing and settlement of trades will be as flawless as is our current record. However we are intent on removing all obstacles and the shift to T+3 is within our sights.

We are concentrating on increasing the number of foreign listings so as to continue to provide our clients with a well diversified selection of investment choices.

Increased global reach



Executive Committee members

Allan Thomson
Director: Trading

›› 6 years' service

Nicky Newton-King
Deputy CEO

›› 12 years' service

Mpuseng Tlhabane
Senior General Manager:
Human Resources

›› 4 years' service

Ana Forssman
Senior General Manager:
Information Product Sales

›› 19 years' service

Russell Loubser
Chief Executive Officer

›› 11 years' service

Jannie Immelman
Senior General Manager:
Information Services

›› 12 years' service

Des Davidson
Director: Clearing and
Settlement

›› 8 years' service

Geoff Rothschild
Director: Government and
International Affairs

›› 3 years' service

Executive committee members
(continued)








Noah Greenhill
Senior General Manager: Marketing and Business Development

›› 8 years' service

Rod Gravelet-Blondin
Senior General Manager: Agricultural Products

›› 12 years' service

Gary Clarke
Group Company Secretary

›› 10 years' service

Shaun Davies
Director: Surveillance

›› 12 years' service

Maureen Dlamini
Senior General Manager: Education

›› 2 years' service

Leanne Parsons
Chief Operating Officer

›› 23 years' service

Freda Evans
Chief Financial Officer

›› 7 years' service

John Burke
Director: Issuer Services

›› 18 years' service

Board of Directors








David Lawrence

›› Alternate director to Stephen Koseff; previous chairman and MD of Citibank; previous MD of Firstcorp Merchant Bank; deputy chairman of Investec Bank Ltd; director of companies

Sam Nematswerani

›› Chairman of the Audit Committee of the JSE; CEO of AKA Capital (Pty) Ltd; director of companies

Appointed to the board in 2005

Geoff Rothschild

›› Executive director; past chairman of the JSE; previous director of Sasfin Frankel Pollak Securities (Pty) Ltd; member of the National Advisory Council for Innovation; member of the South African Institute for Stockbrokers

Appointed to the board in 2000

John Burke

›› Executive director; alternate member of the King Committee on Corporate Governance; chairman of the Listings Advisory Committee

Appointed to the board in 2001

Nicky Newton-King

›› Executive Director; deputy CEO since 2003; member of the Financial Markets Advisory Board and the Presidential Remuneration Commission; World Economic Forum Young Global Leader; Yale World Fellow 2006 and former partner of Webber Wentzel Bowens Attorneys

Appointed to the board in 2000

Anton Botha

›› Chairman of the Human Resources Committee of the JSE; chairman: Vukile Property Fund, non-executive director: Sanlam Ltd and member of the Council: University of Pretoria; past CEO of GenSec Ltd; director and owner of Imalivest (Pty) Ltd

Appointed to the board in 2000

Humphrey Borkum

›› Chairman of the JSE; chairman of Merrill Lynch SA (Pty) Ltd; member of the South African Institute of Stockbrokers

Appointed to the board in 2000

Gloria Serobe

›› CEO of Wipcapital (Pty) Ltd; non-executive director; Old Mutual South Africa, Mutual and Federal Limited and Nedbank Ltd

Appointed to the board in 2000

Board of Directors









Norman Muller

Head of the Capital Markets department, FSB

Russell Loubser

Executive director; CEO of the JSE; on board of directors of the World Federation of Exchanges; previous chairman of the World Federation of Exchanges' Working Committee; past chairman of SAFEX; previous executive director of Financial Markets at Rand Merchant Bank Ltd

Appointed to the board in 2000

Leanne Parsons

Executive director; Chief Operating Officer; director of JSE-related companies

Appointed to the board in 2000

Stephen Koseff

CEO of Investec Bank Ltd and Investec PLC; director of Rensburg Sheppard PLC; non-executive director of Bidvest Ltd; member of the Banking Association Board; former chairman of the Independent Banks Association; former member of the Financial Markets Advisory Board

Appointed to the board in 2000

Gary Clarke

Group Company Secretary

Andile Mazwai

Group CEO of BJM Holdings Ltd; member of the South African Institute of Stockbrokers

Appointed to the board in 2004

Wendy Luhabe

Chairman of the Industrial Development Corporation, Vendome SA, Women's Private Equity Fund I, International Marketing Council and Chancellor of the University of Johannesburg

Appointed to the board in 2003

Nigel Payne

Chairman of the Risk Management Committee of the JSE; director of companies; member of the King Committee on Corporate Governance

Appointed to the board in 2005

Bobby Johnston

Honorary life member of the South African Institute of Stockbrokers; previous chairman of the JSE; member of the Financial Markets Advisory Board

Appointed to the board in 2000

The Board is satisfied that the JSE has made and continues to make every practical effort to conform with the King Code in all material aspects.

The principles of conducting business with integrity and according to sound governance practices are ingrained at the JSE, and the JSE continues to evaluate its governance structures in accordance with local and international developments. It ensures that "better than good" governance persists at all levels of the JSE, thus strengthening the JSE brand.

The "better than good" governance approach is imperative to the JSE. Among other things, it maintains a clear separation of the roles of regulator and listed company.

Chairman and Board of directors

The JSE has a unitary Board made up of a majority of non-executive directors presided over by a chairman elected from the non-executive directors. The Board is composed of 14 directors (2006: 14), who, in addition to the Chairman, consist of a Chief Executive Officer (CEO), Deputy CEO, Chief Operating Officer, two other executive directors, a lead non-executive director and seven other non-executive directors. In the interest of transparency, a representative from the JSE's regulator, the Financial Services Board, attends Board meetings as an observer.

Appointment of directors

The directors are elected to the Board on the basis of their skills and experience appropriate to the strategic direction of the JSE and essential to secure its sound performance. In terms of article 24 of the Articles of Association of the JSE, at least one third of all directors are required to retire by rotation each year. Retiring directors may be re-elected.

The race and gender of candidates are also considered. The process for the nomination of Board members is prescribed and transparent. The Board has delegated this responsibility to a Nominations Committee which makes recommendations to the Board.

Non-executive directors have no fixed term of appointment. In addition, executive directors are subject to the same terms and conditions of employment as other JSE employees, with the exception of their notice period, which is three months. The CEO's notice period is four months.

The composition of the Board allows for appropriate and efficient decision-making and ensures that no one individual has undue influence.

Independence of directors

The Board considers all its non-executive directors to be independent. A number of the non-executive directors have indirect remote interests in the JSE, and strictly speaking, in terms of the listings requirements therefore fall outside the definition of "independent". These directors and their interests are:

Humphrey Borkum, Chairman of Merrill Lynch South Africa (Pty) Limited – sponsor and authorised user of the JSE;

Stephen Koseff, Chief Executive Officer of Investec Bank Limited – listed company, sponsor and authorised user of the JSE; and

Andile Mazwai, Group Chief Executive Officer of BJM Holdings Limited – sponsor and authorised user of the JSE.

The Board is mindful of this and the potential conflict of interests that might arise as a result, however remote. A rigorous policy of disclosure of interests and recusal from discussions in which a director has an interest is followed to mitigate any such conflicts.

Duties and responsibilities of directors

The Board's primary responsibilities, based on an agreed assessment of levels of materiality, include giving strategic direction, identifying key risk areas and key performance indicators of the business, monitoring investment decisions, and considering significant financial matters. The responsibilities of the Board are set out in more detail in the Board Charter which was approved by the Board on 25 November 2003 and can be found at www.jse.co.za. The relevance and applicability of the Charter is assessed on an ongoing basis and changes are made where appropriate.

The powers of the Board are conferred upon it by the Securities Services Act, No. 36 of 2004, the rules of the JSE made in terms of this legislation, and the JSE's Memorandum and Articles of Association. Article 28 of the Articles of Association of the JSE vests the management and control of the JSE in the Board.

Performance assessment of Board of directors

For the fifth consecutive year, an evaluation of the Board and its sub-committees was performed. All directors completed a questionnaire compiled by the Company Secretary in conjunction with the Chairman and a non-executive director. In addition, the Chairman met directors individually to obtain additional information in this regard.

The process included:

- an evaluation of Board effectiveness;
- an assessment of the performance of individual Board members; and
- an assessment of the performance of Board sub-committees and an evaluation of their terms of reference.

An assessment of the Chairman was also conducted by the lead director. The assessment took the form of a questionnaire which was completed by each director. The Chairman was advised of the outcome of the assessment. This process will be performed annually.

The Board is assisted in complying with its ongoing responsibilities and obligations by the Company Secretary. Newly appointed directors are provided with an appropriate induction by the Company Secretary, which includes a briefing on their duties and responsibilities. All directors have unlimited access to the Company Secretary and executive management.

Attendance at Board meetings

The Board is required to meet a minimum of four times per year. Four Board meetings and one strategy session were held in 2007. Attendance by directors was as follows:

Director	13/03/07	22/05/07	23/05/07*	14/08/07	20/11/07	Total
H J Borkum[1,2,4,5]	✔	✔	✔	✔	✔	5
A D Botha[1,2,4,5]	✔	✔	✔	✔	✔	5
J H Burke[6]	✔	✔	✔	✔	✔	5
M R Johnston[2,5]	✔	✔	✔	✔	✔	5
S Koseff[1,5]	✔	x	x	x	x	1
D Lawrence[3] (alternate to S Koseff)	✔	✔	✔	✔	✔	5
R M Loubser[3,6]	✔	✔	✔	✔	✔	5
W Y N Luhabe[1,5]	✔	✔	✔	x	✔	4
A M Mazwai[1,3,5]	✔	✔	✔	✔	✔	5
N S Nematswerani[2,3,5]	✔	✔	✔	✔	✔	5
N F Newton-King[6]	✔	✔	✔	✔	✔	5
L V Parsons[3,6]	✔	✔	✔	✔	✔	5
N Payne[3,5]	✔	✔	✔	✔	✔	5
G Rothschild[6]	✔	✔	✔	✔	✔	5
G T Serobe[2,4,5]	x	✔	✔	✔	x	3

[1] Member of Human Resources Committee
[2] Member of Audit Committee
[3] Member of Risk Management Committee
[4] Member of Nominations Committee
[5] Non-executive director
[6] Executive director

✔ Attended
x Absent
*Board strategy session

Board sub-committees

The Board has established a number of committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authorities. The committees, with the exception of the Executive Committee and the Risk Management Committee, which are primarily committees of an operational nature, comprise non-executive directors only.

Executive Committee

This committee is composed of the CEO and the heads of the various JSE divisions. It is primarily responsible for the operational activities of the JSE and for the development of strategy and policy proposals for consideration by the Board. The committee is also responsible for implementing Board directives.

The committee meets weekly, and operates in terms of written terms of reference approved by the Board.

Audit Committee

Report prepared by its Chairman, Sam Nematswerani

The Audit Committee is composed of its chairman, who is an independent non-executive director, and four other independent non-executive directors. The CEO, Chief Financial Officer and representatives of the internal and external auditors attend all meetings of the committee by invitation.

The committee has formal terms of reference approved by the Board which are reviewed annually to ensure that they are being complied with and are still relevant.

The committee is required to, inter alia:

- recommend to the Board which firm(s) should be appointed as external auditors;
- evaluate the independence and effectiveness of the external auditors, including whether their provision of any non-audit services affects their independence;
- review the financial statements of the Group and the JSE, both interim and annual, as well as any announcement of results;
- ensure that financial statements are prepared on the basis of appropriate accounting policies and International Financial Reporting Standards;
- review the accounting policies and procedures adopted by the Group and the JSE;
- recommend the quantum of audit fees;
- review the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control;
- monitor and supervise the effective functioning of the internal audit, ensuring that the roles and functions of the external and internal audit are clear and coordinated; and
- review and consider the appropriateness of assumptions and achievability of budgets and forecasts.

The JSE continues to:

- prepare Group accounts;
- comply with International Financial Reporting Standards; and
- complete these responsibilities within an acceptable timeframe.

Corporate governance
(continued)

The internal and external auditors have unlimited access to the chairman of the committee. The internal auditors report to the committee and, up until 31 October 2007, reported to the Chief Financial Officer and with effect from 1 November 2007 report to the Head of Internal Audit and Risk on day-to-day matters. The chairman of the Audit Committee attends Annual General Meetings.

The committee is satisfied that the 2007 audit conducted by the external auditors was independent.

The committee met three times in 2007. Attendance by members was as follows:

	05/03/07	02/08/07	06/11/07	Total attendance by members
N S Nematswerani	✔	✔	✔	3
H J Borkum	✔	✔	✔	3
A D Botha	✔	✔	✔	3
M R Johnston	✔	✔	✔	3
G T Serobe	✔	✔	x	2

✔ Attended
x Absent

N S Nematswerani

Nominations Committee

Report prepared by its Chairman, Humphrey Borkum

The Nominations Committee is composed of its chairman and two other independent non-executive directors. The committee operates in terms of written terms of reference approved by the Board, and meets as and when required.

The committee is responsible for identifying suitable candidates for election or co-option to the Board. It also reviews the size, structure and composition of the Board and Board committees, one aim being the achievement of demographic equity.

The committee does not have the authority to appoint directors but makes recommendations for consideration by the Board and shareholders.

The chairman of the Nominations Committee attends Annual General Meetings to respond to any questions related to the committee.

The committee did not meet formally in 2007, but a number of informal discussions took place between committee members to ensure that the committee was able to comply with its designated responsibilities.

H J Borkum

Human Resources Committee

Report prepared by its Chairman, Anton Botha

The Human Resources Committee is composed of its chairman, who is an independent non-executive director, and four other independent non-executive directors. The CEO and Senior General Manager: Human Resources attend these meetings by invitation unless this is deemed inappropriate by the committee. The committee operates in terms of written terms of reference approved by the Board and is required to meet a minimum of three times a year.

The committee is responsible for strategic human resources issues such as succession planning, employment equity, HIV/Aids issues and the remuneration of office bearers.

The JSE's philosophy in respect of remuneration is to set appropriate remuneration levels to attract, retain and motivate the appropriate calibre of directors, executives and staff.

The remuneration policy makes provision for each Executive Committee member to receive a package consisting of a basic salary, a possible cash bonus and the opportunity to participate in the long-term incentive scheme.

Remuneration of the Board is currently approved as follows:

- Humphrey Borkum, Anton Botha, Stephen Koseff, Wendy Luhabe and Andile Mazwai review the remuneration of the executive and the CEO;
- Anton Botha, Stephen Koseff, Wendy Luhabe and Andile Mazwai review the remuneration of the Chairman and the Deputy Chairman, if appointed;

- Humphrey Borkum, in consultation with the CEO, reviews the remuneration of the non-executive directors of the Board, excluding the Chairman; and
- All fees payable to non-executive directors, including the Chairman, are tabled at the Annual General Meeting of shareholders for approval.

The committee has made use of the services of 21st Century Business and Pay Solutions (Pty) Limited, which provides independent advice on market information and remuneration trends as well as other advice required by the committee to comply with its terms of reference.

During 2007, the committee considered, noted and approved, where appropriate, the following:

- the CEO's key performance areas and actual performance;
- the JSE's employment equity report submitted to the Department of Labour for 2007;
- Executive Committee members' and non-executive directors' remuneration;
- the principles of JSE employee remuneration and the issuing of participation interests in terms of the long-term incentive and retention scheme;
- 2008 salary increases to staff;
- awarding of a special bonus to staff; and
- the human resource implications of insourcing the management of the JSE's information technology.

The JSE has made great progress with employment equity and its broad-based black economic empowerment initiatives. In particular, significant progress has been made in achieving the Financial Sector Charter targets for black and female employees. These have been met at all levels with the exception of executive management level.

In the final meeting of the committee for 2007, amendments to the rules of the long-term incentive scheme were considered. The committee made certain recommendations to the Board, which were accepted. Accordingly, the rules of the scheme were amended as follows:

- to allow for the adjustment of the base price of participation interests issued to take into account corporate actions. This provision was inadvertently omitted from the rules of the scheme and is a standard term of schemes of this nature. The first tranche of participation interests issued in January 2006 is not subject to this amendment; and
- to allow for the capping of the vesting price of the participation interests for future issues in terms of the scheme.

In addition, and in the absence of a cap on the first tranche of participation interests issued in terms of the long-term incentive scheme in January 2006 and given that a cap amounts to a change in the contractual terms on which the first tranche of participation interests was initially awarded to participants, the Board resolved to mandate management to negotiate with participants a cap on the growth of the value of these participation interests. The vesting price of these participation interests was capped at R100,00. As a quid pro quo for participants agreeing to this cap, management was authorised to accelerate the payment of half of the participation interests that were due to vest in December 2008 to December 2007. The vesting price of the accelerated participation interests was the 30 calendar day VWAP immediately prior to and including 20 November 2007. The financial impact of this is set out under note 18 to the annual financials on page 90.

The committee also authorised a second award of participation interests. The award was made in terms of the amended rules and to senior JSE staff.

Corporate governance
(continued)

In light of the exceptional financial results, the CEO was authorised by the committee to award and pay special bonuses to staff and the Executive Committee to a total value of R20 million. Bonuses to the amount of R8 739 821 were awarded to Executive Committee members.

The chairman of the Human Resources Committee attends Annual General Meetings to respond to any queries related to issues considered by this committee. In 2007 the committee met three times. Attendance by members was as follows:

	05/03/07	02/08/07	06/11/07	Total attendance by members
A D Botha	✔	✔	✔	3
H J Borkum	✔	✔	✔	3
S Koseff	✔	x	x	1
W Y N Luhabe	✔	✔	x	2
A M Mazwai	✔	x	✔	2

✔ Attended
x Absent

A D Botha

Risk Management Committee

Report prepared by its Chairman, Nigel Payne

The Risk Management Committee is composed of its chairman, who is an independent non-executive director, the CEO, the Chief Operating Officer, the Chief Financial Officer, Head of Risk and Internal Audit, the chairman of the Audit Committee and two other independent non-executive directors. A representative of our regulator, the Financial Services Board, is invited to attend all Risk Management Committee meetings as an observer. Representatives of the internal audit firms also attend meetings.

The committee operates in terms of written terms of reference approved by the Board, and is required to meet at least three times a year. The committee is responsible for assisting the Board with the oversight of the identification, assessment, evaluation and monitoring of actual and potential risk areas as they pertain to the JSE, and the mitigation of each risk.

The committee works closely with the internal auditors, Audit Committee and Executive Committee to oversee the management of risk at the JSE.

On 31 October 2007 Bill Urmson retired from his previous position as Director: Surveillance of the JSE. With effect from 1 November 2007, he was appointed as Head of Risk and Internal Audit dedicated to the management of the internal audit process. This function was previously conducted by the Chief Financial Officer.

The JSE's enterprise-wide risk matrix is required to be updated on a regular basis with risks being ranked according to an appropriate methodology. Each risk has been allocated to an Executive Committee member or to the Executive Committee in its entirety, for the ongoing management of each identified risk.

An action plan has been put in place to ensure that risks are reduced to an acceptable level on a cost benefit basis.

The risk matrix was updated in 2007 and reflected the ongoing improvement in risk mitigation in the Group. The continued transformation of the JSE's information technology infrastructure continues to be identified as crucial to the JSE. The committee will continue to monitor the progress of this initiative. The committee is comfortable that appropriate governance structures and other mitigating actions are in place to identify and address any risks that might arise out of this initiative.

Through the internal audit process, independent assurance is obtained on all key risk areas and related internal controls. A fourth full internal audit assessment was completed during the financial year under review. The committee is comfortable that the overall level of risk management at the JSE is good and continues to improve. In addition, it believes that appropriate action is being taken to mitigate all risks where it is cost effective to do so.

The ongoing collaboration of the committee, the internal and external auditors, the Executive Committee and Board has ensured a thorough understanding of the risks accepted by the JSE in pursuance of its objectives. The chairman of the Risk Management Committee attends Annual General Meetings to respond to any queries related to issues considered by this committee.

The committee met four times in 2007. Attendance by members was as follows:

	14/02/07	03/07/07	11/10/07	12/12/07	Total attendance by members
N Payne	✔	✔	✔	✔	4
N S Nematswerani	✔	✔	✔	✔	4
A M Mazwai	✔	✔	x	✔	3
R M Loubser	✔	x	x	x	1
L V Parsons	✔	✔	✔	✔	4
F Evans	✔	✔	✔	x	3
W F Urmson	✔	✔	✔	✔	4

✔ Attended
x Absent

N Payne

Risk management review

As the premier securities exchange in Africa, the JSE is fully cognisant of its responsibility to South Africa's financial markets as well as to its direct stakeholders. The risks to which the exchange is exposed are regularly reviewed by the Risk Management Committee of the board as well as the Executive Committee and the effectiveness of the risk mitigation actions is critically evaluated on an ongoing basis. Internal audit reviews are performed at appropriate intervals in relation to those aspects of the JSE's business that are considered to be of highest risk.

Technology and systems risk

All four of the markets operated by the JSE are computerised, as are the associated settlement systems and the support systems provided to all the members of the JSE equity market. These systems are subject to regular redundancy and disaster recovery testing and the JSE believes that it has made adequate provision for potential contingencies that could be reasonably anticipated. Many of the tests carried out have been performed in conjunction with Strate and the other partners in the settlement processes because of the mutual dependencies.

In instances of failure of power supplies, the JSE operates an uninterrupted power supply infrastructure, including diesel generators, with the capacity to provide uninterrupted service to the markets. Adequate supplies of diesel to maintain the generator have been contractually assured by the fuel suppliers.

Guarantee of settlement

The JSE is the ultimate guarantor of settlement of equities trades executed on the equities trading system. This risk can be effectively managed through the JSE systems that enable the exchange to both monitor each trade's progress through the settlement cycle on a real-time basis and to assess each member's financial standing daily. The settlement authority of the exchange also has the capacity to borrow securities to enable settlement in the event of a lack of liquidity in that particular counter and calls for cash margin in the event that there is a delay in achieving adequate guarantee of settlement.

The JSE retains a level of liquidity adequate to support this guarantee and has arranged additional short-term borrowing capacity to cater for any extreme situation. To date, there has been no cost to the JSE arising from this guarantee.

The JSE does not provide a guarantee of settlement in respect of trades on its derivatives and Yield-X markets. In these markets, assurance of settlement is provided by clearing members, which are, predominantly, the major clearing banks in South Africa. There have been no losses to participants in these markets as a result of a settlement failure.

Currency risk

Several of the contracts relating to the provision of technology services to the Exchange are denominated in currencies other than the rand, primarily US dollars and pounds sterling. However, the exchange is also in receipt of revenue from the sale of information which is similarly designated, thus providing a large measure of hedge against exposure to loss from depreciation in the value of the rand. The residual risk is assessed on a regular basis by the Chief Financial Officer, in conjunction with an advisory group, and in most instances forward contracts will be entered into to limit this exposure.

Fidelity risk

The Treasury department of the JSE is responsible for the investment of substantial sums of money received in trust from equity members in respect of client funds awaiting investment, margin paid to SAFEX Clearing Company (Pty) Limited in relation to derivative market exposures, as well as the reserves of the JSE. Very strict rules are laid down regarding the entities with which these funds may be invested, which are restricted to the highest credit rated financial institutions. There are also strict limits on the amounts that may be invested with any one institution. No investment may be of a duration of greater than 90 days and the majority of funds are invested for much shorter periods to ensure that adequate liquidity is maintained at all times.

The Chief Financial Officer is responsible for the internal control and effective management of this function and these aspects are assessed on a regular basis by internal audit.

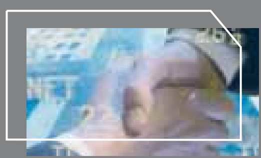
The JSE has fidelity insurance cover against fraud and theft which provides protection against losses of up to R250 million for any one claim and R500 million in aggregate.

Licensing risk

In order to operate a securities exchange in South Africa, an entity is required to obtain a licence from the Registrar of Securities Services which must be renewed annually. The renewal may be denied if the registrar is not satisfied that the exchange has complied with the requirements of the Securities Services Act, its rules and any direction, request, condition or requirement of the registrar in terms of the Act. The registrar has granted a renewal of the licence of the JSE for the 2008 calendar year.

We are focusing on the ease and flexibility of our trading services to fulfil the evolving requirements of investors worldwide.

Increased global performance



Sustainability report

Overview

International and local awareness of green and sustainable business practices continues to grow. The result is that many stakeholders are placing greater pressure on corporations, companies and governments to improve their response to this challenge. Companies are now continually required to consider carefully the consequences of their business actions and decisions.

The JSE has partnered with a UK-based research organisation, EIRIS, to improve the criteria used to assess companies for admission to the JSE Socially Responsible Investment Index, also working closely with FTSE4Good, the FTSE sustainability index, which aims to measure the performance of companies that meet globally recognised corporate responsibility standards. EIRIS is a world-renowned expert in the field of sustainability research. This collaboration ensures that the JSE's SRI index criteria are globally aligned while remaining locally relevant.

Scope

The JSE is guided in its approach to social responsibility by its Socially Responsible Investment (SRI) Index. Accordingly, the structure of this 2007 sustainability report is based on the themes covered in the criteria for inclusion in the index.

Corporate governance, the foundation of the SRI Index, is discussed separately in the corporate governance report. Our priorities are stakeholder engagement, good corporate governance and long-term economic sustainability. Our intention with our sustainability reporting is to provide quantifiable, comparable information with which to monitor our performance of sustainability practices.

The financial statements elsewhere in this report cover the JSE's financial performance and aspects of economic sustainability including asset valuation and intellectual property.

The JSE sets long-term goals and follows strategic management procedures to identify medium- and long-term opportunities. Key performance indicators have been selected to monitor the health of the business. Business cases for major innovations, particularly related to IT, are presented to the executive management or the Board for approval. The JSE is further committed to product development and research through technological innovations.

Sustainability at the JSE

Environment

The JSE's environmental impact is classified as low. Nevertheless, the JSE intends to keep reducing its direct negative environmental impact and to raise awareness around the responsibility of low-impact companies to minimise their indirect impact on the environment.

Achievements to date, which contributed to the JSE's improved environmental performance, are as follows:

- Continued awareness-raising around critical environmental issues through the SRI Index criteria;
- Placing paper recycling bins in all areas of operation;
- Using recycled printing paper; and
- Using energy-efficient light bulbs throughout the JSE building.

Sustainability report
(continued)

We continue to work on:

- The development of a formal environmental management system, including internal structures to monitor performance and take remedial action;
- Formulating a policy to standardise recycling across the Company, to manage waste and improved energy efficiency, and investigate further potential remedial actions for negative impacts on natural resources such as water;
- Expanding initiatives to raise awareness of environmental sustainability beyond the SRI Index, especially internally.

The JSE is not at present involved in any projects or financing activities that have indirect negative environmental impacts.

There have been no fines, accidents or other significant environmental incidents during the year under review.

Society

Training and development

The JSE has a learning and development policy that aims to promote and create a culture of learning among its employees, as it is reliant on their knowledge and skills to provide the best service to its customers and interested stakeholders. The policy provides guidelines within which all JSE employees can develop the competencies necessary for both the business and individual growth. The head of the human resources division, a member of the executive management team, assumes this responsibility.

Employee relations

This area of sustainability is an area of strength for the JSE. In line with its drive to retain its employees and optimise employee capacity, developmental policies such as the employment equity plan, individual skills plan and a long-term incentive and retention scheme for key senior employees have been put in place. A comprehensive human resources policies and procedures manual is available to all staff via the intranet. All new employees attend a one-day induction programme where all policies and procedures are explained. The head of the human resources division, a member of the executive management team, assumes this responsibility.

Among the more significant policies are:

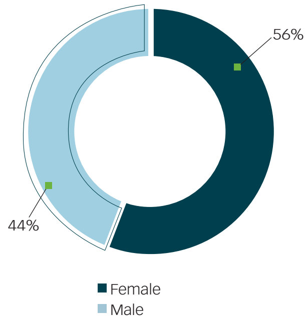
- Employee motivation (benefits, reward and recognition)
- Employee wellness (HIV/Aids and sexual harassment)
- Employee relations (code of conduct, disciplinary procedures, dispute resolutions)
- Dealing policy
- Staff interest in contracts with suppliers
- Trademark reproduction and use

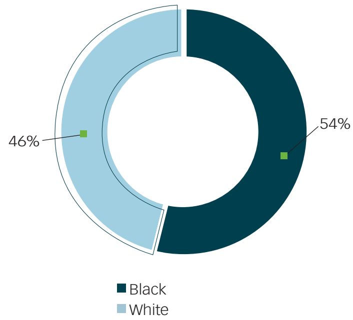
Employee complement

The staff complement (excluding fixed-term contractors) of the JSE as at 31 December 2007, on a divisional basis, was as follows:

	2007	2006
Agricultural products	5	5
CEO's Office	3	3
Class of Project	0	4
Clearing & Settlement (including the Settlement Authority)	14	12
Company Secretariat (including building facilities management and the mail room)	18	17
Education	9	9
Finance	16	15
Human Resources	7	7
Information Products Sales	8	6
Information Services	13	12
Issuer Services	27	28
Marketing & Business Development	14	13
Operations & Services (including Customer Services & Support and IT)	87	44
Surveillance	18	20
Strategy & Legal Counsel	11	8
Trading	20	15
Government & International Affairs	3	3
Total	273	221

The JSE's empowerment strategies are making a difference. Women represent over 55% of the staff complement and black employees over 53%.





Equal opportunities

The JSE's vision is to become an employer of choice, cultivating a culture of respect and acceptance, creating an environment that is free from any form of unfair discrimination, and nurturing each employee as an individual and an important member of a diverse team. An equity employment policy is in place which aims to eradicate all forms of unfair discrimination and create opportunities for all employees, with special emphasis on those the business needs to address its demographic profile.

Health and safety

The JSE will be working on setting clear objectives and targets related to employee occupational health and safety. Although initiatives are in place through policies and the availability of emergency protocols, the JSE will look to implement a sound monitoring and measurement system to assess possible cases and incidents. An officer experienced in this field has been assigned to this role. This officer reports to the Company Secretary, a member of the executive management team.

There have been no fines, accidents or other significant social incidents in the period under review.

Community relations

The JSE is an active investor in the community, through social upliftment initiatives such as:

- Nurturing Orphans of Aids for Humanity, which the JSE sponsored in the amount of R550 000 in 2007;
- the JSE/Liberty Life Investment Challenge, in which the JSE invested R3 989 865 in staff time and expenses during 2007; and
- the Childhood Cancer Foundation of South Africa, in which the JSE invested R21 080 in expenses during 2007.
- the Benevolent Fund, a fund managed by the JSE, which was set up to provide financial assistance to previous employees of member firms and the JSE who have been retrenched and are unable to find work.

Stakeholder engagement

The JSE actively engages all relevant stakeholders through regular communication sessions, meetings and other processes. Yearly roadshows are held in all major centres of the country to ensure that stakeholders are adequately informed of the latest developments at the JSE. Other engagements include the following:

- Customers – Member firms, data vendors, listed companies and other customers are invited to attend regular communication sessions on issues of strategic and operational interest to them. In addition, customer relationship managers meet with individual customers regularly to address issues relevant to those customers. Furthermore there is a dedicated call and support centre to assist customers with their queries, complaints and compliments.
- Government and ministerial authorities – The JSE participates in various bodies such as the Financial Markets Advisory Board, the Policy Board for Financial Services and Regulation, the Standing Advisory Committee on Company Law, the Money Laundering Advisory Council and the GAAP Monitoring Panel. In addition the Exchange has an executive dedicated to maintaining close relationships with governmental and ministerial departments. The JSE hosts numerous local and international governmental and ministerial delegations.
- Regulators – A Financial Services Board (FSB) representative is invited to attend all executive, Board and Board committee meetings. The JSE is a member of the FSB's Directorate of Market Abuse. There is close co-operation between the JSE and the FSB on all developments affecting the financial markets.
- Advisory committees – Representative advisory committees are in place for specific aspects of JSE business, including trading, clearing and settlement and the various indices. All members are approved by the Board to ensure the correct combination of people from the industry and internal JSE representation, and the mandates are approved by the Board to ensure the terms of reference are correct. Details of the industry representatives on these committees and key issues considered during 2007 are set out in the Advisory Committee section of this report.

Sustainability report
(continued)

- Industry interest groups – The JSE is a member of a number of industry interest groups, including the Ethics Institute of SA, Company Secretaries Interest Group, Institute of Risk and Management SA, CGF Research Institute and Institute for International Research.
- Staff – JSE staff attend feedback meetings and receive information through newsletters, intranet and email.
- Local community – JSE communications officers make presentations to schools, universities and other community groups with the purpose of demystifying the Exchange itself as well as the concept of investment. The CEO and Chairman host an annual road show to update our broader stakeholder group on developments affecting the JSE.
- Investors – As part of its listing, the JSE worked to get close to its shareholders. We launched an investor relations website and now address queries from analysts, investors and potential shareholders on an almost weekly basis. The second Option Holders' Forum meeting was held in September 2007. As at the end of December, the JSE's shares were held as follows:

		Percentage shareholding
Local	Retail	19%
	Institutional	22%
	Authorised users	8%
	Pension funds	5%
	Unclaimed shares	1%
Foreign	Unspecified	45%
		100%
Black shareholding (Option holders)		9,08%

In addition to these communications, the JSE also maintains contact with its stakeholders through market notices to authorised users, press releases, SENS announcements and the magazine called "JSE".

Linkages and strategic partnerships will continue to be explored with relevant interest groups so as to establish cohesion and value in addressing corporate social responsibility.

Broad-based black economic empowerment

The first component of the JSE's BBBEE effort is our direct black shareholding, which is at 9,08%, as a result of our black shareholder retention scheme. The second is the JSE Empowerment Fund (JEF) Trust, which provides promising black students with the finance and support that will help them enter the financial services sector on completion of their university training. The JEF Trust funded the tuition fees of seven students attending the CIDA campus. The JSE also provides a mentoring programme to assist these students in their life and studies.

The black shareholder retention scheme and the establishment of the JEF Trust cost the JSE R83 million, which was expensed in 2007.

Our independently verified Financial Sector Charter scorecard for 2006 gave the JSE an "A" rating. We are compiling the necessary information for the 2007 year-end and are confident that we will maintain the rating. A summary of the 2006 scorecard is shown below.

FSC scorecard element	FY06 score	Adjusted weighting
Human resource development	15,1	20
Procurement and enterprise development	15,0	15
Access to financial services	2,0	2, Balance exempt
Empowerment financing	0,0	Exempt
Ownership and control	15,7	20
Corporate social investment	3,0	3
TOTAL	50,8	60
Percentage		85%
Rating		A

HIV/Aids

The JSE recognises that the Human Immunodeficiency Virus (HIV) and the Acquired Immune Deficiency Syndrome (Aids) are serious public health problems, which have socio-economic, employment and human rights implications. The JSE further acknowledges that the HIV/Aids epidemic will affect its workplace, with prolonged employee illness, absenteeism and death having an impact on productivity, employee benefits, health and safety and workplace morale. It is necessary to have a policy on handling this epidemic. Some of the objectives are to:

- manage unfair discrimination in the workplace based on an employee's HIV status
- promote a non-discriminatory workplace in which people living with HIV or Aids are able to be open about their status without fear of stigmatisation or rejection
- promote appropriate and effective ways of managing HIV/Aids
- create an environment with a balance between the rights and responsibilities of all parties

The JSE organises programmes aimed at creating awareness, prevention and care through health days, distribution of booklets, condom distribution and anonymous counselling.

General

There have been no fines, accidents or other significant social incidents in the period under review.

Sustainability report
(continued)

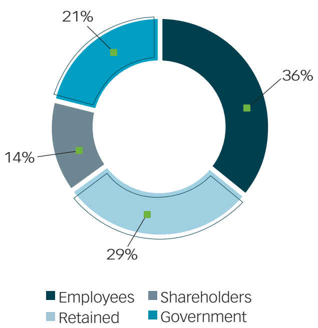
Value added statement

Value at the JSE is created from providing secure and efficient primary and secondary capital markets across a diverse range of instruments and products, supported by cost-effective services.

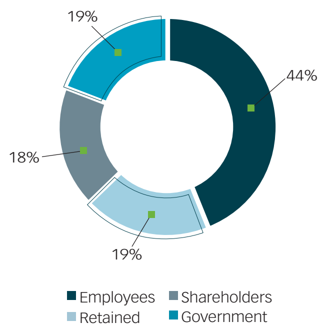
	2007 R'000	2007 %	2006 R'000	2006 %
Net interest income	(455 517)		18 927	
Less: Operating expenses	(483 168)		(413 561)	
Add: Other income	1 573 930		768 924	
Value created	635 245	100	374 290	100
Value distributed				
To remunerate employees for their services	230 069	36	162 986	44
To shareholders – dividends paid	90 546	14	69 230	18
To government – taxation	131 938	21	70 254	19
	452 553	71	302 470	81
Value retained				
To sustain future expansion and growth	182 692	29	71 820	19
	635 245	100	374 290	100

Value created increased by 170% compared with 2006. Value distributed to employees increased by 41% in the period under review. The value retained in the business increased by 154%, in line with the JSE's strategy to strengthen its financial position.

2007



2006



The JSE SRI Index

The JSE's Socially Responsible Investment (SRI) Index assesses the environmental, social and economic sustainability practices and corporate governance of listed companies. The index has sparked debate on sustainability practice by companies globally and fostered consensus on what this means in South Africa.

To review the index, the JSE partnered with UK-based research group EIRIS and worked closely with FTSE Group through FTSE4Good. Criteria for inclusion in the index include environmental indicators and social, governance and related sustainability concerns, with emphasis on local issues such as black economic empowerment and HIV/Aids. The SRI Index constituents are dominated by companies in the JSE's mining sector, but other sectors including construction and finance are also represented.

Agricultural Products Advisory Committee

The Agricultural Products Advisory Committee met four times during 2007.

The topics discussed include:

- wheat contract (origin acceptable and discount applicable);
- daily price limits;
- IT requirements;
- process used to calculate the standard storage rate applied to deliveries in completion of a futures contribution;
- location differentials; and
- listing requirements for silos.

Industry representatives on the committee are as follows:

Name	Representative from
Mr R Gravelet-Blondin	Chairperson – JSE
Dr K Keyser	AFMA
Mr C Schoonwinkel	Grain South Africa
Mr S Van Zyl	Grain South Africa
Mr W Lambrechts	Peregrine Derivatives (Vanguard Derivatives)
Mr J de Villiers	NCM
Mr J Steyn	Cargill RSA
Mr L Ford	Agric Clearing members
Mr P Kotecha	B&P Group
Mr R Burdairon	SACOTA
Mr D Kok	Grain Silo Industry
Mr J van Heerden	Farmwise Grains
Mr P Mphanama	Financial Services Board
Mr P Watt	Afgri Ltd
Mr D Mathews	Private Producer
Mr N Hawkins*	Grain South Africa
Mr J Theron	Rand Merchant Bank
Prof A Jooste	NAMC
Mr M Jacobz*	Farmwise Grains
Mr P Ruston*	Cargill

**Alternates*

Prof. Jooste appointed to committee in July 2007

Clearing & Settlement Advisory Committee

The Clearing & Settlement Advisory Committee met three times during 2007.

The topics discussed include –

- the T+3 Project, regarding the proposed shortening of the settlement period for equity securities, successfully completed the first phase in which the barriers and the high-level activities to overcome such barriers were detailed in a document titled "High-Level Action Plan – Move to T+3" (available on www.jse.co.za). The next phase of the project is to continue discussions of these high-level activities with various industry groups in order to define a Blueprint for the Move to T+3;
- an overview of the events which gave rise to the lack of liquidity in the listing of Mondi Limited shares. An extensive review of the failed trade procedures has been conducted along with the possibility of introducing rolling of settlement in extraordinary circumstances. These proposals will be considered by members during 2008;
- depository facilities for the proposed immobilisation of Krugerrands;
- proposed new report-only trade types to facilitate bookbuild transactions and give-up trades;
- rewrite of the derivatives rules being performed by the JSE's internal rules working group;
- regular updates on JSE technology; and
- the regular review of statistics relating to clearing and settlement of equity securities through Strate.

Sustainability report
(continued)

Industry representatives on the committee are as follows:

Name	Employer
Mr D Davidson	Committee Chairman – JSE
Mr B Balkind	Strate
Ms E Bruce	Cadiz Stockbroking
Mr A Cousins	Standard Bank
Mr J Crews	UBS South Africa
Mr MR Johnston	Independent Consultant
Mr S Lorge	Computershare
Ms J McCann	Online Securities
Mr N Müller*	Financial Services Board
Mr L Varnavides	HSBC Securities
Mr T Vermeulen	Computershare
Mr D Wilks	Merrill Lynch
Mr S Yates	Rand Merchant Bank

**Mr N Acres attended as alternate to Mr N Müller*

FTSE/JSE Advisory Committee

The FTSE/JSE Advisory Committee met four times during 2007.

The topics discussed include:

- major corporate actions;
- the revision of the Ground rule regarding secondary lines;
- the revision of the unbundling rule;
- the introduction of the Shariah All Share,
- AltX15 and RAFI 40 indices; and
- The revision of the construction of the South African Property Listed and Dividend+ indices.

Industry representatives on the committee are as follows:

Name	Representative from
Mr H Beets	Committee Chairman – Old Mutual Investment Group South Africa
Ms I Dillon-Hatcher	FTSE
Mr J Caulfield	FTSE
Dr D Polakow	Peregrine Securities
Mr P Grimes	FTSE
Mr M Makepeace	FTSE
Mr T Musikavanhu	Umbono Fund Managers
Mr S Roberts	Taquanta Asset Managers
Mr R Rousseau	Deutsche Bank
Mr A Stephens	Legal and General UK
Ms A Cabot-Alletzhauser#	Advantage Asset Managers
Mr A Thomson	JSE
Mr N Waisberg	Investec
Mr F Oosthuizen	Sanlam
Mr G Baker	Rand Merchant Bank
Mr B du Toit*	Peregrine Securities

Equity Derivatives Advisory Committee

The Equity Derivatives Advisory Committee met twice during 2007.

The topics discussed include:

- anonymous trading;
- Can-Do Options (Billing Feedback);
- ALSI Mini Contracts;
- AltX 15 Futures Contracts; and
- Safex Statistics and Single Stock Options – Progress Report.

Industry representatives on the committee are as follows:

Name	Representative from
Mr A Thomson	Chairperson – JSE
Mr V Sumera	Deutsche Securities
Mr M Arnott	Deutsche Securities
Ms H Masson	Real Africa Asset Management
Mr D Walker	Bex Structured Products
Mr Mphanama	Financial Services Board
Mr M Weetman	PCS Futures T/A Cortex
Mr B Duncan	Standard Corporate
Mr A Buchner	Nedbank BOE Securities
Mr G Betty	Peregrine Securities
Mr N Cohjen	Merrill Lynch
Mr B McMillan	Investec Bank Ltd
Mr A Bunkell	Merrill Lynch
Mr D Van Wyk	Absa Bank
Mr D Hompes	J P Morgan Securities
Mr H Gous	Thebe Securities
Mr E Van Rensburg	Sanlam Securities
Mr A Woodcock	Merrill Lynch

Trading Advisory Committee

The Trading Advisory Committee met three times during 2007.

The topics discussed include:

- T+3 Settlement status update;
- a discussion of failed trades,
- the Equities Billing Model;
- Currency Futures;
- new reported trade types; and
- trading hours for December 2007.

Industry representatives on the committee are as follows:

Name	Representative from
Mr A Thomson	Chairperson – JSE
Mr A Raats	STANLIB
Mr A Mazwai	Barnard Jacobs Mellett
Mr B Johnson	UBS Securities
Mr B Smith	Sanlam Capital Markets
Mr B Soci	Legae Securities
Mr C Wilde	Deutsche Bank
Mr T Gayle	Deutsche Bank
Mr C Sacks	Merrill Lynch
Mr A Hare	Merrill Lynch
Mr H Beets	Old Mutual Asset Managers
Mr J van den Berg	Thebe Securities
Mr K Brady	Investec Securities
Mr M Shackerley	Nedcor Securities
Mr N Müller	FSB
Mr P van der Merwe	Coronation Equities
Mr Q Kilbourn	Citigroup
Mr R Botha	Sanlam Asset Management
Mr S Motau	Noah Financial Innovation

Yield-X Advisory Committee

The Yield-X Advisory Committee met once in 2007.

The topics discussed include:

- the status of Yield-X including trades and membership;
- issues and concerns surrounding all of the listed products; and
- the proposed currency derivatives which were approved by the Minister of Finance.

Industry representatives on the committee are as follows:

Name	Representative from
Mr A Thomson	Committee chairman – JSE
Mr E Booysen	Absa Bank
Mr C Clarkson	Andisa Securities
Mr M Brits	Banking Association
Mr M Harvey	Barclays Bank PLC – South Africa branch
Mr P Taylor	Citibank
Mr D Whitby	Deutsche Bank
Mr G Herman	Eskom Pension and Provident Fund
Mr M Sandler	Full Value
Mr M Ferrini	Investec Bank
Ms V Taberer	Investec Bank
Mr R MacKay	Investec Bank
Mr G Klintworth	JP Morgan
Ms D Bates	Rand Merchant Bank
Mr H Collins	Rand Merchant Bank
Mr S Yates	Rand Merchant Bank
Mr H Stark	SARB
Mr R Porter	Standard Bank
Mr I Seymour-Smith	Strate
Mr L Rosenburg	Nedcor

JSE new listings 2007

Board	Company	Listing Date
Main Board	Austro Group Ltd	01/02/2007
	South Ocean Holdings Ltd	28/02/2007
	Raubex Group Ltd	20/03/2007
	First Uranium Corporation	30/03/2007
	Kelly Group Ltd	03/04/2007
	Country Bird Holdings Ltd	03/05/2007
	Eastern Platinum Limited	21/05/2007
	Hulamin Ltd.	25/06/2007
	Mondi Ltd	02/07/2007
	Mondi PLC	02/07/2007
	Stefanutti & Bressan Holdings	03/08/2007
	Protech Khuthele Holdings Ltd	07/08/2007
	Seakay Holdings Ltd	16/08/2007
	South African Coal Mining Holdings Ltd	20/08/2007
	Central Rand Gold Ltd	08/11/2007
	Kwikspace Modular BLD Ltd	08/11/2007
	Telimatrix Ltd	12/11/2007
	Blue Label Telecoms Ltd	14/11/2007
	Kaydav Group Ltd	15/11/2007
	ARB Holdings Ltd	20/11/2007
	TWP Holdings Ltd	26/11/2007
	Universal Industrial Corp Ltd	29/11/2007
	Rockwell Diamonds Incor	30/11/2007
	Freeworld Coatings Ltd	03/12/2007
Development Capital Board	Best Cut Ltd	19/11/2007

JSE new listings 2007
(continued)

Board	Company	Listing Date
AltX	Rare Holdings Ltd	23/02/2007
	Alert Steel Holdings Ltd	01/03/2007
	Telemaster Holdings Ltd	12/03/2007
	Rolfes Technology Holdings	23/05/2007
	Ansys Ltd.	07/06/2007
	Interwaste Holdings Ltd.	14/06/2007
	Finbond Property Fund	15/06/2007
	William Tel Holdings Ltd	03/07/2007
	B&W Instrument and Elec Ltd	05/07/2007
	Kagisano Group Holdings Ltd	24/07/2007
	Infrasors Holdings Ltd	31/07/2007
	Pan African Resource PLC	31/07/2007
	Brikor Ltd	07/08/2007
	Huge Group Ltd	08/08/2007
	Iquad Group Ltd	08/08/2007
	1Time Holdings Ltd	14/08/2007
	ABE Construction Chemicals Ltd	17/08/2007
	Placecol Holdings Ltd	21/08/2007
	African Eagle Resources PLC	24/08/2007
	Ellies Holdings Ltd	05/09/2007
	RBA Holdings Ltd	20/09/2007
	Hardware Warehouse Ltd	28/09/2007
	Country Foods Ltd	03/10/2007
	African Brick Centre Ltd	08/10/2007
	Racec Group Ltd	18/10/2007
	BSI (SA) Ltd	24/10/2007
	Ideco Group Ltd	30/10/2007
	Chemical Specialities Ltd	06/11/2007
	Dynamic Visual Tech Holdings Ltd	06/11/2007
	SA French Ltd	07/11/2007
	Calgro M3 Holdings Ltd	16/11/2007
	Mazor Group Ltd	21/11/2007
	O-Line Holdings Ltd	26/11/2007
	Buildworks Group Ltd	28/11/2007
	Vunani Ltd	28/11/2007
	CIC Holdings Ltd	30/11/2007
	Erbacon Investment Holdings Ltd	07/12/2007

JSE delistings 2007

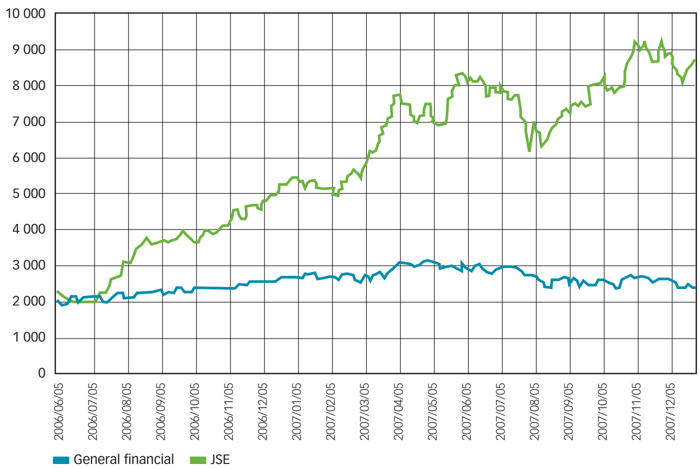
Company	Board	Delisting reason
Alexander Forbes Ltd	Main	Scheme of arrangement
Aludie Ltd	DCM	At the company's request
Amlac Ltd	Main	No longer qualify
Aps Technologies Ltd	DCM	Failure to comply with Listings Requirements
Atlas Properties Ltd	Main	Scheme of arrangement
Barplats Investments Ord	Main	Scheme of arrangement
Brandcorp Holdings Ltd	Main	Scheme of arrangement
Bryant Technology Ltd	VCM	Failure to comply with Listings Requirements
CBS Property Portfolio	Main	Scheme of arrangement
CCi Holdings Ltd	VCM	No longer qualify
Consol Ltd	Main	Scheme of arrangement
Edgars Cons Stores Ltd	Main	Scheme of arrangement
Eland Platinum Holdings Ltd	Main	Scheme of arrangement
Exxoteq Ltd	Main	Failure to comply with Listings Requirements
Freestone Property Holdings Ltd	Main	Scheme of arrangement
Incentive Holdings Ltd	Main	No longer qualify
Integrear Ltd	DCM	Reverse Listing
Micc Property Income Fund Ltd	Main	Scheme of arrangement
Millionair Charter Ltd	Main	No longer qualify
Namibian Sea Products Ltd	Main	Board decided to terminate its listing
Pacific Hldgs Ltd	VCM	Failure to comply with Listings Requirements
Paramount Prop Fund Ltd	Main	No longer qualify
Pasdec Resources SA Ltd	Main	Illiquidity of shares
Peermont Global Ltd	Main	Scheme of arrangement
Primedia Ltd -N-	Main	Scheme of arrangement
Rare Earth Extraction Co Ltd	VCM	Failure to comply with Listings Requirements
Rentsure Holdings Ltd	Main	Failure to comply with Listings Requirements
Retail Apparel Group Ltd	Main	No longer qualify
Richway Retail Prop Ltd	Main	No longer qualify
SA Retail Properties Ltd	Main	Acquisition of units
Shawcell Telecomm Ltd	Main	No longer qualify
Stocks Hotels And Resort Ltd	Main	No longer qualify
Terexko Ltd	Main	No longer qualify
Terrafin Holdings Ltd	Main	No longer qualify
Tigon Ltd	Main	No longer qualify
Top Info Technology Hldg Ltd	Main	No longer qualify
Unitrans Ltd	Main	Unconditional offer
Viking Inv and Asset Man Ltd	VCM	No longer qualify
Western Areas Ltd	Main	Unconditional offer
Yomhlaba Resources Ltd	Main	Name change

Shareholding and administration information

JSE's share performance during 2007

Number of shares in issue	85 140 050
Close (31 December 2007)	R87,00
High/low and (12 month high/12 month low)	R88,02/R86,00 and (R95,00/R49,00)
Weighted average volume traded	94 055 338
Value traded	R6 534 027 334
Market capitalisation	R7 407 184 350

Share performance



Shareholder diary

Financial year-end	31 December
Annual General Meeting	April
Interim report	August
Annual report	March
Dividends payable	June

Shareholding and administration information (continued)

Analysis of holdings as at 31 December 2007	No	Shareholding	%
Public shareholders	2 970	72 229 492	84,8%
Non-public shareholders	131	12 910 558	15,2%
Directors	8	25 431	0,0%
Beneficial shareholders with greater than 5% of issued ordinary shares			
SSB & Trust cc (a/c om01)		5 131 026	6,0%
Northern Trust Company – Fidelity Funds		5 130 098	6,0%

Summary of Group executive directors' interest in JSE shares

Executive director	Direct beneficial interest	Direct non-beneficial interest	Indirect beneficial interest	Indirect non-beneficial interest	Total
Russell Loubser (CEO)	1 000	—	—	—	1 000
Nicky Newton-King (Deputy CEO)	3 400	—	—	—	3 400
Leanne Parsons (COO)	2 000	—	—	—	2 000
John Burke	1 000	—	—	—	1 000
Geoff Rothschild	1 000	—	—	—	1 000
Total	8 400	—	—	—	8 400

Summary of Group non-executive directors' interest in JSE shares

Non-executive director	Direct beneficial interest	Direct non-beneficial interest	Indirect beneficial interest	Indirect non-beneficial interest*	Total
Humphrey Borkum (Chairman)	15 000	—	—	—	15 000
Anton Botha	—	—	—	—	—
Bobby Johnston	—	—	—	—	—
Andile Mazwai	1 817	—	124 560	—	—
Stephen Koseff	—	—	—	—	—
Gloria Serobe	—	—	—	—	—
Nigel Payne	—	—	—	—	—
Wendy Luhabe	214	—	—	—	214†
Sam Nematswerani	—	—	—	—	—
Total	15 214	—	124 560	—	15 214

†Shares received in the form of a dividend in specie

**H Borkum, S Koseff, D Lawrence, A Mazwai and G Serobe may have indirect non-beneficial interests in the JSE by virtue of holding shares in authorised users of the JSE*

Shareholding and administration information (continued)

Administration

JSE Limited
Registration number 2005/022939/06
Share code: JSE
ISIN No.: ZAE000079711

Registered office	One Exchange Square 2 Gwen Lane Sandown Illovo, Sandton 2196
Postal address	Private Bag X991174 Sandton 2146
Telephone	011 520 7000
Web	www.jse.co.za
Email	ir@jse.co.za
Transfer Secretary	Computershare Investor Services (Pty) Limited P O Box 61051 Marshalltown 2107
Telephone	011 759 5300
Auditor	KPMG Inc
Sponsors	Rand Merchant Bank Morgan Stanley
Bankers	First National Bank

Annual Financial Statements

Contents

Directors' responsibility

for the annual financial statements
for the year ended 31 December 2007

The Company's directors are responsible for the preparation and fair presentation of the Group annual financial statements and separate parent annual financial statements, comprising the balance sheets at 31 December 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the businesses will not be a going concern in the year ahead.

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

Approval of the annual financial statements

The Group annual financial statements and annual financial statements of JSE Limited were approved by the board of directors on 10 March 2008 and are signed on its behalf by

H J Borkum
Chairman

Russell Loubser
R M Loubser
Chief Executive Officer

Declaration by secretary

for the year ended 31 December 2007

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Securities Services Act, No 36 of 2004, and all directives issued by the Financial Services Board. In terms of section 268G (d) of the Companies Act 1973, 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.

Gary Clarke
G C Clarke
Group Company Secretary

Report of the independent auditor

Independent auditor's report to the members of the JSE Limited

We have audited the Group annual financial statements and the annual financial statements of the JSE Limited, which comprise the balance sheets at 31 December 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 60 to 105.

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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 at 31 December 2007, 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 in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per V T Yuill
Chartered Accountant (SA)
Registered Auditor
Director

10 March 2008
85 Empire Road
Parktown
2193

Directors' report

The directors have pleasure in presenting the annual financial statements of the Group for the year ended 31 December 2007.

Business activities

The JSE is licensed as an exchange under the Securities Services Act, No. 36 of 2004 and carries on business at One Exchange Square, 2 Gwen Lane, Sandown. The postal address is Private Bag X991174, Sandton, 2146.

The JSE has the following main lines of business: listings, trading, clearing and settlement services, technology and other technology-related services and information product sales. The percentage contribution of these business lines to its revenue is set out in the CEO'S statement.

Further information on the business activities of the JSE is set out in the CEO's statement.

JSE subsidiaries and strategically important investments

Subsidiaries

JSE Trustees (Pty) Limited

JSE Trustees (Pty) Limited was incorporated in 1973 and is a wholly owned subsidiary of the JSE. The authorised share capital of JSE Trustees is R4 000, divided into 4 000 shares of R1 each, and its issued share capital is R7. JSE Trustees' purpose is to collect all funds received in trust by equities members from investors by means of an automatic electronic sweep and to then invest those funds on behalf of investors with banking institutions falling inside prescribed parameters. This ensures investor protection by automatically separating investors' funds from equities members' funds in compliance with section 27 of the Securities Services Act.

SAFEX Clearing Company (Pty) Limited ("SAFCOM")

The JSE and the eight founding clearing members each hold 11,1% of the issued shares of SAFCOM. These eight shareholders are Absa Bank Limited, Electra Investments SA Limited (a subsidiary of Sanlam), Investec Bank Limited, Nedbank Limited, Rand Merchant Bank (a division of FirstRand Bank Limited), Rodina Investments (Pty) Limited (a subsidiary of Old Mutual), Sanlam Capital Markets Limited (previously Gensec Bank Limited) and The Standard Bank of South Africa Limited. The JSE acquired its 11,1% shareholding in SAFCOM when it purchased the business of the South African Futures Exchange in 2001. The JSE has management control over SAFCOM. SAFCOM is operated by the JSE on a break-even basis and provides clearing services to the JSE.

Dormant subsidiaries

The JSE has various dormant subsidiaries which are in the process of being liquidated or deregistered. These are:

FSG Financial Services (Pty) Limited;
Emerging Enterprise Zone (Pty) Limited;
Indexco Limited;
Indexco II Limited;
Indexco III Limited;
Indexco Managers (Pty) Limited;
Stock Exchange Nominees (Pty) Limited; and
Open Outcry Investment Holdings Limited.

Strategically important investments

Strate Limited ("Strate")

The JSE owns 44,55% of the ordinary shares in Strate. The JSE's shareholding of 41% at the end of 2005 was increased by 1,77% in December 2006 and an additional 1,77% was purchased in January 2007. Strate is a central securities depository licensed under the Securities Services Act and is responsible for the electronic settlement of all transactions on the JSE's equities and warrants markets. It is also responsible for the settlement of spot bonds on Yield-X. It also settles transactions from the Bond Exchange of South Africa. Electronic custody of shares ensures the elimination of paper settlement environment risks and the costs of lost, stolen or forged documents. The electronic records of shareholding are subject to extensive controls. By the end of 2001, the settlement of all listed equities on the JSE had migrated to Strate.

Strate utilises the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network to achieve true Simultaneous Final and Irrevocable Delivery versus Payment (SFIDvP) in central bank funds. Other features of Strate include disclosure of beneficial shareholding through the Beneficial Owner Download and the enablement for clients of automated securities lending and borrowing.

Strate previously provided the JSE with transfer secretary services. With effect from 1 March 2008, Strate ceased to perform this service as it was deemed to be non-core to their business. The service is now performed by Computershare Investor Services (Pty) Limited.

The financial performance of Strate is closely correlated to the JSE, the financial markets and the financial performance thereof.

General review of operations

As at 31 December 2007, there were 300 authorised users (2006: 274), which can be broken down as follows:

	2007	2006
Equities members	54	53
Trading services providers only	21	3
Trading services providers and investment services providers	17	33
Trading services providers and custody services providers	1	14
Trading services, investment services and custody services providers*	12	—
Custody services providers only	3	3
Equity derivatives members	117	112
Agricultural products members	87	79
Yield-X members	42	30

**New classification introduced in 2007.*

Information technology

During 2007, the JSE improved its control of all technology operations within the company by negotiating the termination of a seven-year technology outsource agreement due to run until 2011. The agreement was not having the hoped-for benefits in two respects: first, the JSE believed that day-to-day operations were not being optimally run by the service provider; and second, the exchange's company-wide technology upgrade was not running to plan. Both elements of the arrangement were hampering the JSE's goal of optimally serving investors and issuers. We are satisfied that the transfer of control has been seamless as far as client service is concerned, our primary aim during the process.

Replacement equity trading system

During 2007, the JSE signed a second five-year technology agreement with the London Stock Exchange (LSE), in terms of which the JSE went onto that exchange's spot equity trading platform TradElect™ in April. The system, which is 10 times faster than its predecessor and can therefore process significantly higher volumes, sparked a noticeable increase in trading volumes. The JSE also entered into a second five-year business agreement.

Apart from the close relationship with the LSE that the business agreement gives the JSE, it also covers cross-listing requirements, product development and data sales.

Directors and management

Directors

The directors of the JSE are:

Non-executive directors	
H J Borkum	Board Chairman, Chairman of Nominations Committee and member of the Human Resources and Audit Committees
A D Botha	Lead Director, Chairman of Human Resources Committee and member of the Audit and Nominations Committees
M R Johnston	Member of the Audit Committee
S Koseff	Member of the Human Resources Committee
W Y N Luhabe	Member of the Human Resources Committee
A M Mazwai	Member of the Risk Management and Human Resources Committees

Non-executive directors	
N S Nematswerani	Chairman of the Audit Committee and member of the Risk Management Committee
N Payne	Chairman of the Risk Management Committee and member of the Audit Committee
G T Serobe	Member of the Audit and Nominations Committees

Executive directors

R M Loubser	Chief Executive Officer and member of the Risk Management Committee
N F Newton-King	Deputy CEO
L V Parsons	Chief Operating Officer and member of the Risk Management Committee
J H Burke	Director: Issuer Services
G Rothschild	Director: Government and International Affairs

Alternate directors

D Lawrence	Member of the Risk Management Committee and alternate to Mr Koseff

Resignations from the Board

There were no resignations during 2007.

In terms of the JSE's Memorandum and Articles of Association, S Koseff, G Rothschild, N Payne, S Nematswerani and M R Johnston retire by rotation. With the exception of S Koseff and G Rothschild, the remaining retiring directors are eligible and available for re-election. A brief curriculum vitae for each director up for re-election appears in the Notice of Annual General Meeting.

Service contracts with directors

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

Directors' interests

The directors' interests are set out on page 58 of the annual financial statements. H J Borkum, S Koseff, D Lawrence and A M Mazwai may have indirect interests in the JSE by virtue of holding shares in authorised users, which in turn hold JSE shares. Other than these indirect interests, no other non-executive director has any indirect beneficial or non-beneficial or direct non-beneficial shareholding in the JSE. None of the executive directors has any indirect beneficial or non-beneficial or direct non-beneficial shareholding in the JSE. The beneficial interests of executive directors are set out here.

Financial results

Group attributable earnings for the year ended 31 December 2007 was R273 238 000 (2006: R141 050 000) representing earnings per share of 321,3 cents (2006: 168,0 cents). Headline earnings were 292,1 cents per share (2006: 164,8 cents per share). There was non-recurring income of R75 million for the period being a payment from a contractor on which capital gains tax is payable. The most noteworthy item on the balance sheet is liquid assets of R17 billion. This is margins held in the derivatives market for open positions. The movement in the BEE reserve for 2007 of R77 million is a debit on the

Directors' report
(continued)

income statement with a corresponding credit in the distributable reserves on the balance sheet. It should be noted that the JSE maintains the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes as required under the Securities Services 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. However, as these trusts are legal entities separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of the trusts. (See note 16 of the annual financial statements).

Regulatory and supervisory structure

The Financial Services Board is responsible for supervising the JSE's listing and regulates its ongoing compliance with the listing requirements. During the year under review, the JSE has complied with all of its rules, listing requirements and procedures in a manner which warrants its continued listing and there were no conflicts of interest that were required to be referred to the Financial Services Board.

Share capital

Full details of the authorised, issued and unissued capital of the JSE are contained in note 16 to the annual financial statements.

Dividend policy

The Board is conscious of the fact that it needs to provide the most cost effective services to its clients while providing an acceptable return to its shareholders. In particular, the Board does not expect to increase the prices of the JSE's services for the purpose only of being able to provide a larger dividend to shareholders.

The earnings stream of the JSE is likely to be volatile and a dividend payout based on a cover on earnings would likely result in a volatile dividend. For this reason the Board set an initial dividend policy of declaring a dividend of approximately 2,5% of the Group's net asset value calculated with reference to the audited annual financial statements. At the time of listing, this was believed to be a sustainable level at which to declare a dividend. With the JSE now having been listed for a full financial year, the Board has decided to amend the dividend policy of the Group to a policy of distributing between 40% and 67% of earnings, after deducting non-recurring items. This equates to dividend cover of between 2,5 and 1,5 times. In terms of the new policy the directors are proposing to declare ordinary dividend 3 of 130 cents per share.

The Board may in future decide not to declare any dividend or to declare a higher dividend if it believes that this is warranted in the circumstances.

A special cash dividend of 90,75 cents per share was declared on 20 November 2007 and paid to shareholders on 24 December 2007.

In accordance with the JSE's Articles of Association, the Company in general meeting or the Board may declare a dividend to be paid, but the Company in general meeting may not declare a larger dividend than is recommended by the Board. The Board may declare dividends which are unclaimed for a period of not less than 12 years from the date on which the dividend became payable, as forfeited for the benefit of the JSE.

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.

Directors' report
(continued)

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

Resolutions

The following special resolution was passed in 2006:
- Approval for the sub-division of shares

The following special resolution was passed in 2007:
- General approval to repurchase shares

Loans by and to the JSE

No material loans have been made to or by the JSE.

Material commitments, lease payments and contingencies

The JSE leases a building and accounts for the lease as an operating lease. The lease commenced on 1 September 2000 for a period of 15 years. On termination of the lease, should the landlord wish to sell the building, the JSE has an option to buy the building at a price yet to be determined. The operating lease payments escalate at 11% per annum.

Capital expenditure totalling R243 million for IT development has been approved for spending over the next three years, of which R127,0 million is expected to be spent during 2008. As at 31 December 2007, the JSE was party to various agreements for the provision, maintenance and support of infrastructure and applications totalling R9,1 million. The agreements with a contractor for IT development and provision of IT services have been terminated.

The JSE is party to a contract with the London Stock Exchange for the use of their trading engine. The licence fees are payable quarterly in advance.

The JSE is party to an agreement for hardware rental totalling R86,8 million (R2006: Rnil) over the next two years.

The JSE and Strate have entered into an agreement in terms of which Strate will provide settlement services for trades on the JSE's equities and spot interest rate markets.

Post balance sheet events

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report that require adjustment or disclosure in the annual financial statements.

Income statements

for the year ended 31 December 2007

		Group		Exchange		Investor Protection Funds*	
	Note	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Revenue	5.1	877 426	640 377	898 673	654 154	—	—
Other income	5.2	111 993	65 370	88 776	23 627	29 247	41 743
Personnel expenses	6.1	(230 069)	(162 986)	(230 069)	(162 986)	—	—
Other expenses	6.2	(483 168)	(413 561)	(460 762)	(395 228)	(12 614)	(10 412)
Profit before net financing income		276 182	129 200	296 618	119 567	16 633	31 331
Interest received	6.3	1 430 072	676 190	71 929	35 483	4 384	3 249
Interest paid	6.4	(1 332 943)	(621 450)	(11 142)	(5 875)	—	—
Net financing income		97 129	54 740	60 787	29 608	4 384	3 249
Share of profit of equity accounted investees	11.2	31 865	27 364	—	—	—	—
Profit before tax		405 176	211 304	357 405	149 175	21 017	34 580
Income tax	7	(131 938)	(70 254)	(131 866)	(70 200)	—	—
Profit for the year		273 238	141 050	225 539	78 975	21 017	34 580
Earnings per share							
Basic earnings per share (cents)	8.1	321,3	168,0	265,2	94,1	24,7	41,2
Diluted earnings per share (cents)	8.3/5	318,7	167,5	263,1	93,8	24,5	41,1

**The JSE maintains the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes as required under the Securities Services Act 36, of 2004. The JSE is required to consolidate these funds into the results of the Group in terms of International Financial Reporting Standards (IFRS). However, as these Trusts are legally separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of such Trusts.*

For enhanced understanding, the investor protection funds have been shown separately, although, for compliance with IFRS, these results form part of the Group financial statements.

Balance sheets
as at 31 December 2007

		Group		Exchange		Investor Protection Funds	
	Note	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Assets							
Non-current assets		542 597	517 316	284 613	294 892	223 644	213 919
Property and equipment	9.3	214 014	213 198	214 014	213 198	—	—
Investments in equity accounted investees	11.1	58 957	54 119	21 416	42 413	—	—
Investments in subsidiaries	12.1	—	—	3 201	3 201	—	—
Other investments	10	223 648	213 923	4	4	223 644	213 919
Deferred taxation	19	45 978	36 076	45 978	36 076	—	—
Current assets		18 731 134	10 151 448	1 076 068	855 411	46 856	26 020
Trade and other receivables	13	232 231	119 979	91 254	60 827	6 502	6 468
Due from group entities	12.4	—	—	7 042	5 334	—	—
Derivative financial instruments	22	—	1 407	—	1 407	—	—
Margin deposits	14.1	17 548 094	9 502 504	104 132	308 588	—	—
Collateral deposits	14.2	186 264	22 694	186 264	22 694	—	—
Cash and cash equivalents	15	764 545	504 864	687 376	456 561	40 354	19 552
Total assets		19 273 731	10 668 764	1 360 681	1 150 303	270 500	239 939
Equity and liabilities							
Share capital and reserves	16	1 108 678	833 540	800 353	582 349	270 194	239 742
Non-current liabilities		101 283	99 417	101 283	99 417	—	—
Employee benefits	17	42 307	39 565	42 307	39 565	—	—
Deferred taxation	19	10 448	11 749	10 448	11 749	—	—
Operating lease liability	23.2	47 685	47 333	47 685	47 333	—	—
Due to SAFEX members	20	843	770	843	770	—	—
Current liabilities		18 063 770	9 735 807	459 045	468 537	306	197
Trade and other payables	21	249 381	148 872	88 218	75 695	306	197
Employee benefits	17	37 191	8 416	37 191	8 416		
Income tax payable		12 076	25 606	12 076	25 428	—	—
Operating lease liability	23.2	30 764	27 715	30 764	27 715	—	—
Due to group entities	12.5	—	—	400	1	—	—
Margin deposits	14.1	17 548 094	9 502 504	104 132	308 588	—	—
Collateral deposits	14.2	186 264	22 694	186 264	22 694	—	—
Total equity and liabilities		19 273 731	10 668 764	1 360 681	1 150 303	270 500	239 939

Statement of changes in equity

for the year ended 31 December 2007

	Note	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	BBBEE reserve R'000	Retained earnings R'000	Total exchange and subsidiaries R'000	Investor protection funds R'000	Total Group R'000
Group									
Balance at 1 January 2006		8 340	162 779	10 058	—	324 933	506 110	176 494	682 604
Income and expenses recognised directly in equity		—	—	—	50 317	—	50 317	28 668	78 985
BBBEE reserve		—	—	—	50 317	—	50 317	—	50 317
Fair value gain on available-for-sale instruments		—	—	—	—	—	—	28 668	28 668
New issue of shares to The JSE Empowerment Fund		131	—	—	—	—	131	—	131
Profit for the year		—	—	—	—	106 470	106 470	34 580	141 050
Dividends paid		—	—	—	—	(69 230)	(69 230)	—	(69 230)
Balance at 31 December 2006	16	8 471	162 779	10 058	50 317	362 173	593 798	239 742	833 540
Income and expenses recognised directly in equity		—	—	—	77 054	5 915	82 969	9 435	92 404
BBBEE reserve		—	—	—	77 054	5 915	82 969	—	82 969
Shares issued to The JSE Empowerment Fund		—	—	—	30 364	—	30 364	—	30 364
Options issued to black shareholders		—	—	—	41 542	—	41 542	—	41 542
Options lapsed to transfer to retained earnings		—	—	—	(5 915)	5 915	—	—	—
Replacement options issued to The JSE Empowerment Fund		—	—	—	11 063	—	11 063	—	11 063
Fair value gain on available-for-sale instruments		—	—	—	—	—	—	9 435	9 435
New issue of shares to The JSE Empowerment Fund		43	—	—	—	—	43	—	43
Profit for the year		—	—	—	—	252 221	252 221	21 017	273 238
Dividends paid	30	—	—	—	—	(90 547)	(90 547)	—	(90 547)
Balance at 31 December 2007	16	8 514	162 779	10 058	127 371	529 762	838 484	270 194	1 108 678
Exchange									
Balance at 1 January 2006		8 340	162 779	—	—	351 037	522 156		
Income and expenses recognised directly in equity		—	—	—	50 317	—	50 317		
BBBEE reserve		—	—	—	50 317	—	50 317		
New issue of shares to The JSE Empowerment Fund		131	—	—	—	—	131		
Profit for the year		—	—	—	—	78 975	78 975		
Dividends paid		—	—	—	—	(69 230)	(69 230)		
Balance at 31 December 2006	16	8 471	162 779	—	50 317	360 782	582 349		
Income and expenses recognised directly in equity									
BBBEE reserve		—	—	—	77 054	5 915	82 969		
Shares issued to The JSE Empowerment Fund		—	—	—	30 364	—	30 364		
Options issued to black shareholders		—	—	—	41 542	—	41 542		
Options lapsed to transfer to retained earnings		—	—	—	(5 915)	5 915	—		
Replacement options issued to The JSE Empowerment Fund		—	—	—	11 063	—	11 063		
New issue of shares – The JSE Empowerment Fund		43	—	—	—	—	43		
Profit for the year		—	—	—	—	225 539	225 539		
Dividends paid	30	—	—	—	—	(90 547)	(90 547)		
Balance at 31 December 2007	16	8 514	162 779	—	127 371	501 689	800 353		

Cash flow statements

for the year ended 31 December 2007

		Group		Exchange		Investor Protection Funds	
	Note	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Cash generated/(utilised) by operations	25.1	379 878	223 710	418 181	233 625	(12 539)	10 882
Interest received		1 344 550	652 361	72 023	33 394	4 384	3 249
Interest paid		(1 244 428)	(584 259)	(10 362)	(5 573)	—	—
Dividends received		5 712	4 402	—	—	5 712	4 402
Taxation paid		(156 671)	(64 016)	(156 422)	(63 975)	—	—
Net cash inflow/(outflow) from operating activities		329 041	232 198	323 420	197 471	(2 443)	18 533
Cash flows from investing activities							
Proceeds on redemption of preference shares		—	65 000	—	65 000	—	—
Investment to maintain operations		(274)	(623)	(274)	(623)	—	—
Replacement of property and equipment		(274)	(623)	(274)	(623)	—	—
Investment to expand operations		21 417	(79 087)	(1 828)	(21 307)	23 245	(57 780)
Proceeds on maturity of other investments		74 424	45 168	—	—	74 424	45 168
Purchase of other investments		(51 179)	(102 948)	—	—	(51 179)	(102 948)
Cash flows from equity accounted investees		26 951	(12 413)	26 951	(12 413)	—	—
Capital reduction in Strate Ltd		33 410	—	33 410	—	—	—
Purchase of shares in Strate Ltd		(12 413)	(12 413)	(12 413)	(12 413)	—	—
Dividends received from Strate Ltd		5 954	—	5 954	—	—	—
Proceeds on sale of Itrix Holdings (Pty) Ltd		—	1 500	—	1 500	—	—
Proceeds on sale of Satrix Holdings (Pty) Ltd		1 576	—	1 576	—	—	—
Leasehold improvements		(48)	(741)	(48)	(741)	—	—
Additions to property and equipment		(30 307)	(9 653)	(30 307)	(9 653)	—	—
Net cash inflow/(outflow) from investing activities		21 143	(14 710)	(2 102)	43 070	23 245	(57 780)
Cash flows from financing activities							
Proceeds from issue of share capital		43	131	43	131	—	—
Dividends paid		(90 546)	(69 230)	(90 546)	(69 230)	—	—
Net cash outflow from financing activities		(90 503)	(69 099)	(90 503)	(69 099)	—	—
Net increase/(decrease) in cash and cash equivalents		259 681	148 389	230 815	171 442	20 802	(39 247)
Cash and cash equivalents at beginning of year		504 864	356 475	456 561	285 119	19 552	58 799
Cash and cash equivalents at end of year	15	764 545	504 864	687 376	456 561	40 354	19 552

1. REPORTING ENTITY

JSE Limited ("the JSE", the "Company" or the "Exchange") is duly registered and incorporated in South Africa. The JSE is licensed as an exchange in terms of the Securities Services Act, No 36 of 2004. The JSE has the following main lines of business: trading, listings, clearing and settlement services, technology and other technology related services and information product 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 2007 comprise the Company and its subsidiaries and controlled special purpose vehicles (collectively referred to as the "Group") and the Group's interest in associates. The annual financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

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 (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the board of directors on 10 March 2008.

2.2 Basis of measurement

The financial statements are presented in South African rand (which is the Company's functional currency), rounded to the nearest thousand. The Exchange and Group financial statements are prepared on the historical cost basis, except for the items measured at fair value as described below:

– derivative financial instruments;

– available-for-sale financial assets; and

– liabilities for cash-settled share-based payment arrangements.

The methods used to measure fair values are discussed further in note 4.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Notes 16 and 19	– measurement of share-based payments
Note 17	– employee benefits
Note 22	– valuation of financial instruments
Note 23.1	– contingent liabilities

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and the separate financial statements of the Exchange, and have been applied consistently by Group entities.

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group financial statements incorporate the assets, liabilities and results of the operations of the SAFEX Clearing Company (Pty) Ltd ("Safcom"), the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust and JSE Trustees (Pty) Ltd. In assessing control, potential voting rights that are presently exercisable are taken into account. 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.

3.1.2 Special purpose vehicles

The JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust are special purpose vehicles set up for investor protection. The Group does not have any direct or indirect shareholding in these entities, however, based on their relationship with the Group, the Group controls the financial and operating policies of these entities and the results are thus consolidated.

3.1.3 Associates

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 percent of the voting power of another entity. The equity method of accounting for associated companies is adopted in the Group financial statements and applied to its investments in Strate Ltd, Satrix Managers (Pty) Ltd and Indexco (Pty) Ltd. In applying the equity method, account is taken of the Group's share of the income and expenses and equity movements of equity accounted investees from the effective date on which the enterprise became an associate until significant influence ceases. The share of associated companies' 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 that interest (including any long-term investments) is reduced to nil 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.

3.1.4 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign exchange differences on translation are recognised in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated 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 the income statement, except for differences arising on the translation of non-monetary available-for-sale equity instruments.

3.3 Financial instruments

3.3.1 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable and other receivables, margin and collateral deposits, cash and cash equivalents, trade payables and interest payable.

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

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. 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. 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 liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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 equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established. Refer Note 10 (Other Investments) for the financial assets classified as available-for-sale.

Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. No financial instruments have been designated at fair value through profit or loss upon initial recognition. The derivative financial instruments (refer Note 3.3.2) are classified as held for trading.

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. Other non-derivative financial instruments include: Trade and other receivables, trade and other payables and cash and cash equivalents

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 Financial instruments *(continued)*

3.3.2 Derivative financial instruments

The Exchange holds derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. The Exchange does not hold derivative financial instruments for trading purposes. Derivative instruments are initially recognised at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value and the resultant gains or losses are recognised in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognised in the income statement.

3.4 Property and equipment

3.4.1 Recognition and measurement

Items of property and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and impairment losses. Software that is integral to the functionality of the related equipment is capitalised as part of equipment. 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.

3.4.2 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 costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

3.4.3 Depreciation and amortisation

Depreciation and amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

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

– computer hardware	3 – 7 years	– leased assets	3 years
– computer software	4 – 7 years	– leasehold improvements	15 years
– furniture and equipment	10 – 15 years	– vehicles	5 years

Depreciation and amortisation methods, useful lives and residual values are reassessed at each reporting date.

3.5 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Exchange has sufficient resources to complete the development. The expenditure capitalised includes the cost of direct consulting charges, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The amortisation period is assessed annually.

3.6 Leased assets

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 income on a straight-line basis over the period of the lease. When the timing 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.7 Impairment

3.7.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of an available-for-sale financial asset, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. In the case of a financial asset measured at amortised cost, suspension of the debtor, significant liquidity concerns in respect of the debtor, and default in payments are considered indicators that the financial asset is impaired. An 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 original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. 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. Subsequent recoveries of amounts written off are credited to profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Impairment losses relating to available-for-sale financial assets are not reversed through profit or loss.

3.7.2 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 generated cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. 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 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.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expenses is discussed in Note 3.15.

3.9 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.10 Employee benefits

3.10.1 Defined contribution plans

Obligations for contributions to defined contribution pension funds are recognised as an expense in the income statement when they are due.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 Employee benefits *(continued)*

3.10.2 Short-term employee benefits

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

3.10.3 Share-based payment transactions

The grant date fair value of options granted to employees is recognised as a personnel expense over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

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 re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in the income statement.

3.10.4 Leave pay

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

3.11 Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and risks specific to the liability.

3.12 Revenue

Revenue comprises derivatives trading and clearing fees, equities trading fees, equities risk management fees, clearing and settlement fees, information product sales, listing fees, fees for technology and related services and funds management and publications. Revenue is recognised in the year in which the service relates.

3.13 Other income

Other income comprises rental income, net foreign exchange gains, government and other grants, dividend income, profit on sale of financial assets and property and equipment, and sundry income.

Government grants are grants that compensate the Group for expenses incurred and are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Dividend income is recognised in the income statement on the date the dividend is declared.

3.14 Lease payments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.15 Finance income and expenses

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

Finance expenses comprise 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.

3.16 Income tax expense

3.16.1 Current taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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.

3.16.2 Deferred taxation

Deferred taxation is recognised using the balance sheet method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. 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, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxation is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

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

3.16.3 Secondary tax on companies

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.17 Earnings per share

The Group presents basic and diluted earning per share data for its ordinary shares. Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to black shareholders.

3.18 Segment reporting

The services provided by the JSE are not subject to materially different operational risks and are therefore regarded as a single business and geographical segment for annual financial statement reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.19 Net asset value

Net asset value is arrived at by deducting from total assets all current and non-current liabilities.

3.20 Standards, amendments and interpretations effective in 2007

IFRS 7 *Financial instruments: Disclosures* and the Amendment to IAS 1 *Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. The required disclosures have been included in the notes in respect of financial assets and financial liabilities, including Note 28 (Financial risk management).

IFRIC 8 *Scope of IFRS 2 (Share-based Payment)* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. The application of IFRIC 8 has not had any impact on the Group.

IFRIC 9 *Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivatives should be separated from the underlying host contract should be made only when there are changes to the contract. The application of IFRIC 9 has not had any impact on the Group.

3.21 New standards and interpretations not yet adopted

Management has considered all statements and interpretations issued but not yet effective, up to the date of the audit report.

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8 will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Financial Officer in order to assess each segment's performance and to allocate resources to them. Currently, the Group does not present any segment information. The Group has not yet determined the potential impact of the Standard.
- Revised IAS 23 *Borrowing costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the costs of that asset. Revised IAS 23, which becomes mandatory for the Group's 2009 financial statements is not expected to have any effect on the consolidated financial statements.
- IFRIC 11 IFRS 2 - *Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.
- IFRIC 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements is not expected to have any effect on the consolidated financial statements.
- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.
- IFRIC 14 IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 which becomes mandatory for the Group's 2008 financial statements, with retrospective application required, is not expected to have any impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year (refer to note 17).

4. DETERMINATION OF FAIR VALUE

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. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Derivative financial instruments

Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

4.2 Non-derivative financial instruments

The carrying value (less impairment allowance where relevant) of short-term non-derivative financial instruments are assumed to approximate their fair values.

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 articles, which provide 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.

4.3 Share-based payment transactions

The fair value of share appreciation rights granted to employees and options granted in respect of the BBBEE initiative are measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of instrument, expected volatility (based on weighted average historic volatility), expected dividends, and the risk free interest rate (based on the NACA rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

	Note	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
5. REVENUE AND OTHER INCOME					
5.1 Revenue comprises:					
Equity derivatives fees		116 674	80 148	116 674	80 148
Agricultural derivatives fees		43 432	37 376	43 432	37 376
Equities trading fees		185 605	125 036	185 605	125 036
Yield-X trading fees		637	276	637	276
Risk management, clearing and settlement fees		122 247	82 300	122 247	82 300
Strate ad valorem fees		82 963	56 513	82 963	56 513
Information sales		79 534	61 945	79 534	61 945
Membership fees		6 557	6 008	6 557	6 008
Listing fees		85 888	68 265	85 888	68 265
Broker deal accounting services		112 932	86 057	112 932	86 057
Funds management and publications		40 957	36 453	62 204	50 230
		877 426	640 377	898 673	654 154
5.2 Other income comprises:					
Investor Protection Funds		29 247	41 743	—	—
– dividend income		5 712	4 517	—	—
– net gain on disposal of available-for-sale financial assets transferred from equity		23 535	10 707	—	—
– other income		—	26 519	—	—
Rental income		1 692	4 731	1 692	4 731
Government grants		—	6 325	—	6 325
Foreign exchange translation gain		—	6 896	—	6 896
Profit on sale of joint venture		—	1 500	—	1 500
Profit on sale of associated company		1 492	—	1 576	—
Receipt from contractor*		74 561	—	74 561	—
Sundry income		5 001	4 175	10 947	4 175
		111 993	65 370	88 776	23 627

**A once-off payment from a contractor, releasing the contractor from its further obligations with regards to its agreements with the JSE*

Notes to the financial statements
for the year ended 31 December 2007 (continued)

	Note	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
6. PROFIT BEFORE TAXATION comprises:					
6.1 Personnel expenses					
Remuneration paid to employees	17	115 835	104 742	115 835	104 742
Contribution to defined contribution plans		6 302	6 524	6 302	6 524
Directors' emoluments		39 159	17 951	39 159	17 951
– executive directors, for services as directors	27.1	36 240	15 535	36 240	15 535
– non-executive directors	27.3	2 919	2 416	2 919	2 416
Long-term incentive scheme	18	64 829	31 863	64 829	31 863
– Income statement charge in respect of first tranche		28 650	31 863	28 650	31 863
– Income statement charge in respect of second tranche		696	—	696	—
– Total accelerated pay-out (excluding executive directors)		35 483	—	35 483	—
– accelerated pay-out to executive directors	27.1	17 859	—	17 859	—
– accelerated pay-out to other key executives	27.2	25 124	—	25 124	—
– accelerated pay-out to other employees		10 359	—	10 359	—
– executive directors pay-out included in directors emoluments	27.1	(17 859)	—	(17 859)	—
Remuneration paid other than to employees for technical services		3 944	1 906	3 944	1 906
		230 069	162 986	230 069	162 986
6.2 Other expenses					
are arrived at after taking into account:					
Auditors' remuneration		4 272	1 853	3 266	1 700
– audit fee		2 001	1 148	1 485	1 000
– fees for other services		1 297	133	947	126
– fees for other assurance services		526	492	526	492
– prior year under-accrual		448	80	308	82
Consulting fees		12 192	7 561	12 192	7 561
– strategic		525	2 068	525	2 068
– other		11 667	5 493	11 667	5 493
Depreciation and amortisation		29 814	24 835	29 814	24 835
– Computer hardware		1 057	1 490	1 057	1 490
– Computer software		23 126	17 842	23 126	17 842
– Furniture and equipment		2 155	2 034	2 155	2 034
– Leasehold improvements		3 467	3 457	3 467	3 457
– Vehicles		9	12	9	12

Notes to the financial statements
for the year ended 31 December 2007 (continued)

		Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
6.2	**Other expenses** *(continued)*				
	Foreign exchange loss	517	—	517	—
	Impairment to property and equipment	—	3 803	0	3 803
	Impairment to trade receivables raised	(36)	356	(36)	356
	Impairment of government grant	4 285	—	4 285	—
	Loss on sale of property and equipment	—	5	—	5
	Insurance premium	11 101	9 157	—	—
	Legal fees	2 833	2 853	2 833	2 853
	Strate ad valorem fees	82 963	56 513	82 963	56 513
	Mainframe operations	45 558	41 250	45 558	41 250
	Other computer operations	53 951	57 317	53 951	57 317
	Software maintenance	36 894	40 029	36 894	40 029
	Operating lease charges	29 108	29 089	29 108	29 089
	– building	27 092	27 491	27 092	27 491
	– office equipment	2 016	1 598	2 016	1 598
	Marketing and advertising	17 398	15 768	17 398	15 768
	Transaction charges	17 599	23 801	17 599	23 801
	JEF shares	30 364	38 661	30 364	38 661
	Black shareholders' retention scheme	52 605	11 656	52 605	11 656
	Other administration expenses	51 750	49 054	41 451	40 031
		483 168	413 561	460 762	395 228
6.3	**Interest received**				
	Own funds	55 780	29 628	55 780	29 628
	Investor Protection Funds	4 384	3 249	—	—
	Interest received on margin deposits	1 360 385	641 111	6 626	3 653
	– equities	6 626	3 653	6 626	3 653
	– derivatives	1 353 759	637 458	—	—
	Interest received on collateral deposits	9 523	2 202	9 523	2 202
		1 430 072	676 190	71 929	35 483
6.4	**Interest paid**				
	Interest paid on margin deposits	1 328 696	619 085	6 895	3 510
	– equities	6 895	3 510	6 895	3 510
	– derivatives	1 321 801	615 575	—	—
	Interest paid on collateral deposits	1 034	242	1 034	242
	Interest paid – other	3 213	2 123	3 213	2 123
		1 332 943	621 450	11 142	5 875

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
7. INCOME TAX EXPENSE				
7.1 Taxation	131 938	70 254	131 866	70 200
Current tax expense				
– current year	118 973	73 287	118 901	73 233
Secondary tax on companies				
– current year	8 791	8 654	8 791	8 654
Capital gains tax				
– current year	15 378	—	15 378	—
Deferred tax income				
– reversal of deductible temporary differences	(9 903)	(10 637)	(9 903)	(10 637)
Deferred tax expense				
– origination of taxable temporary differences	(1 301)	(1 050)	(1 301)	(1 050)
7.2 Reconciliation of effective tax rate				
Current tax rate	29,00%	29,00%	29,00%	29,00%
Adjusted for:				
– Tax exempt income	(5,22%)	(6,97%)	(3,67%)	(1,12%)
– Non-deductible expenses	5,09%	10,87%	7,01%	13,38%
– Secondary tax on companies	2,17%	4,10%	0,25%	5,80%
– Capital gains tax	3,80%	—	4,30%	—
– Share of profit of equity accounted investees	(2,28%)	(3,76%)	—	—
	32,56%	33,24%	36,89%	47,06%

7.3 The following tax rates are applicable to the various entities within the Group:

JSE Limited	29%
SAFEX Clearing Company (Pty) Limited	29%
Strate Limited	29%
Satrix Managers (Pty) Limited	29%
JSE Trustees (Pty) Limited	29%
JSE Derivatives Fidelity Fund Trust	0%
JSE Guarantee Fund Trust	0%

There are no current and deferred tax implications relating to items charged/credited directly to equity as the Investor Protection Funds are exempt from tax.

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
8. EARNINGS AND HEADLINE EARNINGS PER SHARE				
8.1 Basic earnings per share				
The calculation of basic earnings per share at 31 December 2007 of 321,3 (2006: 168,0) cents per share was based on the profit attributable to ordinary shareholders of R273,2 million (2006: R141,1 million) and a weighted average number of ordinary shares of 85 038 891 (2006: 83 934 476) in issue during the period as calculated in Note 8.2.				
Profit for the year	273 238	141 050	225 539	78 975
Basic earnings per share (cents)	321,3	168,0	265,2	94,1
8.2 Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	84 705 663	8 340 250	84 705 663	8 340 250
Sub-division of shares on 5 June 2006: 10 for 1	—	83 402 500	—	83 402 500
Issue of 868 775 shares to The JSE Empowerment Fund 7 June 2006	—	492 703	—	492 703
Issue of 434 388 shares to The JSE Empowerment Fund 28 November 2006	—	39 273	—	39 273
Issue of 434 387 shares to The JSE Empowerment Fund 27 March 2007	333 228	—	333 228	—
Weighted average number of ordinary shares at 31 December	85 038 891	83 934 476	85 038 891	83 934 476
8.3 Diluted earnings per share				
The calculation of diluted earnings per share at 31 December 2007 of 318,7 (2006: 167,5) cents per share was based on the profit attributable to ordinary shareholders of R273,2 million (2006: R141,1 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 85 722 712 (2006: 84 210 746) calculated as follows:				
Profit attributable to ordinary shareholders (basic and diluted)	273 238	141 050	225 539	78 975
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December	85 038 891	83 934 476	85 038 891	83 934 476
Dilutive effect of share options	683 821	276 270	683 821	276 270
Weighted average number of ordinary shares (diluted)	85 722 712	84 210 746	85 722 712	84 210 746
Diluted earnings per share (cents)	318,7	167,5	263,1	93,8

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 period that the options were outstanding. Refer to Note 8.6 for reconciliation of share options outstanding at 31 December 2007.

Notes to the financial statements
for the year ended 31 December 2007 (continued)

	Group		Exchange	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
8. EARNINGS AND HEADLINE EARNINGS PER SHARE *(continued)*				
8.4 Headline earnings per share				
The calculation of headline earnings per share at 31 December 2007 of 292,1 (2006: 164,8) cents per share was based on Group headline earnings of R248,4 million (2006: R138,3 million) and Exchange headline earnings of R224,2 million (2006: R81,5 million) and a weighted average number of ordinary shares of 85 038 891 (2006: 83 934 476) during the period as calculated in Note 8.2.				
Reconciliation of headline earnings:				
Profit for the year	273 238	141 050	225 539	78 975
Adjustments are made to the following:				
Loss on sale of property and equipment	*	4	*	4
Impairment loss on property and equipment	—	3 803	—	3 803
Profit on sale of joint venture	—	(1 283)	—	(1 283)
Profit on sale of associated company	(1 283)	—	(1 347)	—
Associated company - impairment loss	—	5 422	—	—
Profit on realisation of available for sale instruments	(23 535)	(10 707)	—	—
Headline earnings	248 420	138 289	224 192	81 499
Headline earnings per share (cents)	292,1	164,8	263,6	97,1

**less than R1 000*

Headline earnings per share have been calculated in terms of Circular 08/2007 "Headline earnings", effective for all financial years ending on or after 31 August 2007. The comparative figure for 2006 has been recalculated and restated accordingly.

8.5 Effect of earnings and net asset value per share of Investor Protection Funds (cents)

The contribution these funds make to the headline earnings and the net asset value of the Group are as follows:

	Group 2007	Group 2006
Headline earnings per share	(3,0)	28,4
Diluted earnings per share	24,5	41,1
Net asset value per share	317,4	283,0

The JSE maintains the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes as required under the Securities Services Act, No 36 of 2004. The JSE is required to consolidate these funds into the results of the Group in terms of International Financial Reporting Standards (IFRS). However, as these Trusts are legally separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of such Trusts.

Notes to the financial statements

for the year ended 31 December 2007 (continued)

8. EARNINGS AND HEADLINE EARNINGS PER SHARE *(continued)*

8.6 Reconciliation of share options

The number and weighted average exercise price of share options are as follows:

2007

Group and Exchange

	First Tranche		Second Tranche		
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Total number of options
Outstanding at 1 January 2007	R28,81	579 183		—	579 183
Forfeited during the year		(207 004)		(24 375)	(231 379)
Granted during the year	R81,43	—		579 132	579 132
Forfeited re-issued during the year		—		154 263	154 263
Outstanding at 31 December 2007	R72,61	372 179	R 79,41	709 020	1 081 199
Exercisable at 31 December 2007		—		—	—
No share options were exercised during the year					

2006

Group and Exchange

	First Tranche		Second Tranche		
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Total number of options
Outstanding at 1 January 2006		—		—	—
Forfeited during the year		—		—	—
Granted during the year	R20,63	579 183		—	579 183
Outstanding at 31 December 2006	R28,81	579 183		—	579 183
Exercisable at 31 December 2006		—		—	—
No share options were exercised during the year					

No share options were exercised during the year

Refer to Note 16 for further details

Notes to the financial statements

for the year ended 31 December 2007 (continued)

	Computer hardware R'000	Computer software R'000	Software under development R'000	Furniture and equipment R'000	Leasehold improvements R'000	Vehicles R'000	Total owned assets R'000	Total leased assets R'000	Total assets R'000
9. PROPERTY AND EQUIPMENT									
9.1 Cost									
Group and Exchange									
2007									
Balance at 1 January 2007	8 305	97 274	157 051	25 403	52 554	101	340 688	—	340 688
Acquisitions	4 065	308	25 473	759	27	—	30 632	—	30 632
Disposals	—	—	—	(2)	—	—	(2)	—	(2)
Transfer to computer software	—	77 607	(77 607)	—	—	—	—	—	—
Balance at 31 December 2007	12 370	175 189	104 917	26 160	52 581	101	371 318	—	371 318
Group and Exchange									
2006									
Balance at 1 January 2006	28 959	98 384	144 907	23 647	52 355	101	348 353	1 732	350 085
Acquisitions	220	500	12 144	1 756	199	—	14 819	—	14 819
Disposals	(22 606)	(1 610)	—	—	—	—	(24 216)	—	(24 216)
Transfer to computer hardware	1 732	—	—	—	—	—	1 732	(1 732)	—
Balance at 31 December 2006	8 305	97 274	157 051	25 403	52 554	101	340 688	—	340 688
9.2 Depreciation, amortisation and impairment losses									
Group and Exchange									
2007									
Balance at 1 January 2007	5 858	83 457	3 803	13 015	21 265	92	127 490	—	127 490
Depreciation and amortisation charge for the year	1 057	23 126	—	2 155	3 467	9	29 814	—	29 814
Balance at 31 December 2007	6 915	106 583	3 803	15 170	24 732	101	157 304	—	157 304
Group and Exchange									
2006									
Balance at 1 January 2006	25 284	67 226	—	10 981	17 808	80	121 379	1 684	123 063
Depreciation and amortisation charge for the year	1 490	17 842	—	2 034	3 457	12	24 835	—	24 835
Disposals	(22 600)	(1 611)	—	—	—	—	(24 211)	—	(24 211)
Impairment loss	—	—	3 803	—	—	—	3 803	—	3 803
Transfer to computer hardware	1 684	—	—	—	—	—	1 684	(1 684)	—
Balance at 31 December 2006	5 858	83 457	3 803	13 015	21 265	92	127 490	—	127 490
9.3 Carrying amounts									
Group and Exchange									
2007									
At 1 January 2007	2 447	13 817	153 248	12 388	31 289	9	213 198	—	213 198
At 31 December 2007	5 455	68 606	101 114	10 990	27 849	—	214 014	—	214 014
Group and Exchange									
2006									
At 1 January 2006	3 675	31 158	144 907	12 666	34 547	21	226 974	48	227 022
At 31 December 2006	2 447	13 817	153 248	12 388	31 289	9	213 198	—	213 198

Notes to the financial statements
for the year ended 31 December 2007 (continued)

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
10. OTHER INVESTMENTS				
10.1 Investor Protection Funds financial assets				
10.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds – fair value	5 092	5 533	—	—
Listed equities – fair value	42 920	42 409	—	—
Foreign unit trusts – fair value	10 065	8 732	—	—
	58 077	56 674	—	—
10.1.2 JSE Guarantee Fund Trust				
Bonds – fair value	12 655	13 508	—	—
Listed equities – fair value	122 823	117 781	—	—
Foreign unit trusts – fair value	28 342	24 358	—	—
Unit trusts – fair value	1 747	1 598	—	—
	165 567	157 245	—	—
Total	223 644	213 919	—	—
10.2 Other*				
Emerging Enterprise Zone (Pty) Ltd	1	1	1	1
Open Outcry Investment Holdings Ltd	1	1	1	1
Indexco Ltd, Indexco II Ltd and Indexco III Ltd	1	1	1	1
Stock Exchange Nominees (Pty) Ltd	1	1	1	1
Total	4	4	4	4
Total Other Investments	223 648	213 923	4	4

**These entities are in the process of being deregistered and cost is assumed to approximate their fair values.*

There were no impairment allowances in respect of the above financial assets in 2007 and 2006.

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES				
11.1 Carrying amount				
Strate Ltd				
– Carrying amount at beginning of year	54 063	79 327	42 413	95 000
– Redemption of preference shares	—	(65 000)	—	(65 000)
– Acquisition of shares	12 413	12 413	12 413	12 413
– Capital distribution	(33 410)	—	(33 410)	—
– Dividends received	(5 954)	—	—	—
– Share of profit	31 830	27 323	—	—
– Carrying amount at end of year	58 942	54 063	21 416	42 413

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES *(continued)*				
11.1 Carrying amount *(continued)*				
Indexco Managers (Pty) Ltd				
– Carrying amount at beginning of year	4	(2)	*	*
– Share of profit	11	6	—	—
– Carrying amount at end of year	15	4	*	*
Satrix Managers (Pty) Ltd				
– Carrying amount at beginning of year	52	17	*	*
– Share of profit	24	35	—	—
– Disposal of shares	(76)	—	*	—
– Carrying amount at end of year	—	52	*	*
Total investments in equity accounted investees	58 957	54 119	21 416	42 413

**Less than R1 000*

During the course of the year, the JSE disposed of its shareholding in Satrix Managers (Pty) Ltd. Refer to Note 5.2.

	Strate Ltd 2007 R'000	Strate Ltd 2006 R'000	Indexco Managers (Pty) Ltd 2007 R'000	Indexco Managers (Pty) Ltd 2006 R'000	Satrix Managers (Pty) Ltd 2007 R'000	Satrix Managers (Pty) Ltd 2006 R'000	Total 2007 R'000	Total 2006 R'000
11.2 Group share of post acquisition profit/(loss)								
Share of opening accumulated profit/(loss)	11 650	(15 673)	4	(2)	52	17	11 706	(15 658)
Share of profit after tax	31 830	27 323	11	6	24	35	31 865	27 364
Disposal of shareholding	—	—	—	—	(76)	—	(76)	—
Share of closing accumulated profit	43 480	11 650	15	4	0	52	43 495	11 706

Notes to the financial statements
for the year ended 31 December 2007 (continued)

	Strate Ltd 2007 R'000	Strate Ltd 2006 R'000	Indexco Managers (Pty) Ltd 2007 R'000	Indexco Managers (Pty) Ltd 2006 R'000	Satrix Managers (Pty) Ltd 2007 R'000	Satrix Managers (Pty) Ltd 2006 R'000	Total 2007 R'000	Total 2006 R'000
11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)								
11.3 Summarised financial statements								
Non-current assets	47 766	43 276	—	316	—	4	47 766	43 596
Current assets	92 831	129 428	843	452	—	766	93 674	130 646
Total assets	140 597	172 704	843	768	—	770	141 440	174 242
Equity	123 099	130 304	21	(13)	—	131	123 120	130 422
Non-current liabilities	4 352	3 127	17	5	—	53	4 369	3 185
Current liabilities	13 146	39 273	805	776	—	586	13 951	40 635
Total equity and liabilities	140 597	172 704	843	768	—	770	141 440	174 242
Revenue	246 804	206 922	77	24	—	4 528	246 881	211 474
Expenses	(130 140)	(112 797)	(29)	—	—	(4 380)	(130 169)	(117 177)
Taxation	(35 503)	(27 301)	(14)	(7)	—	(43)	(35 517)	(27 351)
Profit for the year	81 161	66 824	34	17	—	105	81 195	66 946

	Carrying amount R'000	Effective group holding 2007 %	Effective group holding 2006 %	Number of shares held 2007	Number of shares held 2006	Directors' valuation 2007 R'000	Directors' valuation 2006 R'000
11.4 Unlisted associated companies							
Group							
Strate Ltd	58 942	44,55	42,77	4 346	4 173	311 826	299 413
Indexco Managers (Pty) Ltd	15	33,33	33,33	50	50	15	4
Satrix Managers (Pty) Ltd	—	—	33,33	—	50	—	52
	58 957			4 396	4 273	311 841	299 469
Exchange							
Strate Ltd	21 416	44,55	42,67	4 346	4 173	311 826	299 413
Indexco Managers (Pty) Ltd	*	33,33	33,33	50	50	15	4
Satrix Managers (Pty) Ltd	—	—	33,33	—	50	—	52
	21 416			4 396	4 273	311 841	299 469

**Less than R1 000*

Notes to the financial statements
for the year ended 31 December 2007 (continued)

	Issued share capital	Percentage holding 2007 %	Percentage holding 2006 %	Value of shares held 2007 R'000	Value of shares held 2006 R'000
12. SUBSIDIARIES					
12.1 SAFEX Clearing Company (Pty) Ltd					
– ordinary shares	8 300	11	11	1	1
– zero-coupon redeemable convertible preference shares*	160	100	100	3 200	3 200
				3 201	3 201

**these preference shares are redeemable or convertible at the option of SAFEX Clearing Company (Pty) Ltd.*

The JSE has full management control over the company.

	Issued share capital	Percentage holding 2007 %	Percentage holding 2006 %	Value of shares held 2007 R'000	Value of shares held 2006 R'000
12.2 JSE Trustees (Pty) Ltd					
– ordinary shares	7	#	#	*	*

Certain of the directors of the JSE hold these shares as nominees on behalf of the Exchange.
The Exchange has control over the operating and decision making activities of the company.

#less than 1%

**less than R1 000*

12.3 Investor Protection Funds

In terms of section 9.1(e) of the Securities Services Act, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients. In compliance with this requirement, the JSE has a guarantee fund (JSE Guarantee Fund Trust) which covers the equities market, and a fidelity fund (JSE Derivatives Fidelity Fund Trust) which covers the derivatives and Yield-X markets. The two funds are housed within formalised trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees.

	Exchange 2007 R'000	Exchange 2006 R'000
12.4 Amounts due from group entities		
SAFEX Clearing Company (Pty) Ltd	3 497	2 339
JSE Derivatives Fidelity Fund Trust	23	—
JSE Trustees (Pty) Ltd	3 522	2 995
	7 042	5 334
12.5 Amounts due to group entities		
JSE Guarantee Fund Trust	400	1

All entities are incorporated in South Africa. Amounts due to and from group entities are interest free, unsecured and repayable within three months.

	Group		Exchange		Investor Protection Funds	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
13. TRADE AND OTHER RECEIVABLES						
Trade receivables	70 694	43 690	70 694	43 688	—	1
Prepaid expenses	13 077	10 853	8 177	4 940	4 900	5 913
Interest receivable	138 897	53 375	3 668	3 763	530	79
Other receivables	9 563	12 061	8 715	8 436	1 072	475
	232 231	119 979	91 254	60 827	6 502	6 468

The ageing analysis of trade receivables is as follows:

	Group		Exchange		Investor Protection Funds	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
At 31 December 2007:						
Fully performing: 0 – 30 days	63 387	—	63 387	—	—	—
Past due: 31 – 90 days	1 211	—	1 211	—	—	—
Past due: More than 90 days	6 783	687	6 783	687	—	—
Total	71 381	687	71 381	687	—	,
At 31 December 2006:						
Fully performing: 0 – 30 days	40 939	—	40 939	—	1	—
Past due: 31 – 90 days	1 562	—	1 562	—	—	—
Past due: More than 90 days	1 910	723	1 910	723	—	—
Total	44 411	723	44 411	723	1	—

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

	Group		Exchange		Investor Protection Funds	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
At 1 January	723	1 057	723	1 057	—	—
(Decrease)/increase in allowance for impairment	(36)	336	(36)	336	—	—
Receivables written off during the year as uncollectible	—	(670)	—	(670)	—	—
At 31 December	687	723	687	723	—	—

All trade receivables are individually impaired and provided for.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the Group, and there has been no objective evidence to the contrary.

	Group		Exchange		Investor Protection Funds	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
14. 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 A1 and A1+ rated banks.						
14.1 Margin deposits	17 548 094	9 502 504	104 132	308 588	—	—
– equities	104 132	308 588	104 132	308 588	—	—
– derivatives funds held by SAFEX Clearing Company (Pty) Ltd	17 443 962	9 193 916	—	—	—	—
14.2 Collateral deposits	186 264	22 694	186 264	22 694	—	—
The JSE acts as an agent in securities lending transactions necessary to facilitate electronic settlement in the Strate environment. At year-end interest bearing collateral deposits of R186,3 million (2006: R22,7 million) have been lodged as security against securities lending transactions with a market value of R163,9 million (2006: R21,2 million).						
15. CASH AND CASH EQUIVALENTS						
Cash on deposits and bank balances comprises:						
Bank balances	281 590	216 013	281 508	215 656	82	357
Call deposits	405 868	240 905	405 868	240 905	—	—
SAFEX Clearing Company (Pty) Ltd	36 815	28 751	—	—	—	—
JSE Guarantee Fund Trust	27 348	13 589	—	—	27 348	13 589
JSE Derivatives Fidelity Fund Trust	12 924	5 606	—	—	12 924	5 606
	764 545	504 864	687 376	456 561	40 354	19 552

The effective interest rate on call deposits in 2007 was 9,11% (2006: 7,27%). The deposits had an average maturity of 13 days (2006: 14 days).

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
16. SHARE CAPITAL AND RESERVES				
Authorised share capital				
400 000 000 ordinary shares with a par value of 10 cents per share	40 000	40 000	40 000	40 000

Subject to the restrictions imposed by the Companies Act, 61 of 1973, (as amended), 5% of the authorised but unissued shares of the company are placed under the control of the directors until the forthcoming annual general meeting. In terms of a special resolution passed at the April 2007 annual general meeting the directors were granted a general authority to buy-back, in the aggregate, in any one financial year, not more than 20% of the issued share capital of the company until the forthcoming annual general meeting.

	Group Number of shares 2007	Group Number of shares 2006	Exchange Number of shares 2007	Exchange Number of shares 2006
Issued share capital				
Actual number of shares in issue at 1 January	84 705 663	8 340 250	84 705 663	8 340 250
Sub-division of shares on 5 June 2006: 10 for 1	—	83 402 500	—	83 402 500
New shares – The JSE Empowerment Fund first tranche	—	868 775	—	868 775
New shares – The JSE Empowerment Fund second tranche	—	434 388	—	434 388
New shares – The JSE Empowerment Fund third tranche	434 387	—	434 387	—
Shares in issue - fully paid, after subdivision	85 140 050	84 705 663	85 140 050	84 705 663

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
Share capital and reserves				
Share capital	8 514	8 471	8 514	8 471
Share premium	162 779	162 779	162 779	162 779
Non-distributable reserve (arising on change in Strate Ltd shareholding)	10 058	10 058	—	—
Investor Protection Funds	270 194	239 742	—	—
Fair value reserve[1]	83 684	74 249	—	—
– JSE Derivatives Fidelity Fund Trust	13 450	9 776	—	—
– JSE Guarantee Fund Trust	70 234	64 473	—	—
Capital and accumulated funds	186 510	165 493	—	—
– JSE Derivatives Fidelity Fund Trust[2]	57 774	52 623	—	—
– JSE Guarantee Fund Trust[3]	128 736	112 870	—	—
BBBEE reserve[4]	127 371	50 317	127 371	50 317
– JEF shares	69 024	38 661	69 024	38 661
– Black Shareholders' retention scheme	58 347	11 656	58 347	11 656
Retained earnings	529 762	362 173	501 689	360 782
Total	1 108 678	833 540	800 353	582 349

Footnotes appear overleaf.

	Group 2007 R'000	Group 2006 R'000	Exchange 2007 R'000	Exchange 2006 R'000
16. SHARE CAPITAL AND RESERVES *(continued)*				
[1]This reserve comprises fair value adjustments in respect of available-for-sale financial assets as set out below:				
JSE Derivatives Fidelity Fund Trust	3 674	9 504	—	—
– Net change in fair value of available-for-sale financial assets	6 654	10 230	—	—
– Net change in fair value of available-for-sale financial assets transferred to profit or loss	(2 980)	(726)	—	—
JSE Guarantee Fund Trust	5 761	19 164	—	—
– Net change in fair value of available-for-sale financial assets	26 316	29 145	—	—
– Net change in fair value of available-for-sale financial assets transferred to profit or loss	(20 555)	(9 981)	—	—

[2]The fund was established for the purpose of investor protection in the event of a member defaulting in derivatives trades in certain circumstances.

[3]The fund is ring-fenced for the purpose of investor protection in the event of a member defaulting in equities trades in certain circumstances.

[4]Implementation of a Broad-based Black Economic Empowerment initiative (BBBEE):

- The JSE Empowerment Fund (JEF) (R69,0 million) was established to provide financial assistance for education initiatives targeted at bringing black people into the financial sector and at demystifying investment in the stock market. 1 737 550 JSE shares were set aside to be issued to JEF at par value for cash. The first and second tranche totalling 1 303 163 JSE shares were issued during 2006 (R38,7 million). The remainder of 434 387 JSE shares was issued in one tranche during 2007 (R30,3 million). No further expense will be incurred in future in this regard.
- Black Shareholder Retention Scheme ("the BBBEE Scheme") (R58,3 million): The BBBEE Scheme was established to encourage qualifying black shareholders to retain their qualifying black shareholding until 1 June 2011. The granting of options will be tranched in amounts determined by the board over a period of three years – at 5 June 2006, 1 June 2007, and 1 June 2008 respectively, to qualifying black shareholders proportionately to their Qualifying Black Shareholding at those dates. The strike price of the options for each tranche will be 20% of the 30 calendar day value weighted average price (VWAP) immediately prior to and including the effective date of the tranche of Options in question. The options will be exercisable during June 2011. The options are not transferable.
- Based on the Black-Scholes valuation methodology, the following assumptions were used to calculate the impact to the income statement:

	2007	2006
Strike price	R15,17	R4,85
Exercise date	June 2011	June 2011
Dividend yield	0,21%	0,52%
Volatility	31,51%	35,00%
Risk free rate	9,28%	7,81%
Number of options granted during the year	579 132	579 183
Impact to the income statement	R41,5 million	R11,7 million

This cost is recognised at the granting of each tranche since the grant vests immediately. As this transaction is equity settled, the cost has been credited to the BBBEE reserve.

During the year 231 379 (2006: nil) options with a cost of R5,9 million lapsed. These options were granted during 2006 and 2007. On 1 June 2007, 154 263 replacement options were issued to JEF resulting in an income statement charge of R11,0 million.

	Note	2007 R'000	2006 R'000
17. EMPLOYEE BENEFITS			
Group and Exchange			
Current liabilities		37 191	8 416
Performance bonus provision		9 597	8 416
Cash settled share-based payment liability	18	27 594	—
Non-current liabilities		42 307	39 565
Leave pay accrual		8 822	7 832
Cash settled share-based payment liability	18	33 235	31 483
Other accruals		250	250

17.1 Retirement benefits

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

The members' interest in the JSE Pension Scheme is based on the market value of the fund and is recalculated monthly for changes in market value. This fund is governed by the Pension Funds Act, 1956 as amended. JSE member firms may, at their option, also become employer members of this fully funded pension scheme. Contributions to fund obligations for the payment of retirement benefits to their permanent staff are paid by the member firms directly to the scheme.

17.2 Additional bonus

In light of the exceptional financial results, a cash bonus equivalent to R8,7 million (2006: R5,5 million) was paid to the executive directors and senior executives in December 2007 as part of the R19,1 million (2006: R12,7 million) additional bonus paid to staff.

17.3 Deferred compensation

In terms of company policy, deferred compensation depends on satisfactory personal and company performance. 50% of the amount is payable on or before December of the year in which it is earned and the payment of the remainder is deferred for six months provided that the employee is still employed by the JSE when the deferred tranche is due to be paid. The CEO's contract provides for him to be paid a bonus up to his annual salary.

17.4 Other

The resolution of the potential shortfall in the pension fund annuities which began during 2002 continues, and is being managed by the asset management company and the previous pension fund administrators. Based on specialist legal advice, the JSE continues to consider it unlikely that the outcome of the investigation will have any impact on its operations or the reserves of the Exchange. The resolution of this issue is at an advanced stage. Approval from the Financial Services Board in terms of section 14 has been obtained and identification and assessment of the appropriate choice of vehicle for each pensioner is nearing completion.

17.5 Prior year reclassification

In the prior year, employee benefits were presented as provisions. In line with the current year reclassification to employee benefits, the comparative figures have been reclassified accordingly.

18. LONG-TERM INCENTIVE SCHEME (EMPLOYEE SCHEME)

The board considered it imperative to incentivise, attract and retain employees over the long term. Consequently, a long-term incentive and retention scheme (employee scheme) was introduced, effective 1 January 2006. The Employee Scheme is a cash bonus scheme which pays participants a certain amount in cash based on the extent of the employee's participation in the Employee Scheme and calculated with reference to the growth in the JSE's share price from the base price (determined in accordance with the employee scheme rules) to the share price on the date on which an employee's participation interest vests unconditionally. The board has issued one tranche of participation interests effective 1 January 2006 and a second tranche of participation interests effective 1 December 2007.

The second tranche of participation interests were issued at a base price of R85,45 in November 2007 and vest 50% in December 2010, 25% in December 2011 and 25% in December 2012. The JSE's exposure under this tranche will be hedged through cash-settled European call options and the resultant income statement impact will be reflected in the Group's 2008 financial statements.

During November 2007, the board agreed to accelerate 50% of the first tranche of participation interests that vest during December 2008 in return for participants agreeing to cap the vesting price of the first tranche of participation interests at R100 in order to limit the impact to the JSE's profit and loss. This was done at a cost of R45,3 million. The remaining Participation Interests awarded in the first tranche vest 25% in December 2008, 25% in December 2009 and 25% in December 2010. During the year, the board and in accordance with the employee scheme rules, also agreed to the acceleration of the participation interests awarded to a retiring key executive (R8,0 million).

Based on the Black-Scholes valuation methodology, the following assumptions were used to calculate the income statement impact as at 31 December:

Awarded during 2006	2007	2006
Base price	R8,31	R8,31
30 calendar day VWAP	R85,03	R52,50
Total number of participation interests in issue	1 762 500	2 500 000
Vesting date:		
25% (2006:50%) of participation interests vest on 31 December 2008	587 500	1 250 000
25% of participation interests vest on 31 December 2009	587 500	625 000
25% of participation interests vest on 31 December 2010	587 500	625 000
Volatility	26,63%	25%
Dividend yield	0,21%	0,52%
Impact to profit and loss	R71,6 million	R31,5 million

Awarded during 2007	2007	2006
Base price	R85,45	—
30 calendar day VWAP		—
Total number of participation interests in issue	1 050 350	—
Vesting date:		
50% of participation interests vest on 31 December 2010	525 175	—
25% of participation interests vest on 31 December 2011	262 588	—
25% of participation interests vest on 31 December 2012	262 587	—
Volatility	26,63%	—
Dividend yield	0,21%	—
Impact to profit and loss	R0,7 million	

As at 31 December participation interests were awarded as follows:

	2007	2006
Executive directors	1 064 000	926 000
Other key executives	913 338	1 000 000
Other employees	835 512	574 000
	2 812 850	2 500 000

	Assets 2007 R'000	Assets 2006 R'000	Liabilities 2007 R'000	Liabilities 2006 R'000	Net 2007 R'000	Net 2006 R'000
19. DEFERRED TAX ASSETS AND LIABILITIES						
19.1 Deferred tax assets and liabilities are attributable to the following:						
Group and Exchange						
Property and equipment	—	—	(8 077)	(9 073)	(8 077)	(9 073)
Lease liability	22 749	21 764	—	—	22 749	21 764
Government grants	—	—	—	(1 243)	—	(1 243)
Employee benefits	23 055	13 916	—	—	23 055	13 916
Impairment losses	150	157	—	—	150	157
Prepayments	—	—	(2 371)	(1 433)	(2 371)	(1 433)
Share incentive scheme	—	137	—	—	—	137
Income received in advance	24	102	—	—	24	102
Total	45 978	36 076	(10 448)	(11 749)	35 530	24 327

	Balance 31 December 2006 R'000	Recognised in income R'000	Balance 31 December 2007 R'000
19.2 Movement in temporary differences during the year			
Group and exchange			
Property and equipment	(9 073)	996	(8 077)
Lease liability	21 764	985	22 749
Government grants	(1 243)	1 243	—
Employee benefits	13 916	9 139	23 055
Allowance for impairment losses	157	(7)	150
Prepayments	(1 433)	(938)	(2 371)
Share incentive scheme	137	(137)	—
Income received in advance	102	(78)	24
Total	24 327	11 203	35 530

	Group		Exchange		Investor Protection Funds	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
20. DUE TO SAFEX MEMBERS						
The amount due to SAFEX members is the agreed portion of the purchase price for SAFEX retained pending the resolution of potential claims against SAFEX that existed at the time of the purchase. During the course of 2006 certain of these claims were resolved and consequently certain of the retained monies were released. No monies were released during 2007.						
Non-current liability	843	770	843	770	—	—
	843	770	843	770	—	—
21. TRADE AND OTHER PAYABLES						
Trade payables	87 646	75 383	87 052	75 040	306	197
Interest payable	161 651	73 136	1 082	302	—	—
Income received in advance	84	353	84	353	—	—
	249 381	148 872	88 218	75 695	306	197
22. DERIVATIVE FINANCIAL INSTRUMENTS						
Fair value						
– assets	—	1 407	—	1 407	—	—
	—	1 407	—	1 407	—	—

Forward exchange contracts were entered into to economically hedge anticipated foreign currency commitments. The JSE now manages its currency risk via Customer Foreign Currency accounts.

23. CONTINGENT LIABILITIES AND COMMITMENTS

23.1 Contingent liabilities

23.1.1 The JSE has a contingent liability as a result of the JSE guaranteeing the settlement of central order book equity market trades in the event that one member fails to settle. This risk is mitigated through various mechanisms, being the member firms' deposits and bank guarantees (R16 million), the JSE Guarantee Fund Trust and the JSE's own trade monitoring system. The JSE retains reserves to meet this contingent liability.

23.1.2 The JSE is currently engaged in arbitration with a former supplier for alleged breach of contract by the JSE. The case was split between merits and quantum and the JSE lost on the merits. The quantum of the alleged loss suffered by the arbitration has now to be established by the arbitrator. The JSE expects the quantum to fall within the range of Rnil to R25,0 million. Hearings into quantum may be scheduled for the end of 2008 or the beginning of 2009 and the matter will probably be finalised in 2009.

23.1.3 The JSE is one of 25 defendants who have been served with a summons relating to losses realised by a pension fund in the amount of approximately R1,4 billion. This is in the early stages of the legal process and the exception filed by the JSE has been dismissed, although the merits of the claim have yet to be considered by the courts. The matter will now proceed to trial. Senior counsel's opinion on this matter is that the claim is unfounded and without any merit and the JSE will continue to defend the claim. The court date for the hearing is not expected to be before 2010.

23.2 Commitments

23.2.1 The JSE leases a building and accounts for the lease as an operating lease. The lease commenced on 1 September 2000 for a period of 15 years. On termination of the lease, should the landlord wish to sell the building, the JSE has an option to buy the building at a price yet to be determined. The operating lease payments escalate at 11% per annum.

	Group		Exchange	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Total future minimum lease payments under non-cancellable operating lease:				
Not later than one year	30 764	27 715	30 764	27 715
Between one and five years	150 691	139 381	150 691	139 381
Later than five years	135 546	177 620	135 546	177 620
	317 001	344 716	317 001	344 716

23.2.2 Capital expenditure totalling R243 million for IT development has been approved for spending over the next three years, of which R127,0 million is expected to be spent during 2008. As at 31 December 2007, the JSE was party to various agreements for the provision, maintenance and support of infrastructure and applications totalling R9,1 million. The agreements with a contractor for IT development and provision of IT services have been terminated.

23. CONTINGENT LIABILITIES AND COMMITMENTS *(continued)*

23.2 Comitments *(continued)*

23.2.3 The JSE is party to a contract with the London Stock Exchange for the use of their trading engine. The licence fees are payable quarterly in advance.

	Group		Exchange	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Total future minimum payments:				
Not later than one year	13 977	16 494	13 977	16 494
Between one and five years	45 426	56 294	45 426	56 294
Later than five years	—	3 518	—	3 518
	59 403	76 306	59 403	76 306

These amounts are GBP based and have been translated to ZAR using an approximate exchange rate of 13,9773.

In addition the JSE pays transaction fees to the London Stock Exchange quarterly in arrears for use of the LSE technology solution.

23.2.4 The JSE is party to an agreement for hardware rental totalling R86,8 million (R2006: Rnil) over the next two years.

24. RELATED PARTIES

24.1 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 R507,5 million (2006: R361,6 million) for the year. These transactions are conducted on an arm's length basis.

Provision for doubtful debts in respect of related parties as at 31 December 2007 was Rnil (2006: Rnil).

The associated companies and subsidiaries of the Group are identified in Notes 11 and 12 respectively.

The directors are listed in the Corporate Governance report.

Normal trading terms apply to the amounts due to JSE.

24.2 Material related-party transactions

Strate ad valorem fees	– see Notes 5.1 and 6.2
Amounts due to and from related parties	– see Notes 11 and 12
Directors' emoluments	– see Note 27.1
Other key personnel	– see Note 27.2

The JSE provides secretarial services to the Group entities for no consideration.

	Group		Exchange		Investor Protection Funds	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
25. NOTES TO THE CASH FLOW STATEMENT						
25.1 Cash generated by operations						
Profit for the year before tax	405 176	211 304	357 405	149 175	21 017	34 580
Adjustment for non-cash and separately disclosable items:						
– depreciation	29 814	24 835	29 814	24 835	—	—
– impairment of software development costs	—	3 803	—	3 803	—	—
– BBBEE expenses	82 969	50 317	82 969	50 317	—	—
– long-term incentive scheme	—	380	—	380	—	—
– attributable profit of equity accounted investees	(31 865)	(27 364)	—	—	—	—
– interest paid	1 332 943	621 450	11 142	5 875	—	—
– interest received	(1 430 072)	(676 190)	(71 929)	(35 483)	(4 384)	(3 249)
– dividend income	(5 712)	(4 517)	(5 954)	—	(5 712)	(4 517)
– Profit on sale of Itrix Holdings (Pty) Ltd	—	(1 500)	—	(1 500)	—	—
– Profit on sale of Satrix Holdings (Pty) Ltd	(1 492)	—	(1 576)	—	—	—
– loss on sale of property and equipment	—	5	—	5	—	—
– realised gain on disposal of investment securities	(23 535)	(10 707)	—	—	(23 535)	(10 707)
Surplus/(deficit) from operations before working capital changes	358 226	191 816	401 871	197 407	(12 614)	16 107
– Increase in trade and other receivables	(25 323)	(12 931)	(30 824)	(11 786)	(34)	(1 233)
– Increase/(decrease) in trade and other payables and employee benefits	46 975	44 825	47 134	48 004	109	(3 992)
Cash generated/(utilised) from operating activities	379 878	223 710	418 181	233 625	(12 539)	10 882

26. SEGMENTAL INFORMATION

The JSE provides exchange and auxiliary services in South Africa. The revenue streams derived from the services are described in Note 5.1 to the annual financial statements. The services provided by the JSE are not subject to materially different operational risks and are regarded as a single business and geographical segment.

27. DIRECTORS' AND EXECUTIVES' REMUNERATION

27.1 Executive directors and executives

		Direct beneficial ownership in the JSE Number of shares	Basic salary R'000	Bonus paid R'000	Defined contri-bution pension payments R'000	UIF, medical aid and travel allowance R'000	Acce-lerated LTIS payment R'000	Total R'000
Executive directors								
2007								
RM Loubser	Chief Executive Officer	1 000	2 329	4 389	498	53	5 786	13 055
NF Newton-King	Deputy Chief Executive Officer	3 400	1 465	1 400	123	57	3 510	6 555
LV Parsons	Chief Operating Officer	2 000	1 235	1 263	329	50	3 510	6 387
JH Burke	Director: Issuer Services	1 000	1 380	1 315	116	50	3 510	6 371
G Rothschild	Director: Government and International Affairs	1 000	1 241	946	94	48	1 543	3 872
		8 400	7 650	9 313	1 160	258	17 859	36 240
2006								
RM Loubser	Chief Executive Officer	1 000	2 193	3 242	472	62	—	5 969
NF Newton-King	Deputy Chief Executive Officer	3 400	1 392	1 005	117	54	—	2 568
LV Parsons	Chief Operating Officer	2 000	1 173	1 135	312	44	—	2 664
JH Burke	Director: Issuer Services	1 000	1 310	822	110	45	—	2 287
G Rothschild	Director: Government and International Affairs	1 000	1 178	736	89	44	—	2 047
		8 400	7 246	6 940	1 100	249	—	15 535

27. DIRECTORS' AND EXECUTIVES' REMUNERATION (contined)

27.1 Executive directors and executives (continued)

		Direct beneficial ownership in the JSE Number of shares	Basic salary R'000	Bonus paid R'000	Defined contri-bution pension payments R'000	UIF, medical aid and travel allowance R'000	Acce-lerated LTIS payment R'000	Total R'000
Other key executives								
2007								
GC Clarke	Exchange Secretary	1 000	934	730	80	54	1 543	3 341
DJ Davidson	Director: Clearing and Settlement	1 000	1 241	968	120	54	1 929	4 312
SA Davies	Director: Surveillance (appointed 1 November 2007)	1 000	160	108	11	12	129	420
M Dlamini	Senior General Manager: Education	200	797	612	59	22	1 543	3 033
FM Evans	Chief Financial Officer	1 000	1 069	902	88	19	1 929	4 007
A Forssman	Senior General Manager: Information Products Sales	2 000	805	701	44	65	1 543	3 158
R Gravelet-Blondin	Senior General Manager: Agricultural Products	1 000	810	728	122	133	1 543	3 336
N Greenhill	Senior General Manager: Marketing and Business	1 000	705	671	45	112	1 543	3 076
J Immelman	Senior General Manager: Information Services	4 000	842	642	52	45	1 543	3 124
A Thomson	Director: Equities and Derivatives Trading	1 286	1 075	1 082	91	243	2 314	4 805
M Moloi (Tlhabane)	Senior General Manager: Human Resources	600	819	641	94	26	1 543	3 123
WF Urmson	Director: Surveillance (retired 31 October 2007)	1 000	1 053	641	174	275	8 022	10 165
		15 086	10 310	8 426	980	1 060	25 124	45 900
2006								
GC Clarke	Exchange Secretary	1 000	888	568	76	49	—	1 581
DJ Davidson	Director: Clearing and Settlement	1 000	1 178	753	114	49	—	2 094
M Dlamini	Senior General Manager: Education	200	734	325	54	13	—	1 126
FM Evans	Chief Financial Officer	1 000	1 013	718	83	18	—	1 832
A Forssman	Senior General Manager: Information Products Sales	2 000	764	486	42	60	—	1 352
R Gravelet-Blondin	Senior General Manager: Agricultural Products	1 000	822	566	116	72	—	1 576
N Greenhill	Senior General Manager: Marketing and Business Development (appointed 1 July 2006)	1 000	280	284	18	53	—	635
J Immelman	Senior General Manager: Information Services	7 000	798	499	49	44	—	1 390
A Thomson	Director: Equities and Derivatives Trading	1 286	1 009	861	87	242	—	2 199
M Tlhabane	Senior General Manager: Human Resources	1 000	779	499	89	22	—	1 389
WF Urmson	Director: Surveillance	1 000	1 195	823	198	74	—	2 290
		17 486	9 460	6 382	926	696	—	17 464

Executive directors and other key executives have participatory interests in the long-term incentive scheme as follows:

Executive directors	R28,4 million (2006: R11,6 million)
Other key executives	R28,2 million (2005: R12,6 million)

27. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

27.2 Non-executive directors

		Direct beneficial ownership in the JSE No. of shares	Other services R'000	Retainer fee R'000	Meetings R'000	Total R'000
2007						
HJ Borkum	Board Chairman, Chairman of Nominations Committee	15 000	—	657	150	807
AD Botha	Chairman of Human Resources Committee	—	—	151	150	301
MR Johnston		—	45	105	120	270
S Koseff		—	—	105	28	133
D Lawrence	(alternate to S Koseff)	—	—	—	135	135
W Luhabe		214	—	105	74	179
A Mazwai		1 817	—	105	149	254
NS Nematswerani	Chairman of Audit Committee	—	—	158	180	338
N Payne	Chairman of Risk Management Committee	—	—	158	180	338
GT Serobe		—	—	105	59	164
		17 031	45	1 649	1 225	2 919
2006						
HJ Borkum	Board Chairman, Chairman of Nominations Committee	15 000	—	480	112	592
AD Botha	Chairman of Human Resources Committee	—	—	115	112	227
MR Johnston		—	53	85	112	250
RJ Khoza	(resigned 9 May 2006)	—	—	29	28	57
S Koseff		—	—	85	42	127
D Lawrence	(alternate to S Koseff)	—	—	0	56	56
W Luhabe		214	—	85	84	169
A Mazwai		—	—	85	98	183
NS Nematswerani	Chairman of Audit Committee	—	—	125	168	293
N Payne	Chairman of Risk Management Committee	—	—	125	154	279
GT Serobe		—	—	85	98	183
		15 214	53	1 299	1 064	2 416

28. FINANCIAL RISK MANAGEMENT

28.1 Operational risk

The board accepts overall responsibility for operational risk with the responsibility of day-to-day management of operational risk delegated to management of the JSE's specialist departments.

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems.

Operational risks are those risks of a non-speculative nature with no potential of showing a profit. The objective of operational risk processes is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.

Operational risk elements can be classified as follows:

– Process risk

– Employee risk

– Systems risk

Risk management controls are in place to lower the probability of operational risk occurring and the seriousness thereof.

28.2 Currency risk

The JSE's activities are primarily conducted in South African rand. The Group is exposed to currency risk as a result of fee and other income, as well as certain purchases denominated in foreign currencies, predominantly Sterling (GBP) and US dollars (USD). Forward exchange contracts (FECs) have been used as a means of reducing exposure to fluctuations in foreign exchange rates on payables to the extent that the payables are not covered by foreign currency held in the Customer Foreign Currency accounts. (Refer Note 22 for FECs in existence at the reporting date.) No foreign currency balances were held by the Investor Protection Funds.

	Group			Exchange		
2007	USD R'000	GBP R'000	EUR R'000	USD R'000	GBP R'000	EUR R'000
Financial assets	26 216	7	127	26 216	7	127
Investments	—	—	—	—	—	—
Trade receivables	6 439	—	127	6 439	—	127
Interest receivable	55	*	—	55	*	—
Foreign exchange contracts	—	—	—	—	—	—
Margin and collateral deposits	—	—	—	—	—	—
Cash and cash equivalents	19 722	7	—	19 722	7	—
Financial liabilities	—	(3 671)	—	—	(3 671)	—
Trade payables	—	(3 671)	—	—	(3 671)	—
Interest payable	—	—	—	—	—	—
Margin and collateral deposits	—	—	—	—	—	—
Net exposure	26 216	(3 664)	127	26 216	(3 664)	127

**less than R1 000*

28. FINANCIAL RISK MANAGEMENT *(continued)*

28.2 Currency risk *(continued)*

2006	Group USD R'000	Group GBP R'000	Group EUR R'000	Exchange USD R'000	Exchange GBP R'000	Exchange EUR R'000
Financial assets	14 940	831	—	14 940	831	—
Investments	—	—	—	—	—	—
Trade receivables	4 420	—	—	4 420	—	—
Interest receivable	—	—	—	—	—	—
Foreign exchange contracts	874	533	—	874	533	—
Margin and collateral deposits	—	—	—	—	—	—
Cash and cash equivalents	9 646	298	—	9 646	298	—
Financial liabilities	—	(6 520)	—	—	(6 520)	—
Trade payables	—	(6 520)	—	—	(6 520)	—
Interest payable	—	—	—	—	—	—
Margin and collateral deposits	—	—	—	—	—	—
Net exposure	14 940	(5 689)	—	14 940	(5 689)	—

Bank buying rates	Bank selling rates
USD – 6,7004 (2006 – 6,8579)	USD – 6,9303 (2006 – 7,1327)
GBP – 13,3899 (2006 – 13,3277)	GBP – 13,9773 (2006 – 14,0734)
EUR– 9,8039 (2006 – 8,9556)	EUR – 10,2334 (2006 – 9,4945)

Sensitivity analysis

A three percent strengthening of the rand against the following currencies at 31 December would have increased profit or loss by R0,7 million (2006: R0,6 million) and equity by Rnil (R2006: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2006.

	Group Profit or loss R'000	Group Equity R'000	Exchange Profit or loss R'000	Exchange Equity R'000
2007				
USD	786	—	786	—
GBP	(110)	—	(110)	—
EUR	4	—	4	—
Net impact	680	—	680	—
2006				
USD	567	—	567	—
GBP	19	—	19	—
EUR	—	—	—	—
Net impact	586	—	586	—

A three percent weakening of the rand against the above currencies at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

28. FINANCIAL RISK MANAGEMENT *(continued)*

28.3 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 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 are managed by a reputable asset manager according to approved guidelines.

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

	Group		Exchange		Investor Protection Funds	
2007	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000
Financial assets	3 623 615	14 893 035	405 868	571 904	17 747	40 354
Investments	17 747	—	—	—	17 747	—
Margin and collateral deposits	3 200 000	14 534 358	—	290 396	—	—
Cash and cash equivalents	405 868	358 677	405 868	281 508	—	40 354
Financial liabilities	(3 200 000)	(14 243 962)	—	—	—	—
Margin and collateral deposits	(3 200 000)	(14 243 962)	—	—	—	—
Net exposure	423 615	649 073	405 868	571 904	17 747	40 354
2006						
Financial assets	3 259 946	6 789 157	240 905	546 938	19 041	19 552
Investments	19 041		—	—	19 041	—
Margin and collateral deposits	3 000 000	6 525 198	—	331 282	—	—
Cash and cash equivalents	240 905	263 959	240 905	215 656	—	19 552
Financial liabilities	(3 000 000)	(6 193 916)	—	—	—	—
Margin and collateral deposits	(3 000 000)	(6 193 916)	—	—	—	—
Net exposure	259 946	595 241	240 905	546 938	19 041	19 552

Floating rate assets yield interest at call rates.

28. FINANCIAL RISK MANAGEMENT *(continued)*

28.3 Cash flow and fair value interest rate risk *(continued)*

Sensitivity analysis

A change of 100 basis points in interest rates 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 for 2006.

	Group		Exchange		Investor Protection Funds	
2007	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
Fixed rate bond: + 100 bps	—	(650)	—	—	—	(650)
Fixed rate bond: -100 bps	—	694	—	—	—	694
Floating rate instruments: + 100 bps	6 491	—	5 719	—	404	—
Floating rate instruments: - 100 bps	(6 491)	—	(5 719)	—	(404)	—
2006						
Fixed rate bond: + 100 bps	—	(555)	—	—	—	(555)
Fixed rate bond: -100 bps	—	840	—	—	—	840
Floating rate instruments: + 100 bps	(5 952)	—	5 469	—	196	—
Floating rate instruments: - 100 bps	5 952	—	(5 469)	—	(196)	—

28.4 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). 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.

Sensitivity analysis – other market price risk

The available-for-sale financial assets considered in the sensitivity analysis below excludes the listed bonds which are included in the interest rate sensitivity analysis in Note 28.3.

The equity investments are listed on JSE Limited. A three percent increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R5,0 million (2006: R4,8 million); an equal change in the opposite direction would have decreased equity by R5,0 million (2006: R4,8 million). The analysis is performed on the same basis for 2006.

The unit trusts are predominantly benchmarked against the MSCI World Index. A two percent increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R0,4 million (2006: R0,4 million); an equal change in the opposite direction would have decreased equity by R0,4 million (2006: R0,4 million). The analysis is performed on the same basis for 2006.

28. FINANCIAL RISK MANAGEMENT *(continued)*

28.5 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year end.

	Group			Exchange			Investor Protection Funds		
2007	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	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000
Financial assets	18 935 605	6 096	4	1 054 753	6 096	4	265 601	—	—
Other investments	223 644	—	4	—	—	4	223 644	—	—
Trade and other receivables (excluding payments in advance)	74 161	6 096	—	73 313	6 096	—	1 073	—	—
Interest receivable	138 897	—	—	3 668	—	—	530	—	—
Foreign exchange contracts	—	—	—	—	—	—	—	—	—
Margin and collateral deposits	17 734 358	—	—	290 396	—	—	—	—	—
Cash and cash equivalents	764 545	—	—	687 376	—	—	40 354	—	—
Financial liabilities	(17 983 655)	—	—	(378 530)	—	—	(306)	—	—
Trade payables	(87 646)	—	—	(87 052)	—	—	(306)	—	—
Interest payable	(161 651)	—	—	(1 082)	—	—	—	—	—
Margin and collateral deposits	(17 734 358)	—	—	(290 396)	—	—	—	—	—
Net exposure	951 950	6 096	4	676 223	6 096	4	265 295	—	—
2006									
Financial assets	10 353 327	1 187	4	843 950	1 187	4	233 684	—	—
Other investments	213 919	—	4	—	—	4	213 919	—	—
Trade and other receivables (excluding payments in advance)	54 564	1 187	—	50 937	1 187	—	—	—	—
Interest receivable	53 375	—	—	3 763	—	—	213	—	—
Foreign exchange contracts	1 407	—	—	1 407	—	—	—	—	—
Margin and collateral deposits	9 525 198	—	—	331 282	—	—	—	—	—
Cash and cash equivalents	504 864	—	—	456 561	—	—	19 552	—	—
Financial liabilities	(9 673 717)	—	—	(406 624)	—	—	(197)	—	—
Trade payables	(75 383)	—	—	(75 040)	—	—	(197)	—	—
Interest payable	(73 136)	—	—	(302)	—	—	—	—	—
Margin and collateral deposits	(9 525 198)	—	—	(331 282)	—	—	—	—	—
Net exposure	679 610	1 187	4	437 325	1 187	4	233 487	—	—

28. FINANCIAL RISK MANAGEMENT *(continued)*

28.6 Credit risk

Credit risk arises from cash and cash equivalents, margin and collateral deposits, derivative financial instruments, trade receivables, interest receivable and other receivables. Credit risk on cash and cash equivalents, margin and collateral deposits, derivative financial instruments and interest receivable is minimised through ensuring funds are only placed with A1 and A1+ rated banking institutions. Exposure to credit risk on trade and other receivable balances is monitored as part of the JSE Finance Department's daily procedures. At balance sheet date there were no significant concentrations of credit risk due to the JSE's widely dispersed customer base. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The JSE is exposed to credit losses in the event of default by a clearing member. The Exchange anticipates, however, that clearing members will be able to fully satisfy their obligations. The Group has collateral in the form of initial margins and guarantees to mitigate this credit risk and monitors the credit standing of clearing members. The investor has ultimate recourse to the JSE Derivatives Fidelity Fund Trust in the event of clearing member and member default. Due to the volatility of the JSE's exposure to credit losses in the event of default by a clearing member, the maximum exposure to credit losses at any one point in time is not necessarily representative of the risk exposure during the year.

28.7 The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group further considers its Capital risk on a regular basis and believes this risk resides 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 one of the price of the equities moving against the JSE since, 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: In light of the ongoing need to maintain a world-class technology environment a high level of cash is 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 A1 and A1+ institutions, with a view to maximise interest received without exposing the JSE to risks higher than the Trustees' funds.

Refer Note 16 (footnote 4) for a discussion on our Broad-Based Black Economic Empowerment Initiative (BBBEE).

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

The Group is not subject to externally imposed capital requirements.

29. MINIMUM LEASE PAYMENTS EXPECTED FROM SUB-LEASES

	Group		Exchange	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Total future minimum lease receipts				
Not later than one year	2 793	1 351	2 793	1 351
Between one and five years	1 595	3 097	1 595	3 097
	4 388	4 448	4 388	4 448

30. DIVIDENDS PAID

	2007 R'000	2006 R'000
Ordinary dividend No 1 of 13,6 cents per share	—	11 461
Special dividend of 68,2 cents per share	—	57 769
Ordinary dividend No 2 of 15,6 cents per share	13 282	—
Special dividend of 90,75 cents per share	77 265	—
Secondary Tax on Companies	8 791	8 654
	99 338	77 884

Appendix to the financial statements
for the year ended 31 December 2007 (continued)

FUNDS UNDER MANAGEMENT

JSE Trustees (Pty) Ltd

JSE Trustees (Proprietary) Limited (JSE Trustees) acts as an agent for all funds placed by members of the JSE on behalf of their clients and other counterparties. JSE Trustees invests and administers the funds on behalf of the members for the account of their clients. JSE Trustees charges an administration fee for this service. The annual financial statements have been prepared based on the balance sheet items held by JSE Trustees (Pty) Ltd.

	Year ended 31 December 2007 R'000	Year ended 31 December 2006 R'000
Assets under administration		
Interest receivable	132 246	83 184
Fixed deposits	11 201 000	7 789 000
Current and call accounts	8 415 189	6 594 538
Total assets under administration	19 748 435	14 466 722

In terms of rule 2.100.7 of the JSE Rules, JSE Trustees acts as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustee principal activities, whilst acting as agent, are 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 through ensuring funds are only placed with A1 and 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 30 days.

Notice of Annual General Meeting

JSE Limited
(Registration number 2005/022939/06)
(Incorporated in the Republic of South Africa)
Share code: JSE
ISIN: ZAE000079711
("JSE" or "the Company")

Notice is hereby given that the third Annual General Meeting of shareholders of the JSE, will be held at 17:30 on Thursday, 24 April 2008 at One Exchange Square, 2 Gwen Lane, Sandown, for the purpose of:

Ordinary business

Considering and, if deemed fit, passing, with or without modification, the resolutions set out below:

1. that the annual Group financial statements for the year ended 31 December 2007, and the report of the directors and the auditors thereon, be adopted.

2. to re-elect Sam Nematswerani, who retires by rotation, but being eligible, offers himself for re-election;
   Age – 46
   Years as JSE Board member – Alternate director from 2001, appointed full director August 2005
   Nationality – South African
   Business address – 1st Floor, Block A, 28 Sloane Street, Bryanston 2021

   Experience
   Mr Nematswerani is a Chartered Accountant with over 10 years' experience in accounting, auditing and merchant banking. He specialised in corporate finance in a merchant banking environment for over six years at Central Merchant Bank Limited – Senbank – now ABSA Capital; and at Msele Corporate and Merchant Bank – then an associate company of Thebe Investment Corporation (Pty) Limited. He is currently the CEO of AKA Capital (Pty) Limited.

3. to re-elect Nigel Payne, who retires by rotation, but being eligible, offers himself for re-election;
   Age – 48
   Years as JSE Board member – Alternate director from 2002, appointed full director August 2005
   Nationality – South African
   Business address – 17 Westbrooke Drive, Strathavon 2031

   Experience
   Mr Payne is a Chartered Accountant and an experienced director who serves on the boards of a number of listed companies. Mr Payne was a partner in KPMG for six years and spent eight years as head of Transnet's internal audit function. He has extensive experience in corporate governance and risk. Mr Payne is a member of the King Committee on Corporate Governance, the Institute of Internal Auditors, the Institute of Chartered Accountants and the Institute of Directors and the Institute of Directors Council.

Notice of Annual General Meeting
(continued)

4. to re-elect Malcolm Robert Johnston, who retires by rotation, but being eligible, offers himself for re-election;
   Age – 59
   Yeas as JSE Board member – 5
   Nationality – South African
   Business address – 5th Floor, First National House, 11 Diagonal Street, Johannesburg 2001

   Experience
   Mr Johnston was Managing Director of Lurie, Johnston & Co Inc. and specialised in options, trading as well as dealing for non-resident principals and clients. He was also involved in portfolio management of both local and non-resident trusts, companies and individuals. Mr Johnston was a member of the JSE Committee before becoming Chairman of the JSE Committee from 1995 – 1997. Mr Johnston was Chief Executive Officer of First National Equities (Pty) Limited and Chairman of STRATE Limited from inception to end 1999. Mr Johnson is an Honorary Life Member of the South African Institute of Stockbrokers and is involved in education and lecturing on financial markets subjects.

5. to elect David Lawrence;
   Age – 59
   Nationality – South African
   Business Address – 100 Grayston Drive, Sandown, Sandton 2196

   Experience
   Mr Lawrence's early career was spent as an economist at the Chamber of Mines, subsequently working for the office of the Economic Adviser to the Prime Minister. He joined Citibank in 1977, eventually becoming chairman and managing director. In 1987 Citibank's business was acquired by First National Bank and it became FirstCorp Merchant Bank where David held the position of managing director. David joined Investec in 1996 as managing director, Corporate and Investment Banking and is currently deputy chairman of Investec Bank Ltd. He holds a number of directorships as a result of his employment with Investec. He is a member of the Group's executive management team and holds group-wide responsibility for Banking and Institutions.

6. to elect Freda Evans;
   Age – 49
   Nationality – South African
   Business address – One Exchange Square, Gwen Lane, Sandown 2196

   Experience
   Ms Evans is a Chartered Accountant with over 20 years' experience. She has headed the finance division at JSE since 2000, ensuring compliance with IFRS and the JSE's own listings requirements, even before its listing in 2006. Ms Evans currently represents the JSE on the XBRL South African Board and represents South Africa on the XBRL Advisory Committee to the International Accounting Standards Board.

The Board recommends the election and re-election of these directors.

7. the re-appointment of KPMG Inc. as the Company's auditors for the ensuing year be confirmed, and that the auditors' remuneration be left to the discretion of the Board.

8. final dividend of 130 cents per share as proposed by the directors be noted.

Special business

Considering and, if deemed fit, passing, with or without modification, the resolutions set out below:

21st Century Business and Pay Solutions was requested to conduct a review of the current market practice in terms of the remuneration philosophy and actual amounts paid to chairpersons and non-executive directors. The sample used by them included organisations in the listed financial services sector, including banks, short and long-term insurers and niche financial services organisations. It is the JSE's policy to pay at least at the median quartile.

9. that with effect from 1 May 2008, the annual retainer fee of directors be increased by 9,6 per cent.
10. that with effect from 1 May 2008, the per meeting fee of directors be increased by 9,6 per cent.

Control of authorised but unissued shares

11. that 5% (five per cent) of the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company in terms of section 221 of the Companies Act (No. 61 of 1973) as amended (the Act) and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Act, the Articles of Association of the Company and the JSE Listings Requirements, where applicable;

General payment to shareholders

12. that the Company be and is hereby granted a general authority authorising the directors of the Company to make payments to its shareholders from time to time in terms of section 90 of the Act. The directors of the Company shall be entitled to pay, by way of a general payment from the Company's share capital or share premium, in lieu of a dividend, an amount equal to the amount which the directors of the Company would have declared and paid out of profits in respect of the Company's interim and final dividend for the year ending 31 December 2007, subject to the provisions of the Articles of Association, the Act and the Listings Requirements and the following limitations:
    - 12.1 that this authority shall not extend beyond 15 (fifteen) months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
    - 12.2 that any general payment(s) may not exceed 20% of the Company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year; and
    - 12.3 that any general payment be made pro rata to all shareholders.

Notice of Annual General Meeting
(continued)

The Company's directors undertake that they will not implement the proposed general payment, unless for a period of 12 (twelve) months following the date of the general payment:

- the Company and the Group are able to repay their debts in the ordinary course of business;
- the assets of the Company and the Group, fairly valued according to International Financial Reporting Standards and on a basis consistent with the last financial year of the Company, exceed the liabilities of the Company and the Group;
- the Company and the Group have adequate share capital and reserves for ordinary business purposes;
- the Company and the Group have sufficient working capital for ordinary business purposes;
- the Sponsor of the Company provides a letter to the Registrar of Securities Services on the adequacy of working capital in terms of section 2.12 of the JSE Listings Requirements; and
- the provisions of the Act have been complied with.

It is recorded that the directors of the Company intend to utilise the authority in terms of this Ordinary Resolution Number 12 in order to make payment to shareholders, in lieu of a dividend, by way of a general payment from the Company's share capital or share premium.

Announcements will be published on SENS and in the press setting out the financial effects of the general payment and complying with Schedule 24 of the JSE Listings Requirements, prior to such payment being effected.

Please refer to the additional disclosure of information contained in this notice, which disclosure is required in terms of section 11.30 of the JSE Listings Requirements.

Special Resolution 1

General approval to repurchase shares

13. that the directors be authorised to facilitate the acquisition by the Company, or a subsidiary of the Company, from time to time, of the issued shares of the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the provisions of the Act and the JSE Listings Requirements.

    This general approval shall endure until the following Annual General Meeting of the Company (whereupon this approval shall lapse unless it is renewed at the aforementioned Annual General Meeting, provided that it shall not extend beyond 15 months from the date of passing registration of this Special Resolution 1), it being recorded that the JSE Listings Requirements currently require, inter alia, that the Company may make a general repurchase of securities subject to the following limitations, namely that:

    13.1 the repurchase of securities is being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);

    13.2 the Company is authorised thereto by its Articles of Association;

    13.3 the repurchase shall not, in the aggregate, in any one financial year exceed 10% of the Company's issued share capital of that class from the date of grant of this general authority;

    13.4 at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;

Notice of Annual General Meeting
(continued)

13.5 the Company may only undertake a repurchase of securities if after such repurchase the Company still complies with shareholder spread requirements in terms of the JSE Listings Requirements;

13.6 the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

13.7 repurchases are not made at a price more than 10% above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected. The FSB should be consulted for a ruling if the securities have not traded in such five business day period; and

13.8 a paid press announcement containing full details of such repurchase(s) is published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date of the Annual General Meeting.

The Company's directors undertake that they will not implement the proposed general repurchase, unless for a period of 12 (twelve) months following the date of the general repuchase:

- the Company and the Group are in a position to repay their debts in the ordinary course of business;
  - the assets of the Company and the Group, being fairly valued in accordance with International Financial Reporting Standards and on a basis consistent with the last financial year of the Company, exceed the liabilities of the Company and the Group;
  - the Company and the Group have adequate share capital and reserves for ordinary business purposes;
- the Company and the Group have sufficient working capital for ordinary business purposes;
- the Sponsor of the Company provides a letter to the Registrar of Securities Services on the adequacy of working capital in terms of section 2.12 of the JSE Listings Requirements; and
- the provisons of the Act have been complied with.

The reason for and effect of Special Resolution 1 is to authorise the Company and/or a subsidiary of the company by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the Company subject to the limitations set out above.

The directors of the Company have no specific intention to effect the provisions of Special Resolution 1 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution 1.

Please refer to the additional disclosure of information contained in this notice, which disclosure is required in terms of section 11.26 of the JSE Listings Requirements.

Other disclosure in terms of the JSE Listings Requirements (sections 11.26 and 11.30)

The JSE Listings Requirements require the following disclosures, some of which are elsewhere in the annual report of which this notice forms part, as set out below:

- Management and directors – pages 18 to 21;
- Major shareholders of the Company; – page 49;
- Directors' interests in securities – page 49
- Share capital of the Company – page 87.

Litigation statement

The directors, whose names are given on pages 20 and 21 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the financial position of the Group other than those disclosed on pages 60 to 105.

Directors' responsibility statement

The directors, whose names are given on pages 20 and 21 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Other business

To transact such other business as may be transacted at an Annual General Meeting.

Voting and proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Proxy forms must be forwarded to reach the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg or posted to P.O. Box 61051, Marshalltown 2107, by no later than 17:30 on Tuesday, 22 April 2008. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary letter of representation to do so.

By order of the Board

Gary Clarke

Gary Clarke
Group Company Secretary

Form of proxy

JSE Limited
Incorporated in the Republic of South Africa
Registration number 2005/022939/06
Share Code: JSE ISIN: ZAE 000079711 ("JSE" or "the Company")

Only for use by members who have not dematerialised their shares or members who have dematerialised their shares with own name registration. All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the meeting.

FOR THE THIRD ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE JSE LIMITED TO BE HELD ON THURSDAY, 24 APRIL 2008 AT 17:30.

I/We

(Name in block letters)

of

(Address)

being the holder/s of JSE shares, hereby appoint (see note 1 overleaf:)

1.

of or failing him

2. the Chairman of the JSE, or failing him the Chairman of the Annual General Meeting, as my/our proxy to attend and speak for me/us on my/our behalf and to vote or abstain from voting on my/our behalf at the Annual General Meeting of the JSE Limited to be held at One Exchange Square, Gwen Lane, Sandown on Thursday, 24 April 2008 at 17:30.

I/We desire to vote as follows:

	For	Against	Abstain
Ordinary resolutions –			
1. Adoption of financial statements and reports by the directors and auditors			
2. To re-elect Mr S Nematswerani as a director			
3. To re-elect Mr N Payne as a director			
4. To re-elect Mr MR Johnston as a director			
5. To elect Mr D Lawrence as a director			
6. To elect Ms F Evans as a director			
7. Re-appointment of KPMG Inc. as auditors			
8. Noting of a final dividend of 130 cents per share			
9. With effect from 1 May 2008 the annual retainer fee of directors be increased by 9,6% per annum			
10. With effect from 1 May 2008 the per meeting fee of directors be increased by 9,6% per annum			
11. That the authorised but unissued shares of the Company be placed under the control of the directors on the basis set out in the notice of Annual General Meeting			
12. That the directors be authorised to make general payments to shareholders on the basis set out in the notice of Annual General Meeting			
13. **Special Resolution 1** That the directors of the Company be authorised to facilitate the general repurchase by the Company, or a subsidiary of the Company, of the issued shares of the Company			

Signed at on 2008

Signature

(Director if a member of the JSE) or (Individual Shareholder)

Please read the notes to the proxy overleaf

Notes

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the Chairman of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.

3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

4. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg or posted to P O Box 61051, Marshalltown 2107, to reach them by no later than 48 hours before the meeting (excluding Saturdays, Sundays and public holidays).

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the Annual General Meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

8. The Chairman of the Annual General Meeting shall be entitled to decline or accept the authority of a person signing the proxy form:
   a. under a power of attorney; or
   b. on behalf of a company unless his power of attorney or authority is deposited at the offices of the Company or that of the transfer secretaries not later than 48 hours before the meeting.