The Johannesburg Stock Exchange (JSE) is a full service, modern securities exchange providing fully electronic trading, clearing and settlement in equities, derivatives (equities and commodities), interest rate products and associated instruments. It has extensive surveillance capabilities. The JSE is also a major provider of financial information products. Its main lines of business are: listings, trading, clearing and settlement services, technology and related services and information product sales. The JSE is licensed as an exchange under the Securities Services Act of 2004.

The JSE Limited was incorporated as a public company on 1 July 2005, pursuant to its demutualisation. After 118 years as a mutual entity, the JSE Limited joined the world's most prominent international exchanges in operating as a fully fledged corporate. The JSE Limited listed in 2006 and, as a result, anyone is now entitled to purchase and hold shares in it, subject to a statutory prudential limitation of a 15 percent shareholding by any shareholder. Ownership of a JSE share is no longer a requirement to become a member of the exchange.

JSE JOHANNESBURG STOCK EXCHANGE

From 'between the chains' in 1887 to between markets and across continents in 2008, the JSE has become the financial link between investors, issuers and analysts. Between the listed entity and its trusted trading platforms the South African economy becomes an active hub of activity where expansion is encouraged, businesses are enhanced, performance is driven and shareholder value is created. 'X' marks the spot where the JSE becomes the global language for trade.

Proudly designed by HKLM

up 1%
Operating costs

up 41%
Profit before net financing income

24% growth
Net asset value per share

up 22%
Revenue from operations

49% rise
Net cash flow from operations

37% rise
Basic earnings per share

192 cents
Dividend declared

As the gateway to Africa's economy, the JSE provides the link between international markets and the continent. In 2008, a daily average of 334 million shares were traded on the JSE. It is the world's largest Single Stock Futures exchange and is in the world's top 20 in terms of market capitalisation. At year-end, the JSE's total market capitalisation was R4,514 billion. Through client- centricity and our advanced technological ability we provide our clients and our approximately 1 600 listed securities with first world services in an emerging market environment.


¥283 460 billion*
Tokyo Stock Exchange (TSE)
*Market capitalisation at year-end
Aus$969 billion*
Australian Securities Exchange (ASX)
*Market capitalisation at year-end
R4 514 billion*
Johannesburg Stock Exchange (JSE)
*Market capitalisation at year-end
Source: World Federation of Exchanges

Technology applications and services

Data

Listings

23 new listings

Main board/AltX

10% growth

Commodity derivatives contracts traded

The JSE is a full-service securities exchange which provides trading, clearing and settlement of equities, derivatives, interest rate products and other associated instruments. Further streams of revenue include data, listings and other technology applications and services.

R53 billion
Currency futures value traded 2008

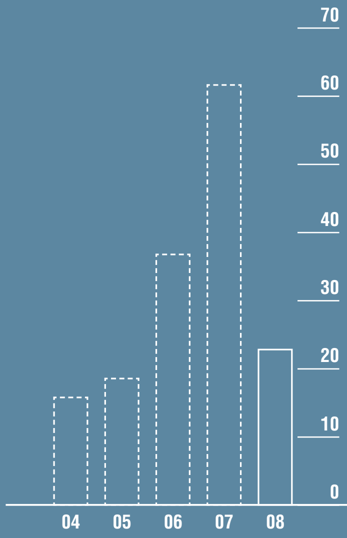
2 million contracts
Equity derivatives traded per day

53% liquidity
Spot equities 2008

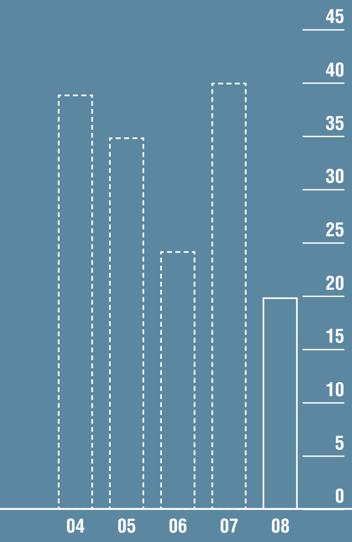
The world's number 1
Single Stock Futures market

Johannesburg Stock Exchange (JSE)

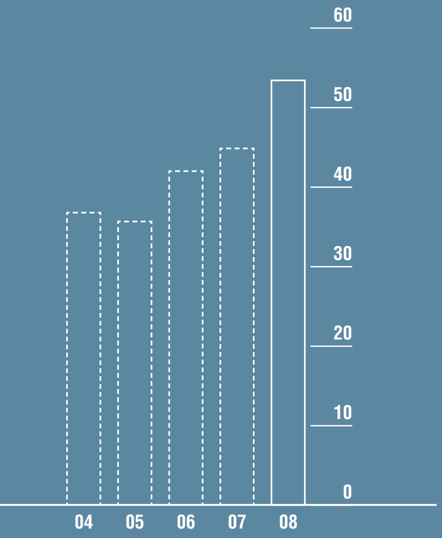
Financial highlights



New companies listed



Companies delisted

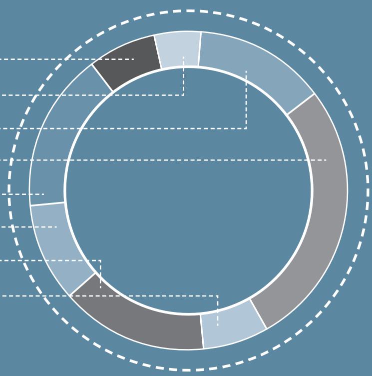


Annualised JSE liquidity %

Revenue

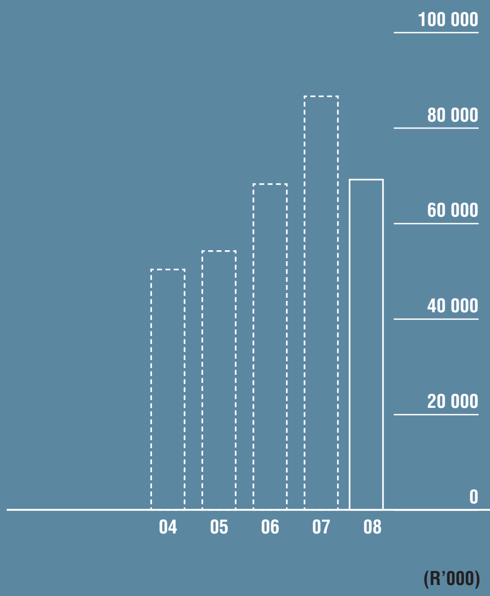
Listing fees	7,1%
Commodity derivatives fees	4,8%
Equity derivatives	13,4%
Equities trading	27,2%
Equities risk management, clearing and settlement	16,1%
Information product sales	9,9%
Technology services	15,1%
Other	6,4%

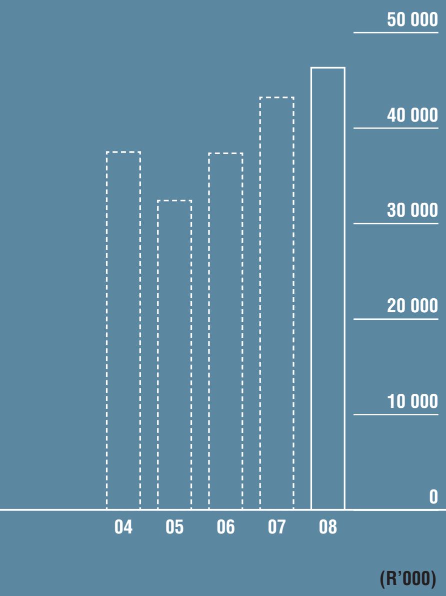
(Excluding Strate ad velorem fees)

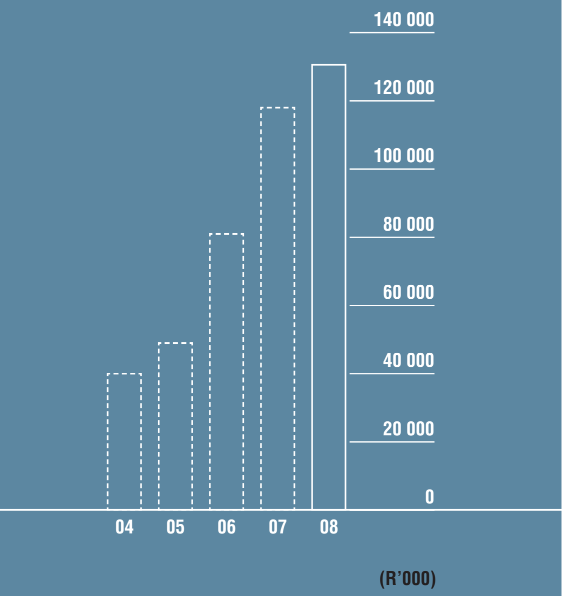


What we do

Revenue streams







A lower appetite for capital raising due to market conditions prompted a fall in the number of listings on the JSE in 2008. Still, the JSE's reputation as a capital-raising hub is growing, particularly among a fairly new target market – foreign-domiciled companies with assets or operations in Africa. The focus was sparked by an announcement in the 2008 National Budget which enhanced capital-raising prospects for JSE-listed companies domiciled offshore.

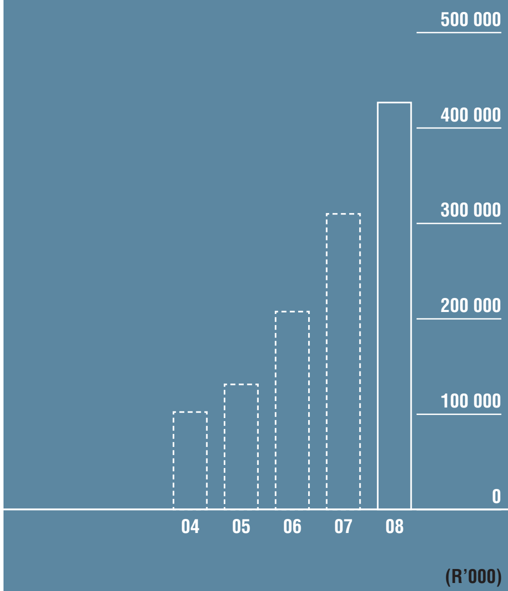
Listing fees

South Africa is one of Africa's leading grain producers and the JSE's commodities market offers effective price discovery and efficient price risk management for grains in South and Southern Africa. During 2008 the team successfully introduced an upgraded trading system which has improved functionality, enhanced risk management controls as well as surveillance and fail-over capabilities. Formed in 1995, the market has 59 active members.

Commodity derivatives fees

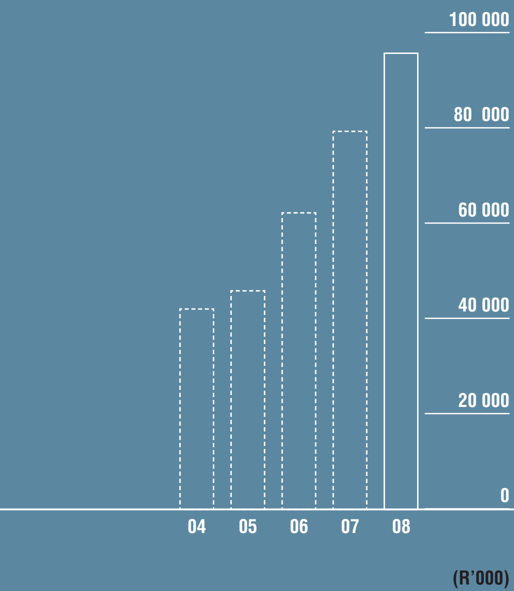
The JSE is the world's 10th largest derivatives exchange by volume and the largest global Single Stock Futures market by contracts traded. In 2008, volumes continued to climb; 45 percent more equity derivate contracts were traded than in 2007. The JSE launched a new equity derivatives trading and clearing system in 2008 which brings with it new functionality and thus greater flexibility.

Equity derivatives



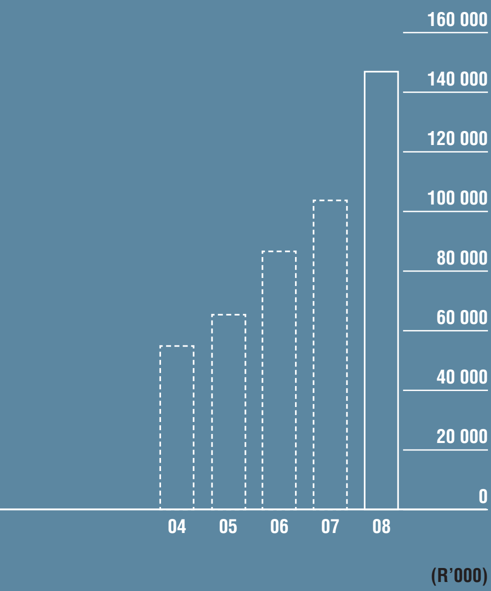
The market volatility which prompted increased trade on our markets during 2008 was good for trade volumes. Last year, the average daily number of trades rose by about 50 percent to 69 319 (2007: 46 216) while the average value of each trade declined, largely due to falling share prices. The JSE guarantees spot equity trades through the central order book and has a sophisticated risk management system.

Equities trading, risk management, clearing and settlement



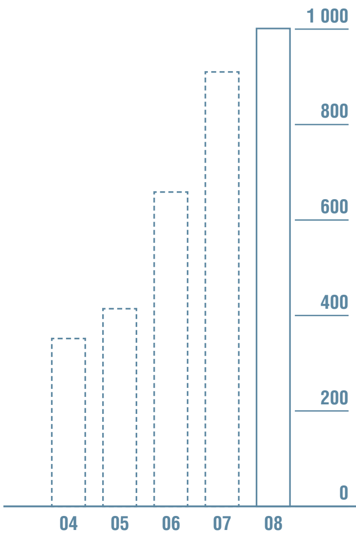
The JSE sells the data generated by its various market segments and, having packaged the data, sells it to clients. In 2008, the number of terminals accessing JSE data grew by 15 percent (2008: 49 225; 2007: 42 923). Some of that growth came from sales to a fairly new target market – private investors. Over 20 000 of the terminals are outside of South Africa.

Information product sales

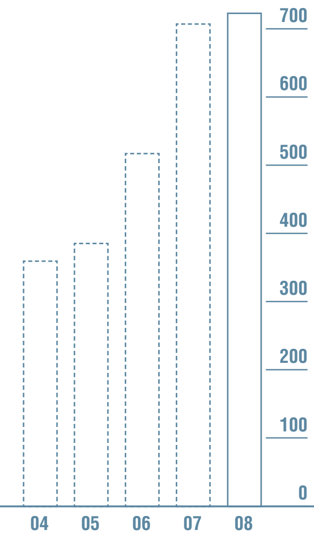


The JSE's Broker Deal Accounting (BDA) system is used by all equities members and is a significant revenue generator for the group. BDA's surveillance capability allows the JSE to scrutinise trades to client level. It also prevented the exchange from needing to limit short selling during market turbulence in 2008 – as happened elsewhere.

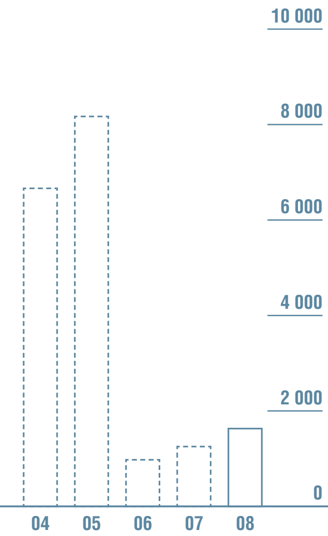
Technology services



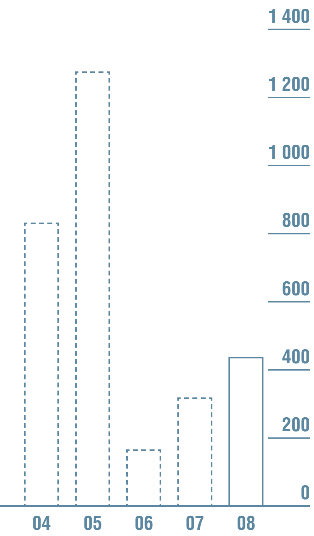
Revenue (R'm)



Expenditure (R'm)



JSE net asset value per share (cents)*



JSE basic earnings per share (cents)*

Five year summary

	2008	2007	2006	2005	2004
Revenue (R'm)	1 072	877	640	408	351
Other income (R'm)	40	112	65	25	26
Expenditure (R'm)	723	713	577	394	365
Net asset value per share (cents)*	1 613	1 302	984	8 184	6 702
Basic earnings per share (cents)*	439,7	321,3	168,0	1 282,9	836,5

*The JSE became a tax-paying entity in 2005 and underwent a one-for-ten share split on 5 June 2006

Our products

Warrants

A warrant is the right but not the obligation to buy or sell a certain quantity of an underlying instrument at an agreed-upon price.

Shares

A share represents a unit of ownership in a corporation.

ETF

An Exchange Traded Fund (ETF) is an investment vehicle that tracks an index, but can be traded like a stock.

Derivatives

A derivative is a tradable financial instrument whose value is dependent on the value of an underlying financial asset or a combination of assets.

SSF

A Single Stock Future (SSF) is a futures contract on a single share. A future is a standardised contract, requiring the future delivery of an asset at a specified price, on a certain date.

Can-Do Options

Can-Do Options are derivative contracts where the two counterparties negotiate the terms of a contract, specifically the expiry date and underlying asset.

Dividend Futures

A dividend future is a tradable financial instrument whose value is dependent on the value of the dividend of a specified share.

Currency Futures

A currency future is a derivative contract which allows investors to trade the underlying exchange rate at a period of time in the future.

Bonds

A bond is a long-term debt security issued by corporations and governments offering fixed interest payments periodically for a period of more than one year.

Chairman's letter

Introduction

In what was a turbulent and challenging period for markets worldwide, the Johannesburg Stock Exchange (JSE) had a good – and prosperous – year.

Much has been said about the global credit crunch and subsequent collapse of certain offshore institutions previously thought of as indestructible. The impact was felt in South Africa.

The JSE is a full-service securities exchange which provides trading, clearing and settlement of equities, derivatives, interest rate products and other associated instruments. Further streams of revenue include data, listings and other technology applications and services. The exchange went into 2008 focused on improving client service through additional services, systems upgrades and closer liaison with stakeholders. This focus turned out to be all the more important when investor uncertainty sparked record volumes in several of our markets.

Market commentators said last year that South African markets were partly shielded from the global economic turmoil. Protection came from robust risk management at most institutions, exchange controls and limited investment by local institutions in the asset-backed derivative securities that hurt many institutions and investors offshore. Indirect impacts were various: stock market values fell; certain clients faced retrenchments, increasing the atmosphere of uncertainty in the financial community; international investors withdrew funds; and many JSE-listed companies reported lower earnings. All of this affected the operating climate at the JSE.

Markets

The FTSE/JSE All Share Index (ALSI), an indicator of the general mood of the market, started 2008 strongly, rising 13 percent from 29 290 to 33 233 by May and then falling sharply to 17 414 by November. Fortunately, the JSE Limited's trading profitability does not depend on the strength of the market or whether indices are high or low; rather it depends on volumes of trades or volumes of contracts traded.

Humphrey Borkum

The volume statistics, which the JSE publishes weekly, show that volumes held up in the second half of 2008 when values were falling.

Looking ahead

We go into 2009 facing slower economies in many parts of the world, a recognised recession in many major economies and with several major financial institutions having faced – and currently facing – difficult times. South African Reserve Bank Governor Tito Mboweni noted in February this year that while domestic inflation is falling, the economy is being adversely affected by global turbulence and continues to show signs of slowing. This sentiment was recently reiterated by Minister of Finance Trevor Manuel in his 2009 Budget address. The outlook for the world economy has deteriorated further with growth prospects for emerging nations having deteriorated.

This is going to be a difficult year for the exchange. In 2009 we intend to respond by working even harder to improve the efficiency and innovation of all our operations to offer a valuable and world-class service to all our clients at a competitive price while at the same time keeping a strong eye on costs.

We are unable to make forecasts, revenues being to a large extent determined by trading volumes which are not in our control. Volumes in the early part of the year have been mixed. We go into the year soberly, aware of serious troubles being faced by all our clients and focused on working with all our stakeholders to make 2009 as good a year as possible given a tough global and local climate.

This report details the initiatives we are undertaking in more detail.

Proposed transaction with BESA

For some time, the JSE has worked towards developing a closer relationship with the Bond Exchange of South Africa (BESA), with the aim of integrating BESA and the JSE's interest rate exchange for the good of the South African bond market. We are therefore delighted that BESA shareholders have approved a scheme of arrangement to combine the two organisations, in terms of Section 311 of the Companies Act No 61, 1973. An unprecedented 100 percent of shareholders present, in person or by proxy, voted in favour of BESA becoming a wholly owned subsidiary of the JSE at the scheme meeting in February 2009, should regulatory approval be received. We are currently awaiting the decision of the Financial Services Board, the South African Reserve Bank and the Competition Commission. The JSE is committed to making this relationship work.

Appreciation

I would like to thank the strong and multi-talented Board which has served the JSE well. They have given dedicated effort to the JSE and I value their support and advice.

On behalf of the Board I would also like to thank the JSE's Executive Committee, staff and particularly the CEO, Russell Loubser for their service to the company, its clients and its shareholders. 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
Chairman

CEO's statement

Introduction

Stock markets globally faced unprecedented tests in 2008: increased volatility, declining investor sentiment, increased systemic pressures from diverse and often foreign sources, increased volumes and significant pressure on pricing. It is an indication of the resilience and prudence of exchange business and risk models that worldwide, exchanges passed these tests well.

At the JSE, too, market rules and systems functioned as designed and clients did not lose money through the inability to transact, settle or clear trades. The volatility also had a positive impact on the JSE and hence its financial results. As will be covered in more detail below, revenues rose by 22 percent to R1 072 million (2007: R877 million). Cash flow from operating activities climbed by 49 percent to R489 million (2007: R329 million). The JSE is a fixed cost business; keeping a firm hand on these expenses led to pre-tax profit increasing by 37 percent to R554 million (2007: R405 million).

Review of operations

Listings

As is to be expected in turbulent markets, the number of listings on the JSE declined in 2008 over the previous year. Though a good number of companies are interested in joining the boards, it seems likely that many of these will put off listing until conditions improve.

In 2008, 23 companies joined the boards (2007: 63). Most of these – 18 – joined the Main Board and are substantial companies. With the recent listing of British American Tobacco (BAT) we have benefited from the presence of the company with the largest market capitalisation on the JSE.

Several of the 2008 listings were foreign-domiciled companies joining the boards as a result of the JSE's efforts to attract more foreign companies to this market. Specifically, a number of resource companies dual-listed on the JSE after the exchange marketed its offering at

Russell Loubser

conferences in Canada, Australia and the UK. The listings team expects its marketing activity to bear even more fruit as global economic conditions start to lift and in 2009 will vigorously promote the JSE as a venue for foreign listings.

AltX, started in 2003 to list young, fast-growing companies, contained 78 listed companies at end-2008 and had a market capitalisation of about R18,2 billion.

Company Showcases, where executives of JSE-listed companies talk directly to investors about the prospects of their companies, continue to draw many retail investors around the country.

Equities division

Turbulent markets were good for the JSE's equity business in 2008; the average daily number of equity market trades increased by approximately 50 percent from 2007. The JSE's equity trading revenues are primarily a function of numbers of trades. The exchange cut equity market trading fees by 7,5 percent as of 30 June 2008; between the fee cut announcement (8 July 2008) and year-end, average daily trades increased to over 76 000 compared with under 63 000 trades before the fee cut announcement.

Last year we worked on improving client service, by:

- upgrading the JSE trading engine to the latest version used by the London Stock Exchange (LSE), which offers more functionality and can handle greater message traffic;
- stabilising downstream JSE systems; and
- increasing the minimum bandwidth allocated to the publication of real-time information to the market.

As it turned out, 2008 was a testing year for all our systems and infrastructure, because of record trading volumes. The week of October 6 to 10 broke previous volume records with an average of over 110 000 trades recorded each day.

Clients have expressed satisfaction with the ability of our systems to process these volumes efficiently.

Unfortunately, two periods of down-time were experienced in equity trading in 2008. The first, on 14 July, was due to factors resulting in equities market participants not receiving real-time market information. This instance, which was on the JSE's network, resulted in the JSE upgrading certain of its network components upon recommendation from its service providers. The second, on 8 September, was due to problems experienced by the LSE (which provides and operates the JSE's equity trading system out of London) prompting equities trading to be halted at the JSE. This interruption was out of the JSE's control and was fixed by the LSE. It was the first time that the JSE had experienced a problem with the LSE system. In both instances, the JSE extended trading hours and ensured that clients were able to trade on those two days.

In 2009, the equities market team will work on two main areas:

- further increasing liquidity and further improving the JSE's competitiveness to maintain its leading position in equities trading in South Africa;
- increasing liquidity and market competitiveness.

The JSE continues to work at educating retail investors about stock market investment in order to increase the pool of retail investors. The exchange is also working on a broader strategy to attract more retail participation to the market, including a focus on the use of handheld/mobile devices.

Work continues on revising the JSE equities billing model to recognise the different needs of market players and high and low volume trades. Customer consultations on possible billing models are in progress. The first step of this initiative was to reduce equity trading fees by 7,5 percent with effect from 30 June 2008.

A business development team was established in mid-2008 to focus on new products, markets and services. In 2009, the team will focus on investigating initiatives such as Remote Membership, FIX Enablement and FIX Gateways, provision of a JSE Dark Pool facility, and trading CFDs on exchange.

Also in 2009, the functioning of JSE downstream systems to process messages between the trading engine and the

Broker Deal Accounting (BDA) system will be further improved to ensure that clients are able to allocate transactions timeously. Initial work on this has proved successful and further work will be done. Further upgrades will be implemented to the trading and information platforms to add additional capacity, speed and functionality.

Equities risk management, clearing and settlement

The JSE is responsible for clearing and settling trades and charges for this service on a per trade basis. In 2008, the Clearing and Settlement Division introduced new rules to permit the rolling of settlement under exceptional circumstances.

The difficulties in ensuring timely settlement for the first trades following the unbundling of Mondi resulted in a review of our failed trade procedures. The main concern was with the dual-listed and inward-listed equity securities, which were experiencing delays in being moved from the London to Johannesburg registers to meet a delivery obligation in South Africa.

The new rules allow for the rolling of settlement when securities are not moving expediently between registers. They put the non-failing party in an equivalent position to that in which they would have been had the original transaction been settled.

The JSE made progress towards a T+3 settlement cycle by investigating obstacles to the move, (The JSE trades on a T+5 cycle at present.) Regular working groups were held where industry participants discussed requirements for managing a shorter settlement cycle. The report on this should be complete in the first half of 2009.

Derivatives

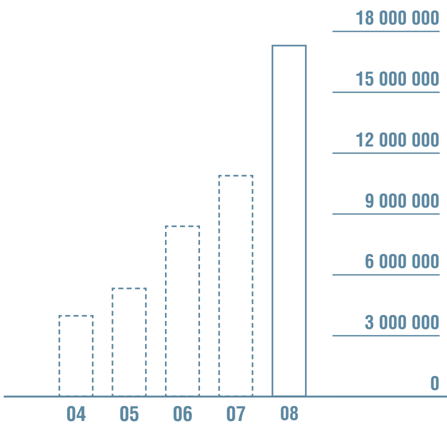
Equity derivatives

Equity derivative contract volumes climbed by 38 percent in 2008 (off a high base; volumes shot up by 219 percent in 2007) and revenue from this division accounted for 13,4 percent of total revenue last year.

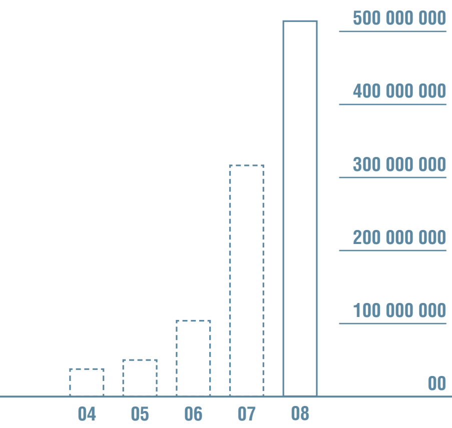
The fact that the JSE competes among the best global exchanges in developing innovative products and services was reinforced when our Can-Do option contracts won the New Contract of the Year category in the second annual Futures & Options (FOW) Awards, held in London. The JSE remains the world's 10th largest derivatives market and at the end of the year was the biggest global player in Single Stock Futures (SSFs), by contracts traded.

In 2008 the JSE's new equity derivatives trading and clearing platform went live. The new system allows more product innovation, brings greater visibility to the market (with live on-screen prices for SSFs and Single Stock Options being available to the market for the first time), allows traders to see the narrowing of spreads, eliminates several manual processes and is expected to bring increased liquidity to the market.

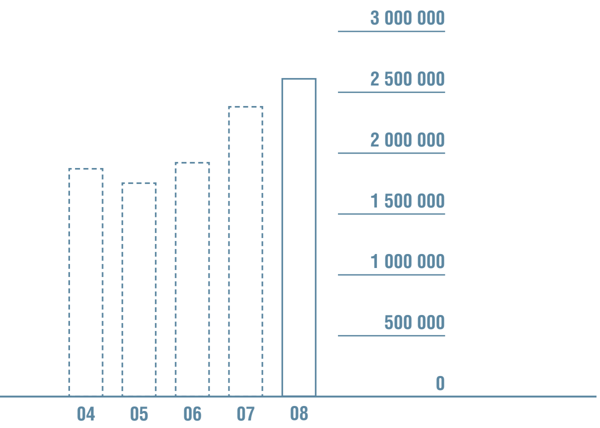
New product development continued apace. International derivatives – that is, JSE-listed derivative instruments written on foreign stocks



Equities
(number of trades)



Equity derivatives
(number of contracts traded)



Commodity derivatives
(number of contracts traded)

listed offshore – were launched in 2008 and by year-end, derivatives on 21 international counters had been listed. The JSE aims to grow the number of international derivative products in 2009.

In 2008 the JSE listed its first Variance Future (swap), an instrument giving institutional investors a hedging tool against volatility by eliminating the need to constantly rebalance a position. To the best of JSE's knowledge, at date of listing only two other exchanges had listed this type of instrument, namely the Chicago Board Options Exchange and Liffe.

The exchange also listed a Mini FTSE/JSE Top 40 futures contract, allowing retail investors to invest in a future or option on the Alsi Top 40 Index. The Mini Alsi Top 40 is one-hundredth of the size of the existing Alsi Top 40 futures contract, which brings it within reach of many retail investors.

Currency futures

In 2008 the currency futures market was opened up to more players. In his 2008 Budget speech, Finance Minister Trevor Manuel announced that corporate entities would be permitted to trade currency futures. Previously limited to retail investors, trade in the instruments was opened to investment managers, pension funds and long-term insurers provided trades fall within prudential limits. Corporate entities including trusts, close corporations, private companies and partnerships trade with no restrictions.

This means that currency futures can begin to compete with the existing over-the-counter currency forward market, as South African importing and exporting companies will be able to hedge their currency positions at a fraction of the cost charged by banks.

A fourth currency futures product – an Australian Dollar/Rand contract – was added to existing contracts in the 45 Dollar/Rand, Pound/Rand and Euro/Rand.

In September 2008 the JSE introduced a sliding scale fee system for currency futures and a cap on fees for high-volume contracts, in a bid to lure larger currency futures contracts to the exchange. The new fee structure reduces fees across trades larger than 1 000 contracts. The pricing structure is designed to grow volumes traded on the JSE's currency futures market, encouraging new participants.

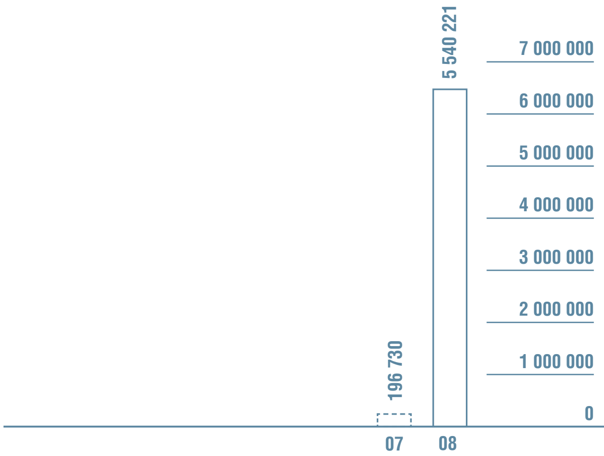
Commodity derivatives

The commodities market had a good year in 2008 – volumes climbed 10 percent (2008: 2,63 million contracts; 2007: 2,40 million contracts), with yellow maize continuing its strong growth pattern of the last two years. The JSE implemented a new derivatives trading and clearing platform, allowing for greater functionality and increased automation.

The JSE acquired the commodities market in 2001 as part of the South African Futures Exchange (SAFEX) transaction. The move afforded members of SAFEX access to a larger infrastructure with more resources, particularly in the surveillance department. The commodities market has 59 active trading members.

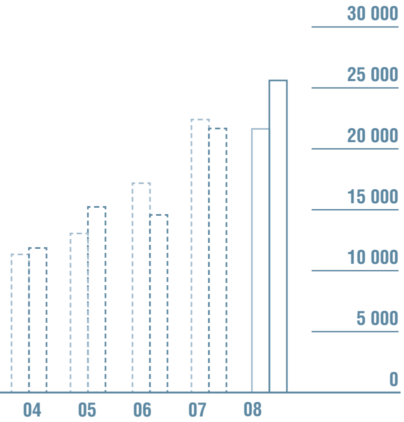
In 2008, equity and commodities derivative trading delivered 18,2 percent (2007: 20 percent) of the JSE's revenue with equity derivatives delivering 13,4 percent and commodity derivatives 4,8 percent. The strategy to diversify revenue will be pursued with derivative product diversification and through other means, discussed in this review.

The new derivatives trading platform, implemented in October 2008, brings with it possibilities for new product development. The automated physical delivery process allows brokers to enter the deliveries on the front-end, which is more efficient for both the exchange and the market participants. The development is in line with a total technology review at the JSE, as befits a world-class exchange.



Currency futures

(number of contracts traded)



Information data sales

(international terminals; local terminals)

CEO's statement (continued)

The JSE has received dispensation from the South African Reserve Bank to introduce cash-settled commodity products off foreign underlying contracts. This has provided the Commodities Market with an opportunity to expand its current grain contracts to any commodity, provided there is a transparent and liquid international market and a willing market maker. In January 2009, the JSE started trading foreign-referenced corn futures under licence from the CME Group, the world's largest and most diverse derivatives exchange. Corn futures provide a way for South Africans to manage the price risk with a view on the domestic market or to more easily access the international market via the corn contract which will be traded in our local currency.

Fixed interest securities

Trading volumes increased modestly on the JSE's fixed interest securities market, Yield-X, during 2008. Some progress was also made in the area of spot bonds when a corporate bond was listed.

Still, the JSE has not made the progress it aimed for in this area and Yield-X has a small percentage of the total South African debt market.

In August 2008, Alt-X listed company Calgro M3 listed a R300 million debt programme on Yield-X. The programme is cost effective and gives the company the flexibility to have multiple issuances with different debt instruments and different tenures when it suits them. Initially, Calgro M3 raised R40 million through issuing a short-dated zero coupon bond.

For a decade, the JSE has worked towards developing a closer relationship with the Bond Exchange of South Africa (BESA), with the aim of integrating BESA and Yield-X. In early 2009 BESA shareholders agreed to combine the strengths of both organisations through a scheme of arrangement in terms of Section 311 of the Companies Act, No 61 of 1973, should regulatory approval be received. BESA shareholders approved the scheme with an unprecedented 100 percent of shareholders at the scheme meeting voting in favour. BESA will become a wholly owned subsidiary of the JSE. Details on the proposed transaction appear below.

Information products sales

The information products sales team generates revenue by providing information packages to terminals on the desks of their clients, in South Africa and offshore. In 2008, the number of terminals receiving JSE information packages grew by 15 percent from 2007 (2008: 49 225; 2007: 42 923). Over 20 000 live terminals are offshore.

The team concentrated on growing the retail client market in 2008. Traditionally, the JSE has sold data to the institutional market, locally and offshore. The retail investor initiative has been a focus for two years. Year-on-year terminal growth was 61 percent (2008: 12 369; 2007: 7 675). To encourage retail clients to subscribe for the data, the fees were reduced by 70 percent. Many banks launched online offerings in 2008 as a result of the JSE initiative.

The team launched products around five new indices in 2008 – FTSE/JSE RAFI All Share, FTSE/JSE Shariah Top 40, FTSE/JSE Preference Share, FTSE/JSE All Africa 40 and FTSE/JSE All Africa 30 ex SA. New Exchange Traded Funds (ETFs) were launched offshore – ETFs on the FTSE/JSE Top 40 were listed on the American Exchange, NYSE Euronext Paris and Osaka Stock Exchange. In South Africa, an ETF was launched on FTSE/JSE RAFI 40.

Technology

Equities clients use the JSE's Broker Deal Accounting (BDA) system to conduct their back-office operations. The system also provides the JSE with world-class surveillance, allowing the exchange to see trades to beneficial ownership level. However, it is cumbersome to operate and costly to maintain owing to its age. The exchange plans to replace it, though a timeframe hasn't been set.

The exchange's surveillance capability was one factor behind the JSE's decision not to introduce restrictions on short selling in September 2008, as occurred in several international markets. This is a decision that we look back on with some pride. The JSE and its regulator, the Financial Services Board, concluded that this surveillance capability, combined with JSE rules prohibiting naked short sales, made it possible to monitor short selling patterns properly and hence it was unnecessary to ban short sales. Most developed markets have recently recognised the unintended negative consequences of the short selling ban and have allowed it again, subject to increased regulatory thresholds.

Financial review

Revenue climbed 22% to R1 072 million for the year (2007: R877 million).

In 2008, personnel expenses increased by 4%, due to the dissolution of the IT outsource arrangement (which resulted in expenses previously attributed to IT being shifted to personnel expenses) as well as further staff needs, particularly in the IT division. These costs were mitigated to some extent by the reduction in the expense of the Employee Retention Scheme off the lower share price. The impact of the "mark to market" of the participation interests issued has resulted in a net reduction to expenses of R20 million. In the comparative period this was a charge amounting to R29,3 million.

During January 2008 the JSE's exposure to the second tranche of participatory interests was economically hedged through cash-settled European call options, which had an impact on the income statement of R27 million. In December 2007, a portion of the Long Term Incentive Scheme was accelerated by one year in return for the participants agreeing to cap the vesting price of the first tranche in order to limit the impact to the JSE's profit and loss. This cost R53 million in that year, which was not repeated in 2008.

Other expenses were on a par with 2007, due to the reduction in the computer costs relating to the outsource arrangement. In addition, there was a drop in the cost of the JSE's Broad-Based Black Economic Empowerment (Broad-Based BEE) charge as a result of the lower price of the final tranche of options granted through the Black Shareholder Retention Scheme and in the comparative year, the final tranche of shares were issued to the JSE Empowerment fund. This concludes the cost to the income statement of the Broad-Based BEE costs, which have an almost zero cash impact on the group's cash flows. The JSE's Broad-Based BEE initiative has two parts: the JSE Empowerment Fund is designed to fund the education of black students working towards tertiary level qualifications in the financial markets; and the Black Shareholders' Retention Scheme encourages the JSE's black shareholders to retain their JSE shareholding at least until 2011.

The effective tax rate reduced to 32% (2007: 33%) during the current year, owing to the lower income statement charge of the Broad-Based BEE scheme in the latter period and a drop in the corporate tax rate from 29% to 28%. The Broad-Based BEE initiative amounting to R38,2 million (2007: R82,9 million) is not deductible for tax purposes.

Impairments

After careful consideration of the Systems Replacement Project, it was decided that a portion of the Surveillance system would require rework to the design and development to achieve optimal results. It was felt that this element should be impaired to reflect this and consequently, an amount of R8.7 million has been impaired through the income statement.

Similarly, the available-for-sale financial assets held in the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust have been impaired in the light of the extent of the reduction in value and the period for which these reductions below cost had been experienced. The values involved were R7m and R3m respectively.

Long Term Incentive Scheme

At the Board meeting in November 2008 it was agreed that an amount not exceeding 10% of the estimated net profit after tax of the Exchange be set aside for a long term incentive scheme to replace the current scheme. In 2008 this amounted to R34m. Due to a change in the tax legislation one of the elements of the Board's preferred retention scheme was rendered ineffective.

The Board subsequently decided not to pursue the preferred retention scheme but as an interim step decided to award a cash bonus to staff vesting in three tranches in the form of deferred compensation - 50% at 31 December 2011, 25% at 31 December 2012 and 25% at 31 December 2013. This resulted in a net present value effect to profits in 2008 of R27,2m.

Capital structure and dividend policy

The JSE has no long-term borrowings and R946 million in cash reserves (2007: R765 million). The exchange analyses its capital requirements in three categories. First, to ensure a smoothly operating stock exchange, 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 onmarket equity trades assuming the failure of a JSE equities member (broker). 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.

In 2009, R240 million is earmarked to fund the BESA transaction, should it receive regulatory approval.

On the basis of this assessment, the Board has determined how much cash we need, although this will be revisited regularly.

Other strategic initiatives

The world of capital markets is fast changing. In response, exchanges need to innovate continually to ensure they remain relevant to issuers and investors. Apart from the focus areas outlined above in connection with specific revenue streams, the JSE has also embarked on the following strategic initiatives:

- Africa strategy;
- Proposed transaction to improve South Africa's bond market; and
- Technology infrastructure and services.

Africa strategy

The JSE has embarked on a long-term strategy to promote the growth of capital markets on the African continent. It aims to attract foreign capital to the African market, by allowing investors access to the opportunities that exist in Africa. This is in line with the JSE's commitment to various Africa-centric business and stock exchange organisations, including the Committee of SADC Stock Exchanges, the Association of Stock Exchanges in Africa and the NEPAD Business Foundation, where the focus is on projects that alleviate poverty in Africa.

CEO's statement (continued)

The JSE's Africa strategy entails:

- creating an Africa Board, providing opportunities for primary and secondary listings;
- creating indices reflecting issuers listed in countries across the continent;
- connecting South African Development Community exchanges through a hub and spoke model; and
- closer relationships with exchanges to help develop new business and markets, for example Mauritius.

Possible strategic acquisition

We will also continue to investigate the possibility of other strategic acquisitions in our industry and in this regard are in discussions regarding the acquisition of a strategic stake in the Stock Exchange of Mauritius. These discussions have not been finalised. Should they be, the impact on the JSE's financial results will not be material.

The Africa Board

The JSE's Africa Board is a listing venue for companies domiciled in Africa or with assets on the continent. Companies listed on the Africa Board may well be listed elsewhere in Africa also and will have a secondary (or in some cases, primary) listing on the JSE. Infrastructure for the new board, which is not extensive and uses existing equities trading systems, was completed by end-2008. The Africa Board was launched in early 2009.

The JSE is one of three African exchanges accredited by the World Federation of Exchanges because they meet world standards in a number of areas including clearing and settlement processes and corporate governance. The mandates of many investors preclude them from investing on non-WFE accredited exchanges. Moreover, many investors – particularly those from offshore – like the relatively high liquidity of the JSE.

The revenue model of the Africa Board does not differ from the Main Board. While listing fees will be slightly lower, all other revenues – including trading and documentation fees – are the same as the Main Board.

We are not aiming for JSE Africa Board-listed companies to delist from their local exchanges and we do not envisage that the initiative will mean any deterioration of markets elsewhere in Africa. Our own experience is the reverse of this. Volumes traded in shares of companies dual-listed on the JSE have risen when the stocks are also traded on an offshore exchange. We expect that for Africa Board-listed companies too, investor appetite in the local exchange will increase when investors see the trade of their local stocks increasing on the JSE.

The development of the Africa Board is a long-term project, with the first few years aimed at the JSE establishing itself as a leading market on the continent. The exchange is considering all exchanges on the continent for company selection and so far, has approached Kenya, Zimbabwe, Nigeria, BRVM (the bourse serving several West African countries), Ghana, Zambia and Namibia.

The intention is to continue discussions with these exchanges in 2009 and add to this list.

In 2009, the Africa Board team will focus on strengthening relationships with African issuers, stock exchanges, other financial market participants, regulatory bodies, governments and media houses. The ultimate aim will be listings of companies and related products, including ETFs and derivative products.

FTSE/JSE All Africa Indices

In October 2008, the JSE launched an index series in collaboration with FTSE (the JSE's index provider), aimed at reflecting issuers listed in countries across the African continent. The FTSE/JSE All Africa Index, launched as an investable index on which products can be written, includes companies not listed on the Africa Board as it is intended to broadly reflect African market performance. Companies must meet the indices' Quality of Market criteria. The FTSE/JSE Africa Board Index will reflect the performance of those companies listed on the Africa Board and will be created once sufficient companies have listed on the board.

Proposed transaction with BESA

For a decade, the JSE has worked towards developing a closer relationship with the Bond Exchange of South Africa (BESA), with the aim of integrating BESA and Yield-X, the JSE's interest rate exchange. On 27 October 2008 the JSE made a formal offer to the shareholders of BESA with the hope that it may be possible, with open minds, to jointly decide on and use the best of both operations, based also on the views of and assistance from market participants, for the good of the South African bond market.

On 10 December 2008 the directors of the JSE and BESA together proposed implementing the deal as a scheme of arrangement in terms of Section 311 of the Companies Act, No 61 of 1973, should regulatory approval be received.

BESA shareholders have approved the scheme through which BESA would become a wholly owned subsidiary of the JSE. We are awaiting the decision of the Financial Services Board, the South African Reserve Bank and the Competition Commission. If all regulatory approvals are obtained, then a purchase consideration of about R240 million (equating to R125 per BESA share) will be due to BESA shareholders. The Boards of both exchanges are excited by the opportunities presented by integration. Integration will commence with a fixed income growth strategy, involving consultation with all interest rate market participants, to offer the best products at the best cost.

Technological initiatives

A leading exchange must offer the best technology available. To that end, the JSE consistently works on improving its IT infrastructure and services. In the last five years this has involved implementations of new systems and the replacement of old systems, a new Chief Information Officer position to lead the JSE's IT team, after IT operations were insourced from a service provider the previous year. The service provider had been responsible for the first stages of the systems replacement initiative and for running the exchange's day-to-day technology functions.

The new CIO, Riaan van Wamelen, immediately set about bolstering and restructuring the IT team (previously employed by the service provider) in order to handle sharply increased trading volumes, various other client needs and the systems upgrade.

The team restructure is almost complete and indications are that it will improve client service.

Systems replacement programme

The JSE's programme to replace legacy systems is a sizeable part of the work of the IT team, as is work on an IT governance policy to improve IT risk management. The replacement programme focuses on replacing legacy systems. In 2008, equity and commodities derivative trading systems were replaced to meet the changing needs of the exchange, notably the increased derivative trading volumes. The new systems eliminate many manual processes and provide flexibility. They display as many prices as possible, to improve liquidity. Infrastructure for the new Africa Board was in place by year-end.

IT targets for 2009

- To enhance procurement and vendor/supplier management;
- To continue to replace systems so that the technology platform can meet new business requirements;
- To enhance the production stability of our current systems through more robust IT management processes; and
- To become more responsive to business demands.

Prospects

Since a significant portion of revenue is dependent on the level of trades on the exchange, the JSE is not able to predict future profits. However, in 2008, the JSE did not feel an impact from the global financial market turmoil. Volumes climbed until November but eased off towards the end of the year.

The cash equities market started 2009 slightly up on the same period in 2008. This does not imply that volumes will remain up on last year, particularly in the global economic circumstances. However, any negative impact will be mitigated at least partially by new products and improved access to trading services.

In early 2009, equity derivatives volumes eased, affected by factors including reluctance to trade in derivatives in small cap companies by certain clients and the reduced circumstances of other clients. However, the exchange has seen a rise in business from clients who previously traded off-exchange but who now want to trade on-exchange to manage risk. The JSE will try to provide services that attract business that was previously done over the counter.

Moreover, new products planned for 2009, including a broader range of derivative products on foreign equities, should provide trading volume in the medium term. Should the combination of the businesses of the JSE and BESA receive regulatory approval, we will also want to make real progress with growing the combined interest rate markets and delivering the intended benefits of the merger.

As has been discussed above, we are also growing the exchange's other markets and revenue streams, however it is important to note that there is no guarantee that current levels will be sustained throughout 2009. The group expects a reduction in earnings in comparison to the "super profits" achieved in 2008, but still anticipates acceptable returns on shareholders' funds in 2009.

The JSE remains committed to delivering value to issuers and investors. Our focus is on continual improvement and consistent work to build a sustainable business model, with depth and breadth. We are optimistic that this should be achieved through the strategic objectives discussed above, combined with the strength of JSE regulation and the quality of our services.

Russell Loubser

Russell Loubser
Chief Executive Officer

Corporate governance

The JSE continues to approach corporate governance on the basis that it is essential to achieving and maintaining a thriving business. The credibility that comes with regulation has become integral to the survival of entities in the financial services sector.

The JSE strictly separates its role as regulator from that of being a listed company. To aid this transparency an observer from the JSE's regulator, the Financial Services Board, is invited to attend all Board and Executive Committee meetings.

The Board is satisfied that the JSE has made every practical effort to comply with the requirements of King II, in all material aspects. The Board also looks forward to the challenges of the King III recommendations.

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 (2007: 14), who, in addition to the Chairman, consist of a Chief Executive Officer (CEO), Deputy CEO, a Chief Financial Officer, a Chief Operating Officer, one other executive director, a lead non-executive director and seven other non-executive directors.

With effect from 25 April 2008, Freda Evans, the Chief Financial Officer, was appointed as an executive director and David Lawrence was appointed as a non-executive director. These appointments followed the resignation of executive director Geoff Rothschild from the Board and non-executive director Stephen Koseff.

Appointment of directors

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

The directors are elected to the Board on the basis of their skills and experience in the financial services arena, appropriate to the strategic direction of the JSE and essential to secure its sound performance.

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.

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.

Non-executive directors have no fixed term of appointment. 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.

Independence of directors

The Board considers all its non-executive directors to be independent. The non-executive directors demonstrate complete independence in character, judgement and action in fulfilling their duties. A number of the non-executive directors have indirect remote interests in the JSE. These directors and their interests are:

- **Humphrey Borkum,** Chairman of Merrill Lynch South Africa (Proprietary) Limited – sponsor and authorised user of the JSE;
- **David Lawrence,** Deputy Chairman 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 and thus preserve their independence.

Duties and responsibilities of directors

The powers of the Board are conferred upon it by the Securities Services Act 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.

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 are assessed from time to time and changes are made where appropriate.

The Board takes overall responsibility for compliance with all applicable provisions. The Board meets regularly, retains full and effective control over all the companies in the group and monitors executive management in implementing Board plans and strategies. Additional Board meetings are convened as circumstances dictate.

The Board recognises the need for regular attendance at Board and subcommittee meetings. Where directors are unable to attend a meeting in person, video and teleconferencing facilities are made available to include them in proceedings and allow them to participate in decisions made. However, it is recognised that in certain circumstances where it is impossible for a director to attend a meeting as a result of the meeting being a specially scheduled one or other JSE business, the director's opinions will be taken into account.

Performance assessment of Board of directors

For the sixth consecutive year, an evaluation of the Board and its subcommittees was performed. All directors completed a questionnaire compiled by the Company Secretary in conjunction with the Chairman and a non-executive director. The Chairman also met the directors individually to obtain additional information.

Individual director performance is assessed against the following criteria: time, availability, commitment to performing the functions of a JSE director, knowledge of the business, providing strategic direction, contribution to investment decisions, consideration of significant financial matters, the director's views on critical and key issues, the constant challenges that face the JSE, the director's views on his/her own performance as a Board member, and attendance over the past year.

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 subcommittees and an evaluation of their terms of reference.

An assessment of the Chairman was also conducted by the lead non-executive 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 fulfilling its responsibilities and obligations by the Company Secretary, who briefs newly appointed directors on their duties and provides them with a "governance file". This contains applicable legislation, the Board Charter, terms of reference and Board minutes for the previous 12-month period. All directors have unlimited access to the Company Secretary, executive management and company information and records to discharge their

Corporate governance (continued)

responsibilities. Efficient and timely procedures for informing and briefing directors prior to Board meetings have been developed and it is the exception to table documents at meetings. Directors have the opportunity to propose items for discussion at Board meetings.

The Board is required to meet a minimum of four times a year. Five Board meetings and one strategy session were held in 2008. Attendance by directors was as set out below:

Attendance at Board meetings

Director	10/03/08	20/05/08	21/05/08*	12/08/08	07/10/08**	18/11/08	Total
H J Borkum[1,2,4,5]	✓	✓	✓	✓	✓	✓	6
A D Botha[1,2,4,5]	✓	✓	✓	✓	✓	✓	6
J Burke[6]	✓	✓	✓	✓	✓	✓	6
F Evans[6,7]	–	✓	✓	✓	✓	✓	5
M R Johnston[2,5]	✓	✓	✓	✓	✓	✓	6
S Koseff[1,4,5,8]	x	–	–	–	–	–	–
D Lawrence[1,3,5,9]	Alt	✓	✓	✓	✓	✓	5
R M Loubser[3,6]	✓	✓	✓	✓	✓	✓	6
W Luhabe[1,5]	✓	x	✓	✓	✓	✓	5
A Mazwai[1,3,5]	✓	✓	✓	✓	✓	✓	6
N Newton-King[6]	✓	✓	✓	✓	✓	✓	6
L Parsons[3,6]	✓	✓	✓	✓	✓	✓	6
G Rothschild[3,6,10]	✓	–	–	–	–	–	–
G Serobe[2,4,5]	✓	✓	✓	✓	✓	x	5
S Nematswerani[2,3,5]	✓	✓	✓	✓	✓	✓	6
N Payne[3,5]	✓	✓	✓	✓	x	✓	5

1 Member of the 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
7 Appointed to the Board as executive director in April 2008
8 Resigned from the Board as non-executive director in April 2008
9 Appointed to the Board as non-executive director in April 2008
10 Resigned from the Board as executive director in April 2008

✓ Attended
x Absent
alt Alternate
* Board Strategy Session
** Special Board Meeting

Board subcommittees

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 authority. 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. There is full disclosure and transparency from these committees to the Board. Each committee's authority and the discharge of its responsibilities are directed by a mandate.

The Board recognises that it is ultimately accountable for the performance of the affairs of the JSE and the use of delegated authority to Board committees in no way affects the discharge by the Board and its directors of their duties and responsibilities.

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 and Charter.

Audit Committee

Report prepared by its Chairman, Sam Nematswerani

The committee met three times in 2008. Attendance by members was as follows:

Member	03/03/08	04/08/08	04/11/08	Total
S Nematswerani	✓	✓	✓	3
H J Borkum	✓	✓	✓	3
A Botha	✓	✓	✓	3
M R Johnston	✓	✓	✓	3
G Serobe	x	x	x	0

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, representatives of the external auditors and the Head of Internal Audit and Risk 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:

- approve the appointment of the external auditors and their fee;
- evaluate the independence, effectiveness and performance 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;

Corporate governance (continued)

- review the accounting policies and procedures adopted by the Group and the JSE;
- recommend service providers for non-audit services;
- 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
- assess and confirm the appropriateness of the expertise and experience of the Chief Financial Officer.

The committee performed all its duties as set out above.

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

The Head of Internal Audit and Risk and external auditors have unlimited access to the chairman of the committee. The chairman of the Audit Committee attends Annual General Meetings and is available to answer any questions.

The committee is satisfied that the 2008 audit conducted by the external auditors was independent of the JSE.

N S Nematswerani

Nominations Committee

Report prepared by its Chairman, Humphrey Borkum

The committee met twice in 2008:

Member	03/03/08	18/11/08	Total
H J Borkum	✓	✓	2
A Botha	✓	✓	2
G Serobe	x	x	0
N Payne	✓	✓	2

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.

H J Borkum

Human Resources Committee

Report prepared by its Chairman, Anton Botha

In 2008, the committee met four times. Attendance by members was as follows:

Member	03/03/08	04/08/08	04/11/08	18/11/08*	Total
A Botha	✓	✓	✓	✓	4
H J Borkum	✓	✓	✓	✓	4
S Koseff [8]	x	–	–	–	–
D Lawrence [9]	x	✓	x	✓	2
W Luhabe	✓	✓	✓	✓	4
A Mazwai	x	✓	✓	✓	3

* Ad hoc special meeting

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 follows 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 and staff.

The JSE's approach is to set remuneration levels that 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 cost to company package consisting of a basic salary (part of which is deferred), 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, David Lawrence, Wendy Luhabe and Andile Mazwai review the remuneration of the executive and the CEO;
- Anton Botha, David Lawrence, Wendy Luhabe and Andile Mazwai review the remuneration of the Chairman and, if appointed, the Deputy Chairman;
- 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 a remuneration advisory company, 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 2008, 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 2008;
- Executive Committee members' and non-executive directors' remuneration;
- the principles of JSE employee remuneration;
- 2009 salary increases for staff; and
- awarding of a special bonus to staff, including long term incentives (see note 18.5).

Corporate governance (continued)

The JSE made 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 female employees. These have been met at all levels with the exception of executive and senior management level.

In the light of the exceptional financial results, the CEO was authorised by the committee to award and pay a maximum of 10% of the net profit after tax as a special bonus to staff, to a total value of R29,2 million. Of this, an amount of R12,5 million was 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.

A D Botha

Risk Management Committee

Report prepared by its Chairman, Nigel Payne

The committee met four times in 2008. Attendance by members was as follows:

Member	26/02/08	16/04/08	04/08/08	04/11/08	Total
N Payne	✓	✓	✓	✓	4
S Nematswerani	✓	✓	✓	✓	4
A Mazwai	x	✓	✓	✓	3
R M Loubser	x[1]	x[1]	✓	✓	2
D Lawrence	✓	✓	✓	x	3
S Davies	–	–	✓	✓	2
L Parsons	✓	✓	✓	✓	4
F Evans	✓	✓	✓	✓	4
W F Urmson	✓	✓	✓	✓	4

1 Away on JSE business

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.

The committee follows 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 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 Head of Internal Audit and Risk, Audit Committee and Executive Committee to oversee the management of risk at the JSE. The Head of Internal Audit and Risk (previously the Head of the JSE's

Surveillance Division) is contracted to the JSE to perform this function and reports administratively to the CEO and for all other purposes to the Audit Committee.

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. The management of each risk has been allocated to an Executive Committee member or to the Executive Committee in its entirety.

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 2008 and reflected the improvement in risk mitigation in the group. The continued transformation of the JSE's information technology is crucial and the committee will monitor the progress of this initiative. The committee is comfortable that appropriate governance structures and mitigating actions are in place to identify and address any risks that might arise out of this initiative.

Independent assurance is obtained on all key risk areas and related internal controls through the internal audit process. 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 collaboration of the committee, the Head of Internal Audit and Risk, 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.

N Payne

Risk management review

As the premier securities exchange in Africa, the JSE recognises 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 Board's Risk Management Committee and the Executive Committee, and the effectiveness of the risk mitigation actions is continually evaluated. 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 equities market. All JSE 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, the JSE's equities settlement service provider, 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 from two different Eskom grids, 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. An additional generator was installed in 2008 to provide an additional level of redundancy.

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 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.

The JSE does not guarantee the settlement 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.

Investment risk

Equities

The JSE equities brokers/members administer funds on behalf of their clients. These funds are pooled and managed under the umbrella "JSE Trustees". The primary clients of this fund are therefore the individual members acting on behalf of their clients. All interest income earned, less the administration fee of 20 basis points, accrues to the participating members, for onward payment to their own clients. The management of these funds implies a fiduciary duty to the members and their respective clients. Consequently, the utmost care must be taken in the management of these funds. The ultimate aim is to "maximise the investment income earned on funds invested whilst minimising the inherent risks related thereto."

The rules relating to JSE Trustees (Proprietary) Limited place reliance on directives which accept a stated level of counterparty risk vis à vis counterparty banks, as well as the type of securities that may be invested in. The limits imposed on managing these funds are as follows:

Counterparty limits

If an individual bank is part of a group of banks then the limits applied are for the banking group as a whole.

- Local banks and branches of foreign banks:
  - F1+/A1+ banks: to a maximum of 20 percent of fund size
  - F1/A1 banks: to a maximum of 15 percent of fund size
- Subsidiaries of foreign banks:
  - F1+/A1+ banks: to a maximum of 10 percent of fund size
  - F1/A1 banks: to a maximum of 10 percent of fund size

The manager may not include foreign investments in the portfolio.

Only the following investment instruments may be used:

- Overnight call
- Call bonds
- Fixed deposits (preferably with interest payable on a monthly basis)*
- Negotiable certificates of deposit*
- Treasury bills*
- SA Reserve Bank debentures*
- Repurchase agreements and/or carries*

* May not have a tenor or time to maturity in excess of 91 days

The investment managers must ensure that there is sufficient liquidity to meet the needs of its clients. For example, if the size of the total fund is R20 billion then an amount of approximately 25 percent must be invested on call at all times. There is no maximum limit on the amount of funds that can be invested in this way. The remaining funds, i.e. amounts not invested on call, can be invested for any period with a maximum tenor of 91 days. The overall weighted average duration of the investments may not exceed 40 days.

Because the markets in which JSE Trustees operates are dynamic, these guidelines are revisited on a regular basis.

Equity derivatives, commodity derivatives and Yield-X products

Financial derivatives, commodity derivatives and Yield-X products members transact on the market for themselves and on behalf of their clients. In order to transact, all members are required to place an initial margin "deposit" with their members. These sums are paid daily via clearing clients to Safex Clearing Company (Proprietary) Limited ("SAFCOM"), which in turn deposits these funds with various financial institutions. Daily mark-to-market profits are also withdrawable via the clearing member. Similarly, daily mark-to-market losses are paid via the clearing member.

The primary risks relating to these funds are:

Credit risk – the risk of default by the recipient institution
No counterparty is exempt from the process of having a credit limit imposed. Strict limits are imposed on all approved counterparties. As the management of credit risk and counterparty limits is a dynamic process, these limits must be reviewed on at least an annual basis. Only banks that have been accredited with a formal rating by one of the reliable rating agencies will be considered.

Liquidity risk – the risk that the funds invested cannot be timeously withdrawn
The funds managed by SAFCOM are invested on behalf of the members' clients. These funds must be available for withdrawal as and when requested by the members' clients. The total funds invested can be divided into a "volatile portion" and a "core portion" of funds. The core portion tends to be fully and continually invested while the volatile portion tends to fluctuate.

The management of these funds is done on the same basis as set out under the heading "Equities", except for the following:

Counterparty limits:

- SA government: different limits for both
- SA Reserve Bank: up to a maximum of 35 percent of fund size

The rate of interest payable to the clearing members of Yield-X is the average rate of interest earned by SAFCOM for the month less an administration fee of 12,5 basis points.

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 JSE also receives revenue from the sale of information which is similarly designated, thus providing a 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.

As the premier securities exchange in Africa, the JSE recognises 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 Board's Risk Management Committee and the Executive Committee, and the effectiveness of the risk mitigation actions is continually evaluated.

Corporate governance (continued)

The JSE continues to approach corporate governance on the basis that it is essential to achieving and maintaining a thriving business. The credibility that comes with regulation has become integral to the survival of entities in the financial services sector.

Fidelity risk

The finance 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 SAFCOM 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 91 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 2009 calendar year.

Dealing in Company shares

A dealing policy is in place for employees and directors dealing in JSE shares. These rules prohibit directors from dealing in JSE shares when they possess price-sensitive information. In addition, dealing is permitted only during two limited periods of the year immediately following the release of the annual financial and interim financial statements. Directors and employees may not deal during any other periods. A director may not deal in JSE shares without obtaining prior written approval from the Chairman of the Board or, failing him, the CEO or Deputy CEO. In the case of the Chairman of the Board, approval must be obtained from the lead non-executive director or, failing him, the CEO or Deputy CEO.

Code of ethics

The JSE values integrity, business ethics and customer needs and is committed to ensuring that these are respected in its operations and interaction with clients and stakeholders. The JSE in turn expects all employees to embrace these values and reflect them in their day-to-day interactions among themselves and clients. The JSE also expects all its employees to act in accordance with the highest levels of professional and personal integrity related to their profession and to comply with all relevant laws, regulations and policies of the Company.

The following standards, based on ethics, appear in the JSE's corporate human resources policies and procedures manual, which all staff have access to and are trained in:

- Work attendance
- Work performance
- Operating procedures
- Private business and secondary employment
- Disclosure of information
- Conflict of interest:
  The general principle that underlies conflict of interest is that employees should avoid any activity, investment or interest that might reflect unfavourably upon the integrity or good name of the JSE or themselves.
- Gifts:
  Employees are required to obtain approval before accepting gifts (financial or otherwise) as follows:
  – Up to R1 000 – Divisional Manager
  – Over R1 000 – Executive Committee

In the coming year, an Ethics Officer will be appointed to ensure that the following happen:

- the implementation of a comprehensive code of ethics
- provision of up-to-date training programmes;
- prevention of victimisation of whistle-blowers;
- anonymous reporting of unethical behaviour; and
- advisory and reporting mechanisms.

Company Secretary

Gary Clarke is the Company Secretary. He is suitably qualified and has access to the group's secretarial resources. He provides guidance and support to the Board, Board subcommittees and the Executive Committee in matters relating to governance and ethics. All directors have unlimited access to the Company Secretary. He assists the Board as a whole, all Board subcommittees or directors individually with the discharge of their fiduciary duties. He also facilitates training and induction for directors.

Auditor independence

The group annual financial statements have been audited by independent auditors, KPMG Inc. The JSE believes that they have observed the highest level of business and professional ethics and have no reason to believe that they have not at all times acted with unimpaired independence. Fees paid to the external auditors for audit and non-audit services are fully disclosed in the financial statements.

The JSE values integrity, business ethics and client needs and is committed to ensuring that these are respected in its operations and interaction with clients and stakeholders. The JSE in turn expects all employees to embrace these values and reflect them in their day-to-day interactions among themselves and clients.

Shareholder information

JSE Limited's share performance during 2008

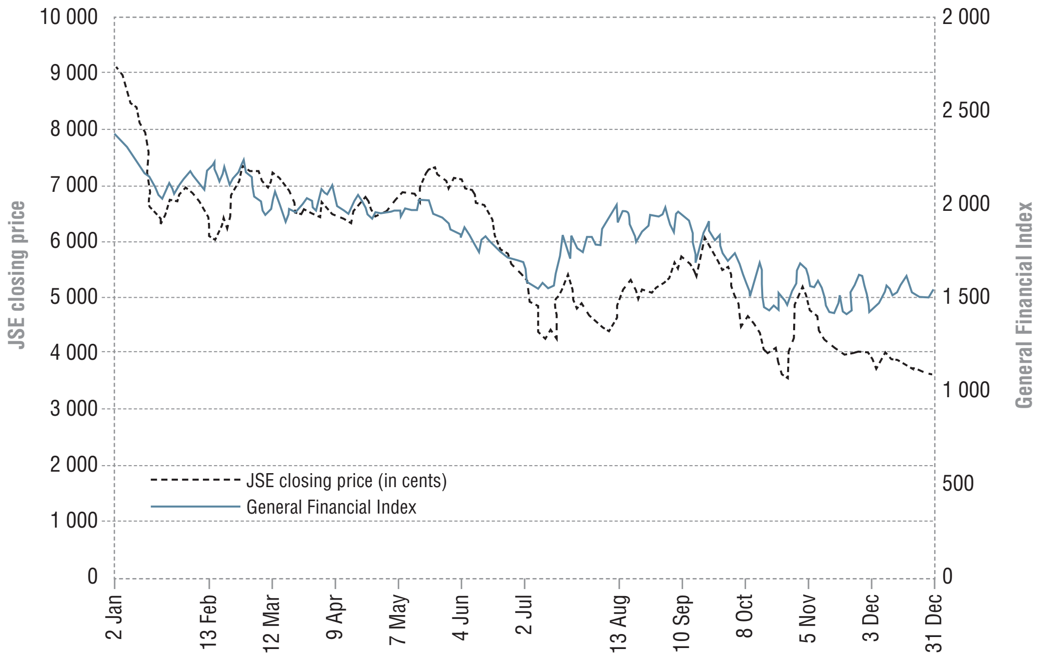
Number of shares in issue	85 140 050
Close (31 December 2008)	R36,60
12 month high/12 month low	R92,50/R35
Weighted average volume traded	78 756 853
Value traded	R4 325 627 249
Market capitalisation	R3 116 125 830

Shareholder diary

Financial year-end	31 December
Annual General Meeting	23 April 2009
Interim report	August
Annual report	March
Dividends payable	June

Share performance

2008 JSE Limited and General Financial Index daily values



Analysis of holdings as at 24 December 2008

	No	Shareholding	%
Public shareholders	3 422	84 993 943	99,83
Non-public shareholders	122	146 107	0,17
Directors	9	28 557	0,03

Beneficial shareholders with greater than 5% of issued ordinary shares:

Standard Financial Markets	1	6 093 544	7,16

Directors' interest as at 31 December 2008

Director	Direct beneficial	Indirect beneficial	Held by Associates	Total	%
Russell Loubser (CEO)	1 000	–	–	1 000	0,0012
Nicky Newton-King (Deputy CEO)	3 400	–	–	3 400	0,0040
Freda Evans (CFO appointed 25 April 2008)	1 000	–	–	1 000	0,0012
Leanne Parsons (COO)	2 000	–	–	2 000	0,0023
John Burke	1 000	–	–	1 000	0,0012
Humphrey Borkum (Chairman)	15 000	–	–	15 000	0,0176
Anton Botha	–	–	–	–	–
Bobby Johnston	–	–	–	–	0,0000
Andile Mazwai	3 943	124560	–		0,1509
David Lawrence	–	–	–	–	–
Gloria Serobe	–	–	–	–	–
Nigel Payne	–	–	–	–	–
Wendy Luhabe	214	–	–	214†	0,0003
Sam Nematswerani	–	–	–	–	–

† Shares received in the form of a dividend *in specie.*

Shareholder information (continued)

Directors' interest as at 31 December 2007

Director	Direct beneficial	Indirect beneficial	Held by Associates	Total	%
Russell Loubser (CEO)	1 000	–	–	1 000	0,0012
Nicky Newton-King (Deputy CEO)	3 400	–	–	3 400	0,0040
Leanne Parsons (COO)	2 000	–	–	2 000	0,0023
John Burke	1 000	–	–	1 000	0,0012
Geoff Rothschild (resigned from the Board 24 April 2008)	1 000	–	–	1 000	0,0012
Humphrey Borkum (Chairman)	15 000	–	–	15 000	0,0176
Anton Botha	–	–	–	–	–
Bobby Johnston	–	–	–	–	–
Andile Mazwai	3 943	124560	–	–	0,1509
David Lawrence	–	–	–	–	–
Gloria Serobe	–	–	–	–	–
Nigel Payne	–	–	–	–	–
Wendy Luhabe	214	–	–	214†	0,0003
Sam Nematswerani	–	–	–	–	–

† Shares received in the form of a dividend *in specie*.

Administrative information

Administration

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

Registered office	One Exchange Square 2 Gwen Lane Sandown Sandton 2196	**Transfer Secretary**	Computershare Investor Services (Proprietary) Limited Ground Floor 70 Marshall Street Johannesburg 2001
Postal address	Private Bag X991174 Sandton 2146	**Telephone**	011 370 5000
		Auditor	KPMG Inc
Telephone	011 520 7000	**Sponsors**	RMB, Morgan Stanley
Web	www.jse.co.za		
Email	ir@jse.co.za	**Bankers**	First National Bank

Board of directors

Humphrey Borkum [1]

Chairman of the JSE. Chairman of Nominations Committee; member of Human Resources Committee; member of Audit Committee; non-executive director. Chairman of Merrill Lynch SA; member of the South African Institute of Stockbrokers. Appointed to the Board in 2000.

Russell Loubser [2]

Executive director of the JSE. CEO. Member of Risk Management Committee. 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 Limited. Appointed to the Board in 2000.

Nicky Newton-King [3]

Executive Director of the JSE. Deputy CEO. Member of the Financial Markets Advisory Board; member of the Presidential Remuneration Commission; World Economic Forum Young Global Leader; Yale World Fellow 2006; former partner of Webber Wentzel Bowens Attorneys. Appointed to the Board in 2000.

Freda Evans [4]

Executive Director of the JSE. Chief Financial Officer. Member of the XBRL Advisory Committee (XAC) to the International Accounting Standards Committee Forum (IASCF). Appointed to the Board in 2008.

Geoff Rothschild [5]

Executive director of the JSE. Resigned from the Board in 2008.

Leanne Parsons [6]

Executive director of the JSE. Chief Operating Officer; chairman of the Trading Advisory Committee; member of the Risk Committee; director of JSE-related companies. Appointed to the Board in 2000.

John Burke [7]

Executive director of the JSE. Chairman of the Listings Advisory Committee. Alternate member of the King Committee on Corporate Governance, Council member of the Institute of Directors. Appointed to the Board in 2001.

Anton Botha [8]

Non-executive director of the JSE. Lead Director; chairman of Human Resources Committee; member of Audit Committee; member of Nominations Committee. Chairman: Vukile Property Fund; non-executive director: Sanlam Limited; member of the Council: University of Pretoria; past CEO of Gensec Limited; director of Imalivest. Appointed to the Board in 2000.

1 2 3 4 5 6 7 8

Bobby Johnston 9

Non-executive director of the JSE. Member of Audit Committee. 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.

David Lawrence 10

Non-executive director of the JSE. Member of Risk Management Committee. Previous chairman and MD of Citibank; previous MD of Firstcorp Merchant Bank; deputy chairman of Investec Bank Limited; director of companies. Appointed to the Board in 2008.

Wendy Luhabe 11

Non-executive director of the JSE. Member of Human Resources Committee. 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.

Andile Mazwai 12

Non-executive director of the JSE. Member of Human Resources Committee; member of Risk Management Committee. Group CEO of BJM Holdings Limited; member of the South African Institute of Stockbrokers. Appointed to the Board in 2004.

Norman Müller 13

Head of the Capital Markets department, FSB. Invited to sit in at all Board and Board-level meetings.

Sam Nematswerani 14

Non-executive director of the JSE. Chairman of the Audit Committee; member of Risk Management Committee. CEO of AKA Capital; director of companies. Appointed to the Board in 2005.

Nigel Payne 15

Non-executive director of the JSE. Chairman of the Risk Management Committee; member of Nominations Committee; director of companies; member of the King Committee on Corporate Governance. Appointed to the Board in 2005.

Gloria Serobe 16

Non-executive director of the JSE. Member of Audit Committee; member of Nominations Committee. CEO of Wipcapital; non-executive director; Old Mutual South Africa, Mutual and Federal Limited and Nedbank Limited. Appointed to the Board in 2000.

Gary Clarke 17

Group Company Secretary to the JSE. Alternate director of the Financial Sector Charter Council; director of JSE-related companies. Appointed Company Secretary in 2001.

Members of the Executive Committee

Russell Loubser [1]

Chief Executive Officer

Age	58
Years of service	12

Nicky Newton-King [2]

Deputy Chief Executive Officer

Age	42
Years of service	12

Leanne Parsons [3]

Chief Operating Officer

Age	43
Years of service	23

Freda Evans [4]

Chief Financial Officer

Age	50
Years of service	08

John Burke [5]

Director: Issuer Services

Age	42
Years of service	18

Gary Clarke [6]

Company Secretary

Age	42
Years of service	10

Des Davidson [7]

Director: Clearing & Settlement

Age	55
Years of service	08

Shaun Davies [8]

Director: Surveillance

Age	41
Years of service	13

Maureen Dlamini [9]

Senior General Manager: Education

Age	46
Years of service	03

Ana Forssman [10]

Senior General Manager: Information Products Sales
Age 44
Years of service 19

Jannie Immelman [11]

Senior General Manager: Information Services
Age 49
Years of service 12

Rod Gravelet-Blondin [12]

Senior General Manager: Commodity Derivatives
Age 54
Years of service 13

Noah Greenhill [13]

Senior General Manager: Marketing and Business Development
Age 40
Years of service 06

Allan Thomson [14]

Director: Derivatives Trading
Age 43
Years of service 07

Geoff Rothschild [15]

Director: Government and International Affairs
Age 61
Years of service 05

Mpuseng Moloi [16]

Senior General Manager: Human Resources
Age 46
Years of service 05

Riaan van Wamelen [17]

Chief Information Officer
Age 39
Years of Services 8 Months

10 11 12 13 14 15 16 17

Sustainability report

"The three pillars of sustainability – social, environmental and economic sustainability, all grounded in good corporate governance – can no longer be seen as peripheral to a company's core activities. They are part of, and essential to, effective risk management."

Nicky Newton-King, JSE Deputy CEO

Introduction

In a world of economic, social and environmental uncertainty, it is clearer than ever that companies must become responsible corporate citizens. The JSE sees the need for policies, actions and reporting of our sustainability initiatives and strategies as non-negotiable.

The JSE reviews its own sustainability using the same criteria as the exchange's Socially Responsible Investment Index. The index, launched in 2004 as a response to global and local debate, assesses JSE-listed companies' environmental, social and economic sustainability practices and corporate governance.

The SRI review is both globally applicable (drawing on internationally recognised frameworks such as the Global Reporting Initiative) and locally relevant (for example, considering areas such as HIV/Aids and black economic empowerment). The criteria used in the review were developed in conjunction with UK-based research organisation EIRIS and FTSE4Good, the FTSE sustainability index. EIRIS conducts the company assessments.

The 105 companies reviewed in 2008 – the universe of the Top 40 and Mid Cap Index plus two volunteers from the Small Caps – constitute about 85 percent of the JSE's market capitalisation. To join the SRI Index, companies must demonstrate a high standard of reporting and performance in the areas under review. JSE Limited is a constituent of the SRI Index. In 2008 South Africa's largest pension fund, the Government Employee Pension Fund, collaborated with the JSE on the SRI Index and it will use the research as a basis for engaging with listed companies in which the fund is invested.

Society

Employee relations

The JSE's conditions of employment promote and sustain the values of integrity, excellence, commitment, diversity, empowerment, team spirit, recognition and customer service.

Developmental policies such as the employment equity plan, individual skills plan and a long-term incentive and retention scheme for key senior employees are in place to retain employees and optimise employee capacity. The JSE also sponsors various sporting teams in order to foster team spirit among employees.

Policy

The JSE operates in a non-unionised environment, but works to promote good employee relations through detailed policies and engagement. Policy in this area is the responsibility of the Head of the JSE's Human Resources team, Mpuseng Moloi, who is a member of the JSE's Executive Committee.

All new employees attend a one-day induction, where policies and procedures are explained. The Head of the Human Resources Division and a member of the executive management team assume this responsibility. A manual is also available to all staff via the intranet.

The JSE believes in providing a safe environment for its employees, tenants, clients and visitors. The company will not tolerate any form of sexual harassment in the workplace. Anyone who has been subjected to sexual harassment in the workplace has a right to raise a complaint, which will be investigated and acted on by the JSE if required.

The JSE provides or pays for technology and equipment in order for employees to carry out their responsibilities. This includes cell phones, computers, internet and email. Licence and copyright requirements are maintained.

It is essential that all employees maintain discipline in order for the JSE to achieve its objectives and to promote sound employment relationships. The JSE's culture is to encourage self-discipline among employees, based on guidance and coaching rather than imposed discipline. However, the JSE has a disciplinary policy and procedure to ensure fair and equitable standards when the organisation's rules are transgressed. The policy is available on the JSE's intranet.

The JSE believes in a formal procedure through which employees can express any work-related dissatisfaction directly to management. Though the Labour Relations Act does not require employers to provide employees with an opportunity to appeal against disciplinary sanctions, the JSE believes it is good practice to do so.

JSE policies also cover:
- Employee motivation (benefits, reward and recognition)
- Employee wellness (HIV/Aids and sexual harassment)
- Employee relations (code of conduct, disciplinary action, dispute resolution)
- Dealing policy
- Staff interest in contracts with suppliers
- Maternity leave – four consecutive months' fully paid leave
- Paternity leave – five days' fully paid leave
- Adoption leave – to a primary caregiver – two consecutive months' fully paid leave
- Flexi-time – dependent on the divisional head as long as the core hours of business remain unaffected
- Employee records
- Corporate and media relations
- Private firearms and dangerous weapons

In 2008, the JSE participated for the first time in the Deloitte 2008 Best Company to Work for Survey. The JSE believes that it can improve on the 2008 results and so have formed an employee forum to suggest new ideas and changes that employees would like to see. Some forums require all divisions of the JSE to be represented, to ensure collaborative discussion and participation resulting in appropriate actions and solutions.

Employee assistance programme (EAP)

To provide personal support to employees and their immediate families on a range of issues, the JSE subscribes to a 24-hour, 365 days a year employee assistance programme (EAP), operated by an independent external organisation called ICAS. The programme helps employees and their families to deal with everyday situations and more serious concerns anonymously and confidentially:
- HIV/Aids: counselling, assistance and support to those infected and affected
- Trauma: debriefing, counselling and support for traumatised employees
- Substance abuse: help and support for those with alcohol and drug problems
- Family matters: childcare and care of the elderly, education, state benefits and allowances
- Relationships: help and support for difficulties experienced with relationships with family, colleagues, partners and friends
- Stress and depression: counselling for those struggling with a range of problems such as anxiety, depression and bereavement
- Legal and financial advice: advice, guidance and referrals on both financial and legal matters

EAP assistance is provided in one or a combination of the following ways:
- Telephone counselling: EAP counsellors can help individuals reach a decision, try a different approach or find a better way of living with a problem.
- Face-to-face counselling: If preferred, employees can arrange a face-to-face discussion with a counsellor.
- Family counselling: ICAS consultants also provide help for work/life issues such as pre-natal care, adoption, parenting, elder-care, divorce or retirement. They provide practical information, education and referrals that help employees manage their responsibilities.

Sustainability report (continued)

Employee complement

The staff complement (excluding fixed-term contractors) of the JSE as at 31 December 2008 was as follows, on a divisional basis:

	2008	2007
Commodity Derivatives	5	5
CEO's Office	3	3
Class of Project	–	–
Clearing & Settlement (including the Settlement Authority)	15	14
Company Secretariat (including building facilities management and the mail room)	18	18
Derivatives Trading (previously Trading)	21	20
Education	9	9
Equity Market (previously Operations & Services but excluding IT)	34	87
Finance	17	16
Government & International Affairs	3	3
Human Resources	8	7
Information Products Sales	8	8
Information Services	17	13
Issuer Services	32	27
IT	92	0
Marketing & Business Development	16	14
Surveillance	19	18
Strategy & Legal Counsel	10	11
Total	**327**	**273**

The increase in the employee complement from 2007 to 2008 was mainly as a direct consequence of in-sourcing and restructuring of IT.

Training and development

The JSE aims to promote and create a culture of learning among its employees, as it relies on their knowledge and skills to provide the best service to its customers and stakeholders. The learning and development 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 and a member of the executive management team assume this responsibility.

Health and safety

The JSE has several services and initiatives in place to enhance employee health and safety and provide early warning signals. We follow international standards for building infrastructure and safety. The following installations and services were conducted in 2008:

- SANS 60849:2005 (sound systems for emergency purposes) was installed and tested to get people safely out of the building in an emergency. The system broadcasts information about what to do to protect lives.
- The JSE's building management system is designed to integrate, monitor and maintain all fire and life safety systems so as to minimise risk, prevent property loss and ensure a safer environment for staff.
- Fire and smoke detection systems have been rewired and tested in compliance with the Occupational Health and Safety Act.
- Critical process control computer production and mirror sites are precisely monitored and alarms alert the JSE of system failure before it compromises safety or disrupts business.

The JSE is working on setting clear objectives and targets for employee occupational health and safety. Although policies and emergency protocols are in place, the JSE will look to implement a 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.

General

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

Community participation

Stakeholder relations

The JSE 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. The JSE also maintains contact with its stakeholders through market notices to authorised users, press releases, SENS announcements and through the exchange's magazine, *JSE*.

Other engagements include:

- 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 on a regular basis to address issues relevant to those customers. 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, and 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.
- Representative Advisory Committees – Committees are in place for specific aspects of JSE business, including trading, clearing and settlement and the various indices. All Advisory Committee 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 correct terms of reference. Details of the industry representatives on these committees and key issues considered in 2008 are set out in the Advisory Committee section of this report.
- Industry interest groups – The JSE is a member of the following industry interest groups: Ethics Institute of SA, Company Secretaries Interest Group, Institute of Risk and Management SA, CGF Research Institute, Institute for International Research.
- Staff – Attend feedback meetings and receive newsletters, intranet and email on issues of relevance to them and which affect the JSE.
- Local community – JSE communications officers make presentations aimed at demystifying the JSE itself and the concept of investment to groups at schools, universities and other community groups. The CEO and Chairman host an annual roadshow to update our broader stakeholder group on the latest developments affecting the JSE.
- Investors – As part of its listing, the JSE worked hard to get close to its shareholders. A manager of Investor Relations was employed who is known to major investors and whose contact details are on the company website. We launched an investor relations website and now address queries from analysts, investors and potential shareholders on an almost daily basis.

Sustainability report (continued)

At the end of December, the JSE's shareholding was as follows:

		Percentage shareholding	
		2008	**2007**
Local	Retail	5	19
	Institutional	49	22
	Authorised users	12	8
	Pension funds	15	5
	Unclaimed shares	1	1
Foreign	Unspecified	18	45
		100	**100**
Black shareholding (Option holders)		9,94	9,08

In future, 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.

Investment into the community

The JSE is an active investor into the South African community, through its strategy of involvement in education and social upliftment initiatives such as:

- Nurturing Orphans of Aids for Humanity, which the JSE gave R770 000;
- Childhood Cancer Foundation of South Africa, in which the JSE invested R17 500;
- Business Against Crime South Africa – R250 000;
- Sponsorship for the Constitution Hill Trust – R100 000;
- Buffelshoek Trust – R100 000 in total; and
- Other organisations – R148 000 in total.

The Benevolent Fund, a fund managed by the JSE, was set up to assist unemployed indigent persons who were employed within the financial services community prior to 8 November 1995 and find themselves in dire financial circumstances because of their inability to find new employment. The resources of the fund were acquired from donations made by stockbrokers in their individual capacity, not as members of the fund. As a consequence of the restructuring of the JSE when corporate membership was introduced, this source of income dried up and assistance is now financed from the income stream of the fund's investments. The fund never had members, therefore no person is entitled to financial assistance. Applicants for assistance are assessed on the basis of their past employment record and their household circumstances. The assistance is granted at the discretion of the managing committee of the fund. Dependants of deceased beneficiaries are also considered for assistance.

At present an aggregate of R290 000 is distributed among some 150 beneficiaries per month. Beneficiaries are offered non-financial assistance including:

- Guidance on the preparation of a will
- Using bank accounts efficiently
- Rights regarding the payment of school fees
- Employment opportunities at the JSE

Education initiatives

Education remains a strategic priority for the JSE. The exchange's educational initiatives are aimed at increasing understanding about the financial markets (particularly among pupils and university students), encouraging investment among South Africans and growing the pool of potential employees in the financial markets. The JSE has initiated several projects:

- The JSE/Liberty Life Investment Challenge, aiming at educating learners about the workings of the stock market, entered its 36th year in 2008. In 2008, for the first time, grade 8 and 9 learners could participate in the challenge. A total of 6 504 learners in 1 626 teams from 299 schools participated. Of the above, 125 schools were part of the Adopt-A-School programme, which aims at assisting schools with no resources. The schools are adopted by stockbroking firms, listed companies and other interested institutions. Through this programme, schools are supported with funds to enter the game and to receive daily newspapers and business publications. The JSE invested R5,2 million in staff time and expenses in 2008 (2007: R4,0 million).

- The University Challenge, a similar game aimed at university students, saw all 23 universities participating in 2008, that is, 991 students. Two students from the University of Johannesburg won a trip to the Cairo Alexandra Stock Exchange in Egypt; the intention is for winners to visit different countries each year. The JSE has plans to open the challenge to the general public in time.
- The JSE has achieved the first step of its goal of introducing Investment Education to the curriculum at schools. The initiative was piloted among grade 9 Economic and Management Sciences and grade 10 Life Orientation learners in Gauteng during 2008, sampling 250 schools from five districts. The JSE visited 130 of these schools to assess the impact of the project. To ensure success, 235 teachers were trained to use the material. Through the project, 22 623 students were reached. The success of the project led to a formal handover to the Gauteng Department of Education on 27 November 2008; plans are under way to extend this project to 50 schools in KwaZulu-Natal and 50 schools in the Eastern Cape in 2009.

The JSE reviews its own sustainability using the same criteria as the exchange's Socially Responsible Investment Index. The index, launched in 2004 as a response to global and local debate, assesses JSE-listed companies' environmental, social and economic sustainability practices and corporate governance.

Broad-based black economic empowerment

The Financial Sector Charter (FSC), a voluntarily developed black economic empowerment (BEE) charter for the financial services sector, came into effect on 1 January 2004 and will be applied until 31 December 2014. Nevertheless, the signatories agree that the principles contained in the charter are relevant beyond 2014. The charter was gazetted in the broad-based BEE legislation on 9 February 2007. The JSE embarked on a transformation strategy some years ago and is committed to fulfilling the elements of the FSC within the exchange.

The Department of Trade and Industry has developed the BEE Codes of Good Practice to objectively measure an enterprise's BEE compliance in the form of a scorecard. The Codes of Good Practice were gazetted on 9 February 2007 and encompass seven elements: equity ownership, management control, employment equity, skills development, preferential procurement, enterprise development and corporate social investment.

Progress on compliance is reflected below, most notably with regard to:

- **employment equity**:
  – junior management – 71 percent (2007 – 63 percent)
  – middle management level – 38 percent (2007 – 38 percent)
- **preferential procurement** as a percentage of procurement spend from all suppliers based on their BBBEE procurement recognition levels – 65 percent (2007 – 75 percent)
- **corporate social investment and consumer education** spend was approximately R6,2 million (2007 – R4,9 million)
- **other areas** are in review and will be addressed on an ongoing basis.

Sustainability report (continued)

BEE scorecard

The JSE has maintained an A rating under the charter since 2005. We are in the process of compiling the necessary information for the 2008 year and are confident that we will maintain the A rating. A summarised version of our latest scorecard is shown below:

FSC scorecard element	Adjusted weighting	FY08 score	FY07 score
Human resource development	20	15,64	14,44
Procurement and enterprise development	15	15	15
Access to financial services	2 rest exempt	2	2
Empowerment financing	Exempt	–	–
Ownership and control	20	15,65	14,63
Corporate social investment	3	1,65	2,39
Total	**60**	**49,94**	48,45
Percentage		**83**	81
Rating		**A**	A

Equity ownership

The JSE launched its broad-based black economic empowerment initiative in 2006, details of which are available at http://ir.jse.co.za. Through one component of this initiative, the black shareholder retention scheme, the JSE has developed its direct black shareholding, which at end-2008 stood at 9,94%.

Corporate social investment

The second component of the broad-based initiative is the JSE Empowerment Fund (JEF) Trust, which provides promising black students with the finance and support to acquire the appropriate qualifications and opportunity to enter the financial services sector on completion of their university training.

Through the JEF Trust, the tuition, accommodation and administration fees of students attending the CIDA campus were funded. The JSE also provides a mentoring programme to assist these students in their life and studies. Mentors are JSE employees who volunteer to perform this role.

The JEF Trust is investigating extending the reach of the trust to other educational institutions.

Details of the support are as below:

Academic year	Number of students	Tuition costs	Progress/comments
2007 – 2nd year	7	R54 250	All students progressed to 3rd year in 2008
2007 – 3rd year	7	R54 250	All students graduated. Six are working and one is studying further. One graduate is in full-time employment at the JSE.
2007 totals	**14**	**R108 500**	
2008 – 1st year	10	R155 000	All students progressed to 2nd year in 2009. The group has generally done well academically in 2008, though six have failed some subjects.
2008 – 2nd year	5	R77 500	All students progressed to 3rd year in 2009.
2008 – 3rd year	8	R124 500	Awaiting graduation results.
2008 total	**23**	**R357 000**	

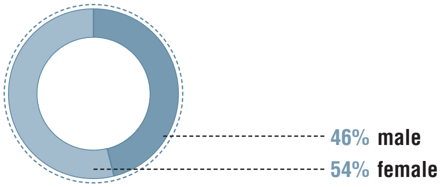
Employment equity

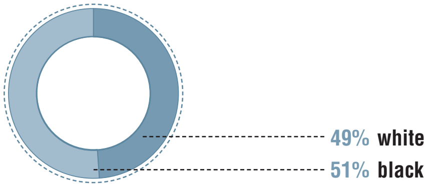
The JSE's vision is to become an employer of choice, cultivating a culture of respect and acceptance, creating an environment that is free from any form of unfair discrimination, nurturing each employee as an individual and an important member of a diverse team. An equity employment policy is in place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

Like other companies, the JSE needs to attract, develop and retain the best talent and skills. Employment equity initiatives assist by providing a larger pool of suitable candidates. This enables the JSE to compete on a global scale. Effective diversity management results in more innovative solutions to problems, greater opportunities and service excellence.

The JSE commits itself to complying with existing employment equity legislation.

The JSE has also made progress with employment equity strategies, with over 54% women and 51% black employees in the staff complement:





The JSE has three disabled staff members. Changes to the infrastructure and technology have been made to accommodate them.

Procurement

The JSE's procurement policy for building management is to provide the necessary technical and facilities service while following responsible and sustainable business practices. We ensure that the major suppliers and contractors are socially responsible, promote sound environmental practices and are BEE compliant.

Building management suppliers include:

- **Servest Group** (provides the JSE with guarding, hygiene, cleaning, office plant and landscape services) Servest is committed to improving and promoting sound environmental practice. It complies with all relevant environmental laws and ensures that employees are aware of their contribution to and responsibility for good environmental practice. Servest is a 70% black-owned and 80% black-controlled entity.
- **Ergo Systems** (acoustic noise control) Ergo Systems is a company committed to reducing the impact that the business and its products have on the environment.
- **Kagiso Integrated Services** (provides technical services) Kagiso is one of South Africa's original empowerment companies.

A comprehensive procurement strategy will be tabled at the JSE's March 2009 Board meeting.

The JSE recognises that more work needs to be done to accomplish further progress in this and other areas.

Sustainability report (continued)

HIV/Aids

The JSE recognises that the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (Aids) present a serious public health problem which has socio-economic, employment and human rights implications. We are committed to creating a supportive environment, so that HIV-infected employees are able to continue working under normal conditions in their current employment for as long as possible. We are also committed to creating and maintaining a work environment free from discrimination against people living with HIV/Aids and other life-threatening illnesses. The JSE further acknowledges that the HIV/Aids impacts could include prolonged employee illness, absenteeism and death, affecting productivity, employee benefits and workplace morale. Accordingly, the JSE has programmes in place to handle the pandemic including voluntary and confidential testing of employees and offering employees confidential counselling and advice to infected and affected individuals through ICAS.

The principles underlying the policy would include that:

- The protection of human rights and dignity of people living with HIV or Aids is essential to the prevention and control of HIV/Aids.
- Every employee has the right to confidentiality, and the right not to disclose their HIV status. The JSE may not initiate the conducting of HIV tests for employees unless the provisions of the Employment Equity Act have been fulfilled.
- Employees with HIV/Aids may not be dismissed solely on the basis of their HIV/Aids status.
- Any JSE employee suspected of victimising or discriminating against an HIV infected person will be subject to disciplinary action.
- Employees who feel their rights have been compromised in respect of HIV/Aids or any other life threatening illness; have the right to invoke the dispute resolution procedure.

In implementing the policy, objectives include:

- The promotion of equality and non-discrimination between individuals with HIV infection and those without; and between HIV/Aids and other comparable health/medical conditions.
- The creation of a supportive environment, so that HIV infected employees are able to continue working under normal conditions in their current employment for as long as they are mentally and physically fit to do so.
- Consultation, inclusivity and full participation of all JSE employees.
- Processes to manage unfair discrimination in the workplace based on an employee's HIV status.
- Promote of 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.
- Promotion of appropriate and effective ways of managing HIV/Aids.
- Creating an environment with a balance between the rights and responsibilities of all parties.
- Organising programmes aimed at creating awareness, prevention and care through health days (hosted at the JSE by Discovery Health), distribution of booklets, condom distribution and anonymous counselling.

Developmental policies such as the employment equity plan, individual skills plan and a long-term incentive and retention scheme for key senior employees are in place to retain employees and optimise employee capacity.

Environment

Defined as a support services company under the SRI Index review, the JSE is classified as a low-impact company in relation to the environment. Responsibility for the JSE's environmental policy and performance is located under the Company Secretariat.

The JSE has various environmental initiatives and progress was achieved in several related areas in 2008.

Recycling

- Placing paper recycling bins in all areas of operation
- Using recycled printing paper

Raising awareness

- Circulation of weekly green tips to staff
- Continued awareness-raising around critical environmental issues through the SRI Index criteria

Participation in relevant organisations, forums and initiatives

- Attending the National Business Institute (NBI) seminars
- Involvement in response to the Carbon Disclosure Project

Building management system

The JSE uses a computer-based system that controls and monitors the building's mechanical and electrical equipment, such as ventilation, lighting, power systems and security systems.

- Fire and smoke detection systems
  These have been rewired and tested four times during the year under review (25 percent of total tested) in compliance with the OSH Act.
- Energy-saving interventions
  - The use of low-power lamps (36 watts);
  - The use of white sound, a low-volume, electronically created sound of equal intensity over a wide range of the spectrum, to hide other sounds in an open plan office;
  - The air-conditioning units are on a time switch and are switched off at night and during weekends and public holidays;
  - Permanently switching off 50 percent of the basement lights.
- Occupational Health and Safety Act compliance
  - In 2008, 27 security guards underwent first-aid and fire fighting training, in compliance with the number of trained personnel required by the Act;
  - Level 2 first-aid training was done on-site for JSE staff;
  - Reports are received from day and night shift security staff when they log calls to avoid possible hazards to staff. These calls are attended to by the help desk staff immediately;
  - Gym equipment was serviced regularly;
  - Fire extinguishers were serviced in December 2008;
  - Sprinkler valves were serviced in December 2008;
  - The JSE owns four special chairs to assist in the evacuation of disabled staff.

Sustainability report (continued)

Environmental Management Committee

For the last two years the JSE has worked towards combining all these initiatives and policies into a single, comprehensive environmental systems policy. To this end, in 2008, an Environment Management Committee was established, reporting to the Company Secretary.

The committee represents the following key areas:
- Office of the Company Secretary
- Procurement
- Investor relations
- Marketing
- Strategy
- Finance
- Business continuity plan
- Building management

This committee's short-term focus areas are:
- Establish a comprehensive environmental management strategy for the JSE, drawing on assessments of environment-related facets of the JSE's operations that have been conducted over time;
- Understand the contribution that JSE staff can make;
- Create awareness of environmental issues among staff;
- Steer the JSE towards environmentally friendly procurement;
- Ensure that the JSE building becomes more energy-efficient:
  - standardise recycling across the company,
  - improve waste and energy efficiency, and
  - investigate potential remedial actions;
- Start work on a carbon footprint audit and begin carbon disclosure reporting;
- Improve the JSE's environmental reporting standards and SRI Index performance.

Climate change

Beginning in late 2007 and continuing in 2008 the JSE put together a research team internally whose mandate it was to investigate the issue of climate change, its effect on business in South Africa and globally, and on the related matter of carbon markets. The team was asked to look at what value, if any, the exchange could add to the mitigation attempts as well as what effect the issue would have on the JSE. The ensuing investigation showed that there has been increasing need for corporates to be aware of and do something to reduce the levels of carbon dioxide (and other greenhouse gases) that are produced a result of the business's existence.

Another aspect that was highlighted by the research was the opportunity for the exchange to host a trading platform for trade in carbon credits (i.e. units of 'avoided' emissions) this however is subject to certain factors materialising. In recent years, cap and trade systems have gained in popularity as one of the mechanisms via which the market can be used to supplement the efforts to reduce greenhouse gas emissions. There are a growing number of exchanges that are offering platforms for trade in the related commodities. The research team investigated the current state of the market in South Africa and consulted a wide array of market players including emitters, traders, academics, project developers and some of the relevant government departments.The findings were then shared with research participants and interested parties in order to increase awareness and discuss the potential for future development of the market.

The findings of the study showed that there was an interest in the market and that the market was positive about the possibility of a platform for transparent price discovery for carbon. However a lack of regulation limiting greenhouse gas emissions in South Africa , amongst other things, is paramount to ensure natural demand and supply develops to ultimately stimulate the trading of credits. Based on the finding that there is a growing interest in the market and that markets have a role to play in mitigation objectives, the

JSE will continue to encourage the listing of carbon related instruments and promote awareness of the potential role of the market in climate change mitigation. The JSE also aims to continue particiapting in the relevant committees and industry groups as the discussions on the mitigation options for South Africa takes shape.

General

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.

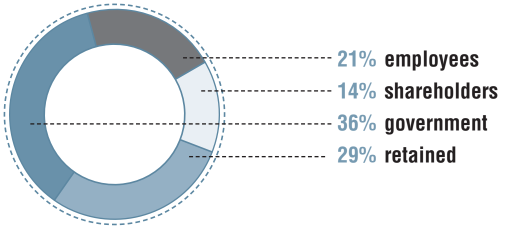
Value added statement

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.

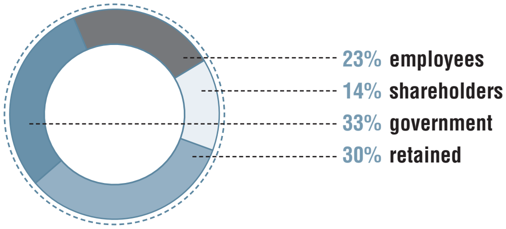
	2008 R'000	%	2007 R'000	%
Revenue	1 071 570		887 426	
Net interest income	134 943		97 129	
Other income, incl share of associate income	70 822		143 858	
Operating expenses	(484 281)		(483 168)	
Value created	**793 054**	**100**	**635 245**	**100**
Value distributed	**(529 379)**		**(452 553)**	
To remunerate employees for their services	(238 565)	30	(230 069)	36
To shareholders – dividends paid	(110 682)	14	(90 546)	14
To government – taxation	(180 132)	23	(131 938)	21
Value retained				
To sustain future expansion and growth	**263 675**	**33**	**182 692**	**29**

Value created increased by 25 percent compared with 2007. Value distributed to employees increased by 4 percent in the period under review. Investors' and government's share of the value distributed increased. The value retained in the business increased by 44 percent, in line with the JSE's strategy to strengthen its financial position.

2007



2008



Sustainability report (continued)

Advisory committees

Commodity Derivatives Advisory Committee

The Commodity Derivatives Advisory Committee met four times in 2008. The topics discussed include:

- The continued use of location differentials
- Revision of silo owner and individual silo requirements (Appendix C and D of the contract specifications)
- Changes to the determination process of the standardised daily storage tariff for all products
- Default of a silo owner who issued SAFEX silo receipts
- Daily price limits, including initial margin adjustments
- The derivatives replacement system

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, nurturing each employee as an individual and an important member of a diverse team. Effective diversity management results in more innovative solutions to problems, greater opportunities and service excellence.

Industry representatives on the committee are as follows:

Name	Representative from
JSE	
Mr R Gravelet-Blondin	Committee Chairperson – JSE
Mr J Baker	SAOPO
Mr R Bone	JSE
Mr R Burdairon	SACOTA
Mr J de Villiers	NCM
Mr J Gordon	Agric clearing members
Prof A Jooste	NAMC
Dr K Keyser	AFMA
Mr D Kok	Grain silo industry
Mr P Kotecha	B&P Group
Mr W Lambrechts	Vanguard Derivatives
Mr W Lemmer	Grain South Africa
Mr R Loubser	JSE
Mr D Mathews	Private producer
Mr P Mphanama	Financial Services Board
Ms L Parsons	JSE
Mr J Theron	Rand Merchant Bank
Mr C Schoonwinkel	Grain South Africa
Mr J Steyn	Cargill RSA
Mr C Sturgess	JSE
Mr J van Heerden	Farmwise Grains
Mr P Watt	Afgri Trading

Clearing and Settlement Advisory Committee

The Clearing and Settlement Advisory Committee met twice in 2008.
The topics discussed include:

- The T+3 Project, regarding the proposed shortening of the settlement period for equity securities, has completed the second phase in which the barriers and the high-level activities to overcome such barriers were investigated. A document titled "Blueprint for the Move to T+3" will detail the business requirements specification and is due for publication in the first half of 2009. The next phase of the project will be to define the implementation plan, during the second half of 2009.
- Changes to the failed trade procedures and the introduction of rolling of settlement in extraordinary circumstances came into effect in October 2008, following the extensive review of the events which gave rise to the lack of liquidity in Mondi Limited shares in July 2007. The necessary changes to the Rules and Directives were reviewed by the committee in August 2008 and were approved with minor changes by the JSE Executive Committee the following month.
- The costs of depository facilities for the proposed immobilisation of Krugerrands were considered too high, resulting in the status quo being retained for the time being.
- Regular updates on JSE technology, particularly with regard to the Systems Replacement Project.
- 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.
- The regular review of statistics relating to clearing and settlement of equity securities through Strate.

Industry specialists on the committee are as follows:

Name	Employer
Mr D Davidson	Chairperson – JSE
Mr B Balkind	Strate
Ms E Bruce	Noah Financial Innovation
Mr A Cousins	Standard Bank
Mr J Crews	UBS South Africa
Mr M R 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 L Varnavides resigned during the year

Sustainability report (continued)

Equity Derivatives Advisory Committee

The Equity Derivatives Advisory Committee met twice during 2008. The topics discussed include:

- New derivatives trading platform (Neutron)
- ALSI mini contract
- Anonymous trading
- Variance swap product
- Volatility index (SAVI)/Volatility futures
- Equity option project
- International Derivatives (IDX)
- Single Stock Futures listing criteria
- Mark-to-market vs mark-to-model methodology
- Option close-out methodology
- Option premium methodology
- Liquidity provider incentivisation
- Volatility skew determination
- Margin methodology re illiquid and concentrated SSF

Industry representatives on the committee are as follows:

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

Equities Trading Advisory Committee

The Equities Trading Advisory Committee met four times in 2008. The topics discussed include:

- Change in equity market executive responsibility
- T+3 settlement status update
- Rolling of settlement and failed trade procedures
- Growth in equity market project
- Revision of the equity market billing model
- Publishing of member rankings
- Introduction of new reported trade types to facilitate broker-to-broker and give-up transactions
- Improving liquidity in equity market
- Derivatives system replacement project
- Business continuity planning simulation
- Investigation into introduction of remote membership for the equity market
- JSE Dark Pool of liquidity offering
- Trading hours for December 2008

Industry representatives on the committee are as follows:

Name	Representative from
Mrs L Parsons	Chairperson – JSE
Mr H Beets	Old Mutual Investment Group SA
Mr R Botha	Sanlam Investment Management
Mr K Brady	Investec Securities
Ms E Bruce	Noah Financial Innovation
Mr W Chapman	Peregrine Equities
Mr T Gale	Merrill Lynch South Africa
Mr B Johnson	UBS Securities
Mr Q Kilbourn	Citigroup Global Markets
Mr A Mazwai	BJM Securities
Mr N Müller	Financial Services Board
Mr A Raats	Stanlib Asset Management
Mr M Ray	SA Stockbrokers
Mr B Smith	Sanlam Securities
Mr J Stewart	JP Morgan Equities
Mr J van den Berg	Thebe Securities
Mr P van der Merwe	Coronation Asset Management
Mr C Wilde	Deutsche Securities

Sustainability report (continued)

FTSE/JSE Advisory Committee

The FTSE/JSE Advisory Committee had four meetings during 2008. The following key issues have been discussed:

Major corporate actions including:

- The restructuring of Richemont and Remgro and the subsequent listing of British American Tobacco
- The issue of renouncable rights by Anglogold
- The acquisition of Siyathenga and Ifour by Pangbourne
- The index treatment of rights offers and mandatory offers
- The treatment of inward foreign listings in the indices
- The treatment of treasury shares in the indices
- The introduction of the Shariah 40, RAFI All Share, Preference Shares and All Africa indices.

Industry representatives on the committee are as follows:

Name	Representative from
Mr H Beets	Chairman – Old Mutual Investment Group SA
Mr G Baker	Rand Merchant Bank
Mr M Bhoyroo	FTSE
Ms A Cabot-Alletzhauser	Advantage Asset Managers
Mr J Caulfied	FTSE
Ms I Dillon-Hatcher	FTSE
Mr B du Toit	Peregrine Securities
Ms A Forssman	JSE
Mr J Immelman	JSE
Mr A LePetit	FTSE
Mr T Musikavanhu	Umbono Fund Managers
Mr F Oosthuizen	Sanlam
Mr D Polakow	Peregrine Securities
Mr S Roberts	Taquanta Asset Managers
Mr R Rousseau	Deutsche Bank
Mr A Stephens (AS)	Legal and General UK
Mr A Thomson	JSE
Mr N Waisberg	Intellectual Property

Yield-X Advisory Committee

The Yield-X Advisory Committee did not meet in 2008. Industry representatives on the committee remain unchanged and are as follows:

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

Issuer Services Advisory Committee

The Issuer Services Advisory Committee met once in 2008. The topics discussed include:

- The representations from a listed company regarding a significant amendment to the Listings Requirements.

The Issuer Services Division consults with committee members on an ad hoc basis when their expertise is required on a matter:

- to consider objections received from listed companies and sponsors to decisions made by the Issuer Services Division;
- to advise the Issuer Services Division on matters of principle;
- to advise the Issuer Services Division on interpretations of the Listings Requirements in cases of uncertainty; and
- to advise during the process of making changes to the Listings Requirements.

Industry representatives on the committee are as follows:

Name	Representative from
Mr J Burke	Chairperson - JSE
Mr B Abrahams	Retired
Mr D Brooking	Retired
Mr A Clay	Venmyn Rand
Ms L de Beer	J&J Group
Mr D Doel	JSE
Ms P Egan	Deutsche Bank South Africa
Mr P Ferreira	Steinhoff International Holdings
Mr P O Goldhawk	Goldhawk Corporate Advisory
Mr J Grobbelaar	PSG Capital
Mr S Jagoe	Morgan Stanley South Africa
Prof M M Katz	Edward Nathan Sonnenbergs
Mr K J Kerr	Investec
Ms E Kruger	Financial Services Board
Mr R Loubser	JSE
Ms S Lunney	Rand Merchant Bank
Mr E Matthewson	PHB
Mr A Mazwai	BJM Securities
Mr M I Mthenjane	Bafokeng Holdings
Mr N Müller	Financial Services Board
Ms A Ramsden	Standard Bank
Mr K Rayner	KPR Presentations
Mr A Visser	JSE
Mr L Williams	iCapital Advisors

Directors' responsibility for the annual financial statements

for the year ended 31 December 2008

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 2008, 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 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 were approved by the Board of directors on 9 March 2009 and are signed on its behalf by

H J Borkum
Chairman

R M Loubser
Chief Executive Officer

Declaration by the Group Company Secretary for the year ended 31 December 2008

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Securities Services Act, and all directives issued by the Financial Services Board. In terms of section 268G (d) of the Companies Act, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

G C Clarke
Group Company Secretary

Report of the Independent Auditor

To the Members of 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 2008, 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 125.

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 2008, 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 VT Yuill
Chartered Accountant (SA)
Registered Auditor
Director
9 March 2009

85 Empire Road
Parktown
2193

Directors' report

The directors have pleasure in presenting the annual financial statements of the JSE Group for the year ended 31 December 2008.

Business activities

The JSE is licensed as an exchange under the Securities Services Act 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 (Proprietary) Limited
JSE Trustees (Proprietary) Limited ("JSE Trustees")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 invest those funds on behalf of investors with banking institutions falling inside prescribed parameters. This protects investors by automatically separating investors' funds from equities members' funds in compliance with Section 27 of the Securities Services Act.

SAFEX Clearing Company (Proprietary) Limited ("SAFCOM")
During the course of 2008, the JSE acquired the entire issued share capital of SAFCOM. SAFCOM is the licensed clearing house for the JSE derivatives markets 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 (Proprietary) Limited; Emerging Enterprise Zone (Proprietary) Limited; Indexco Managers (Proprietary) Limited and Open Outcry Investment Holdings Limited.

Strategically important investments

Strate Limited (Strate)
The JSE owns 44,51 percent of the ordinary shares in Strate. 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 also settles spot bonds on Yield-X and transactions from the Bond Exchange of South Africa. Electronic custody of shares eliminates the risks inherent in paper settlement and the costs of lost, stolen or forged documents. The electronic records of shareholding are subject to extensive controls.

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 its business. The service is now performed for the JSE by Computershare Investor Services (Proprietary) Limited.

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

Africa Board

The JSE has a long-term strategy to promote the growth of capital markets on the African continent. It aims to attract foreign capital to the African market, by allowing investors access to the opportunities that exist in Africa. The JSE's Africa strategy entails

- Creating an Africa Board, providing opportunities for primary and secondary listing;
- Creating indices reflecting issuers listed in countries across the continent;
- Offering a hub and spoke interconnectivity model to connect SADC stock exchanges; and
- Closer relationships with exchanges to help develop new business and markets.

The JSE's Africa Board is a listing venue for companies domiciled in Africa or with assets on the continent. Companies listed on the Africa Board may well be listed elsewhere in Africa also and will have a listing on the JSE. Infrastructure for the new board, which is not extensive and uses existing equity trading systems, was completed by end-2008. The Africa Board was launched in early 2009, welcoming Trustco of Namibia as its first listing.

In October 2008, the JSE launched an index series in collaboration with the FTSE, aimed at reflecting issuers listed in countries across the African continent.

General review of JSE operations

As at 31 December 2008, there were 323 authorised users (2007: 300), which can be broken down as follows:

	2008	**2007**
Equities members	57	54
Trading services providers only	24	21
Trading services and investment services providers	17	17
Trading services and custody services providers	2	1
Trading services, investment services and custody services providers	11	12
Custody service providers	3	3
Equity derivatives members	122	117
Agricultural derivatives members	87	87
Yield-X members	58	42
	324	**300**

Information technology

In 2008 the JSE restructured its Operations and Services Division to create a separate IT Division, as a direct result of insourcing all IT operations. The new IT Division is headed by Riaan van Wamelen, the Chief Information Officer. He had to start by revising the strategy and plans for all technology operations within the company, including:

- rebuilding the internal IT skills and management team
- enhancing the stability of current systems through quality management and focus on core IT disciplines and processes
- continuing to replace core JSE systems to improve the technology platform
- responding to business demands and making it possible to deliver quality services on time
- making procurement and vendor/supplier management more efficient.

Directors' report (continued)

Replacement of the equity and commodity derivative trading and clearing systems

Towards the end of 2008, the JSE replaced both the trading and clearing solutions for the equity and commodity derivatives markets. The new software has improved functionality, enhanced risk management controls as well as surveillance and fail-over capabilities (the ability to switch automatically to a backup system when there is a problem).

Market access is also improved through an open API (application programming interface), allowing more external software vendors to connect to the trading system. For the first time, users can access both markets from a single trading terminal, making execution and deal management across multiple markets much simpler. The new application also paves the way for further automation on the order entry side and the efficient processing of larger trading volumes.

Directors and management

Directors

The directors of the JSE are:

Non-executive directors
H J Borkum
A D Botha
M R Johnston
S Koseff[1]
W Y N Luhabe
A M Mazwai
N S Nematswerani
N Payne
G T Serobe
D Lawrence[2]

Executive directors
R M Loubser
N F Newton-King
L V Parsons
J H Burke
G Rothschild[1]
F Evans[2]

Company Secretary
G Clarke

1 Resigned from the Board in April 2008
2 Appointed to the Board in April 2008

Resignations from the Board

Stephen Koseff and Geoff Rothschild resigned from the Board with effect from 24 April 2008. Freda Evans (the Chief Financial Officer) and David Lawrence were appointed as replacements respectively, with effect from 25 April 2008. In terms of the JSE's Memorandum and Articles of Association, Wendy Luhabe, Gloria Serobe, Anton Botha, Andile Mazwai, Nigel Payne retire by rotation. All directors who are retiring 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 in the annual financial statements. Humphrey Borkum, David Lawrence and Andile 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 in note 28 to the financial statements.

Financial results

Profit for the year ended 31 December 2008 amounted to R374 million (2007: R273 million), representing earnings per share of 439,7 cents (2007: 321,3 cents). Headline earnings were 456,9 cents per share (2007: 292,1 cents per share). The most noteworthy item on the balance sheet is liquid assets of R15 billion. This represents margins held in the derivatives market for open positions. The movement in the BEE reserve for 2008 of R38 million is a debit in the income statement with a corresponding credit to 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. (Refer to note 11 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 JSE's listing requirements. During the year under review, the JSE has complied with all 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 17 to the annual financial statements.

Directors' report (continued)

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 dividend policy of the group is to distribute between 40 percent and 67 percent of earnings, after deducting non-recurring items. This equates to dividend cover of between 2,5 and 1,5 times. In terms of the policy the directors are proposing to declare ordinary dividend No. 5 of 192 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.

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 that are unclaimed for a period of not less than 12 years from the date on which they 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.

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 2008:

- 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 percent per annum.

The JSE is party to a contract with the London Stock Exchange for the use of the LSE's trading and information systems. The licence fees are payable quarterly in advance in Pounds Sterling.

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.

Proposed transaction with Bond Exchange South Africa ("BESA")

For a decade, the JSE has worked towards developing a closer relationship with BESA, with the aim of integrating BESA and Yield-X. In December 2008 the directors of the JSE and BESA together proposed implementing the deal as a scheme of arrangement in terms of section 311 of the Companies Act, 1973, should regulatory approval be received. BESA shareholders have approved the scheme. We are awaiting the decision of the Financial Services Board, the South African Reserve Bank and the Competition Commission. If all regulatory approvals are obtained, then a purchase consideration of R240 million will be due to BESA shareholders. The Boards of both exchanges are excited by the opportunities presented by integration. Integration will commence with a fixed income growth strategy, involving consultation with all interest rate market participants, to offer the best products at the best cost.

Possible strategic acquisition

We will also continue to investigate the possibility of other strategic acquisitions in our industry and in this regard are in discussions regarding the acquisition of a strategic stake in the Stock Exchange of Mauritius. These discussions have not been finalised. Should they be, the impact on the JSE's financial results will not be material.

Income statements

for the year ended 31 December 2008

	Note	Group		Exchange		Investor Protection Funds*	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Revenue	5.1	**1 071 570**	877 426	**1 097 095**	898 673	**–**	–
Other income	5.2	**39 805**	111 993	**38 058**	88 776	**9 074**	29 247
Personnel expenses	6.1	**(238 565)**	(230 069)	**(238 565)**	(230 069)	**–**	–
Other expenses	6.2	**(484 281)**	(483 168)	**(458 013)**	(460 762)	**(20 588)**	(12 614)
Profit/(loss) before net financing income		**388 529**	276 182	**438 575**	296 618	**(11 514)**	16 633
Interest received	6.3	**2 202 351**	1 430 072	**123 383**	71 929	**5 926**	4 384
Interest paid	6.4	**(2 067 408)**	(1 332 943)	**(26 395)**	(11 142)	**–**	–
Net financing income		**134 943**	97 129	**96 988**	60 787	**5 926**	4 384
Share of profit of equity accounted investees (net of income tax)	12.2	**31 017**	31 865	**–**	–	**–**	–
Profit/(loss) before tax		**554 489**	405 176	**535 563**	357 405	**(5 588)**	21 017
Income tax	7.1	**(180 132)**	(131 938)	**(179 766)**	(131 866)	**–**	–
Profit/(loss) for the year		**374 357**	273 238	**355 797**	225 539	**(5 588)**	21 017
Earnings per share							
Basic earnings/(loss) per share (cents)	8.1	**439,7**	321,3	**417,9**	265,2	**(6,6)**	24,7
Diluted earnings/(loss) per share (cents)	8.2	**434,0**	318,7	**412,4**	263,1	**(6,5)**	24,5

* Investor Protection Funds comprises the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust.
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. The Group consists of JSE Limited, its subsidiary companies (SAFEX Clearing Company (Proprietary) Limited and JSE Trustees (Proprietary) Limited), special purpose entities (JSE Guarantee Fund Trust and JSE Derivatives Fidelity Fund Trust) and its interests in associated companies (Strate Limited and Indexco Managers Limited).

Balance sheets

as at 31 December 2008

	Note	Group 2008 R'000	Group 2007 R'000	Exchange 2008 R'000	Exchange 2007 R'000	Investor Protection Funds 2008 R'000	Investor Protection Funds 2007 R'000
Assets							
Non-current assets		**656 823**	542 597	**404 772**	284 613	**194 021**	223 644
Property and equipment	9	**84 115**	44 294	**84 115**	44 294	**–**	–
Intangible assets	10	**232 763**	169 720	**232 763**	169 720	**–**	–
Investments in equity accounted investees	12	**82 647**	58 957	**21 416**	21 416	**–**	–
Investments in subsidiaries	13	**–**	–	**3 201**	3 201	**–**	–
Other investments	11	**194 025**	223 648	**4**	4	**194 021**	223 644
Derivative financial instruments	23	**5 619**	–	**5 619**	–	**–**	–
Deferred taxation	20	**57 654**	45 978	**57 654**	45 978	**–**	–
Current assets		**15 993 536**	18 731 134	**1 143 123**	1 076 068	**34 109**	46 856
Trade and other receivables	14	**204 104**	232 231	**99 821**	91 254	**3 443**	6 502
Income tax receivable		**15 978**	–	**15 658**	–	**–**	–
Due from group entities	13	**–**	–	**7 680**	7 042	**–**	–
Margin deposits	15.1	**14 752 793**	17 548 094	**91 222**	104 132	**–**	–
Collateral deposits	15.2	**74 320**	186 264	**74 320**	186 264	**–**	–
Cash and cash equivalents	16	**946 341**	764 545	**854 422**	687 376	**30 666**	40 354
Total assets		**16 650 359**	19 273 731	**1 547 895**	1 360 681	**228 130**	270 500
Equity and liabilities							
Share capital and reserves	17	**1 373 492**	1 108 678	**1 083 716**	800 353	**227 497**	270 194
Non-current liabilities		**188 619**	173 314	**188 619**	173 314	**–**	–
Finance lease	24	**2 402**	–	**2 402**	–	**–**	–
Employee benefits	18	**51 336**	45 280	**51 336**	45 280	**–**	–
Deferred taxation	20	**11 972**	10 448	**11 972**	10 448	**–**	–
Operating lease liability	24	**75 767**	78 449	**75 767**	78 449	**–**	–
Investor Protection Levy	32	**46 200**	38 294	**46 200**	38 294	**–**	–
Due to SAFEX members	21	**942**	843	**942**	843	**–**	–
Current liabilities		**15 088 248**	17 991 739	**275 560**	387 014	**633**	306
Trade and other payables	22	**208 031**	208 114	**56 914**	46 951	**633**	306
Employee benefits	18	**50 071**	37 191	**50 071**	37 191	**–**	–
Income tax payable		**–**	12 076	**–**	12 076	**–**	–
Operating lease liability	24	**3 033**	–	**3 033**	–	**–**	–
Due to group entities	13	**–**	–	**–**	400	**–**	–
Margin deposits	15.1	**14 752 793**	17 548 094	**91 222**	104 132	**–**	–
Collateral deposits	15.2	**74 320**	186 264	**74 320**	186 264	**–**	–
Total equity and liabilities		**16 650 359**	19 273 731	**1 547 895**	1 360 681	**228 130**	270 500

Statement of changes in equity

for the year ended 31 December 2008

Group	Note	Share capital R'000	Share premium R'000	Non-distri-butable reserve R'000	BBBEE reserve R'000	Retained earnings R'000	Total Exchange and sub-sidiaries R'000	Investor Protection Funds R'000	Total Group R'000
Balance at 31 December 2006		**8 471**	**162 779**	**10 058**	**50 317**	**362 173**	**593 798**	**239 742**	**833 540**
Total recognised income*		–	–	–	–	252 221	252 221	30 452	282 673
Profit for the year		–	–	–	–	252 221	252 221	21 017	273 238
Total income recognised directly in equity		–	–	–	–	–	–	9 435	9 435
Fair value gains on available-for-sale instruments		–	–	–	–	–	–	9 435	9 435
BBBEE reserve		–	–	–	77 054	5 915	82 969	–	82 969
Transferred to retained earnings – lapsed options		–	–	–	(5 915)	5 915	–	–	–
Options issued to black shareholders		–	–	–	41 542	–	41 542	–	41 542
Replacement options issued to the JSE Empowerment Fund		–	–	–	11 063	–	11 063	–	11 063
Shares issued to the JSE Empowerment Fund		–	–	–	30 364	–	30 364	–	30 364
Issue of shares		43	–	–	–	–	43	–	43
Dividends paid		–	–	–	–	(90 547)	(90 547)	–	(90 547)
Balance at 31 December 2007		**8 514**	**162 779**	**10 058**	**127 371**	**529 762**	**838 484**	**270 194**	**1 108 678**
Total recognised income and expense		**–**	**–**	**–**	**–**	**379 945**	**379 945**	**(42 697)**	**337 248**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**379 945**	**379 945**	**(5 588)**	**374 357**
Total expense recognised directly in equity		**–**	**–**	**–**	**–**	**–**	**–**	**(37 109)**	**(37 109)**
Fair value loss on available-for-sale instruments		**–**	**–**	**–**	**–**	**–**	**–**	**(37 109)**	**(37 109)**
BBBEE reserve		**–**	**–**	**–**	**38 132**	**116**	**38 248**	**–**	**38 248**
Transferred to retained earnings – lapsed options		**–**	**–**	**–**	**(116)**	**116**	**–**	**–**	**–**
Options issued to black shareholders		**–**	**–**	**–**	**33 539**	**–**	**33 539**	**–**	**33 539**
Replacement options issued to the JSE Empowerment Fund		**–**	**–**	**–**	**4 709**	**–**	**4 709**	**–**	**4 709**
Dividends paid		**–**	**–**	**–**	**–**	**(110 682)**	**(110 682)**	**–**	**(110 682)**
Balance at 31 December 2008	17.3	**8 514**	**162 779**	**10 058**	**165 503**	**799 141**	**1 145 995**	**227 497**	**1 373 492**

Statement of changes in equity

for the year ended 31 December 2008 (continued)

Exchange	Note	Share capital R'000	Share premium R'000	BBBEE reserve R'000	Retained earnings R'000	Total exchange R'000
Balance at 31 December 2006		**8 471**	**162 779**	**50 317**	**360 782**	**582 349**
Total recognised income*		–	–	–	225 539	225 539
Profit for the year		–	–	–	225 539	225 539
BBBEE reserve		–	–	77 054	5 915	82 969
Transferred to retained earnings – lapsed options		–	–	(5 915)	5 915	–
Options issued to black shareholders		–	–	41 542	–	41 542
Replacement options issued to the JSE Empowerment Fund		–	–	11 063	–	11 063
Shares issued to the JSE Empowerment Fund		–	–	30 364	–	30 364
Issue of shares		43	–	–	–	43
Dividends paid		–	–	–	(90 547)	(90 547)
Balance at 31 December 2007		**8 514**	**162 779**	**127 371**	**501 689**	**800 353**
Total recognised income		**–**	**–**	**–**	**355 797**	**355 797**
Profit for the year		**–**	**–**	**–**	**355 797**	**355 797**
BBBEE reserve		**–**	**–**	**38 132**	**116**	**38 248**
Transferred to retained earnings – lapsed options		**–**	**–**	**(116)**	**116**	**–**
Options issued to black shareholders		**–**	**–**	**33 539**	**–**	**33 539**
Replacement options issued to the JSE Empowerment Fund		**–**	**–**	**4 709**	**–**	**4 709**
Dividends paid		**–**	**–**	**–**	**(110 682)**	**(110 682)**
Balance at 31 December 2008	17.3	**8 514**	**162 779**	**165 503**	**746 920**	**1 083 716**

* Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

Cash flow statements

for the year ended 31 December 2008

		Group		Exchange		Investor Protection Funds	
	Note	2008 R'000	2007 R'000	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Cash generated/(utilised) by operations	26	**540 006**	379 878	**576 498**	418 181	**(7 051)**	(12 539)
Interest received		**2 237 455**	1 344 550	**124 211**	72 023	**6 182**	4 384
Interest paid		**(2 074 998)**	(1 244 428)	**(22 469)**	(10 362)	**–**	–
Dividends received		**5 089**	5 712	**–**	–	**5 089**	5 712
Taxation paid		**(218 309)**	(156 671)	**(217 655)**	(156 422)	**–**	–
Net cash inflow/(outflow) from operating activities		**489 244**	329 041	**460 586**	323 420	**4 220**	(2 443)
Cash flows from investing activities							
Investment to maintain operations		**(7 984)**	(274)	**(7 984)**	(274)	**–**	–
Replacement of property and equipment		**(7 984)**	(274)	**(7 984)**	(274)	**–**	–
Investment to expand operations		**(155 799)**	21 417	**(141 891)**	(1 828)	**(13 908)**	23 245
Proceeds on maturity of other investments		**54 622**	74 424	**–**	–	**54 622**	74 424
Purchase of other investments		**(68 530)**	(51 179)	**–**	–	**(68 530)**	(51 179)
Cash flows from equity accounted investees		**7 327**	26 951	**7 327**	26 951	**–**	–
Capital reduction in Strate Limited		**–**	33 410	**–**	33 410	**–**	–
Purchase of shares in Strate Limited		**–**	(12 413)	**–**	(12 413)	**–**	–
Dividends received from Strate Limited		**7 327**	5 954	**7 327**	5 954	**–**	–
Proceeds on sale of Satrix Holdings (Proprietary) Limited		**–**	1 576	**–**	1 576	**–**	–
Leasehold improvements		**(1 438)**	(48)	**(1 438)**	(48)	**–**	–
Additions to intangible assets		**(89 802)**	(25 781)	**(89 802)**	(25 781)	**–**	–
Additions to property and equipment		**(57 978)**	(4 526)	**(57 978)**	(4 526)	**–**	–
Net cash (outflow)/inflow from investing activities		**(163 783)**	21 143	**(149 875)**	(2 102)	**(13 908)**	23 245
Cash flows from financing activities							
Proceeds from issue of share capital		**–**	43	**–**	43	**–**	–
Purchase of European call options		**(32 983)**	–	**(32 983)**	–	**–**	–
Dividends paid		**(110 682)**	(90 546)	**(110 682)**	(90 546)	**–**	–
Net cash outflow from financing activities		**(143 665)**	(90 503)	**(143 665)**	(90 503)	**–**	–
Net increase/(decrease) in cash and cash equivalents		**181 796**	259 681	**167 046**	230 815	**(9 688)**	20 802
Cash and cash equivalents at beginning of year		**764 545**	504 864	**687 376**	456 561	**40 354**	19 552
Cash and cash equivalents at end of year	16	**946 341**	764 545	**854 422**	687 376	**30 666**	40 354

Notes to the Annual Financial Statements

for the year ended 31 December 2008

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 2008 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 9 March 2009.

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

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

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 17 and 19 – measurement of share-based payments
Note 18 – employee benefits
Note 23 – valuation of financial instruments
Note 24.1 – contingent liabilities
Note 24.2.1 and 24.2.3 – lease classification

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 (Proprietary) Limited ("Safcom"), the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust and JSE Trustees (Proprietary) Limited. 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 entities ("SPEs") set up for investor protection. The Group does not have any direct or indirect shareholding in these entities, however, based on the evaluation of the substance of the relationship with the Group and the SPE's risks and rewards, 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. Associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The equity method is applied to the Group's investments in Strate Limited, and Indexco (Proprietary) Limited. 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.

3.2 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. 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, which are recognised directly in equity.

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, interest payable, amounts due to and from Group companies and amounts due to SAFEX members.

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.

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

Available-for-sale financial assets
The Group's investments in equity and debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are carried at fair value with any resultant gain or loss being recognised directly in 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 11 (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 to 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 on financial assets. Other non-derivative financial instruments include trade and other receivables, trade and other payables, cash and cash equivalents, amounts due to and from Group companies, margin and collateral deposits and amounts due to SAFEX members.

3.3.2 Derivative financial instruments

The Exchange holds derivative financial instruments to economically hedge its exposure to risks arising from operational activities. 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 accumulated impairment losses. Purchased and developed (refer to note 3.5) software that is integral to the functionality of the related equipment is capitalised as part of that 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 carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

3.4.3 Depreciation

Depreciation 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

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

3.5 Intangible assets

Research and development

Development activities involve a plan or design for the production of new or substantially improved products and processes. 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. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of direct consulting charges, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Other development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets. The estimated useful life for the current and comparative period is six years. The amortisation period and amortisation method is assessed annually.

Amortisation

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

– computer software 4–7 years

3.6 Leased assets

Finance lease

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

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against 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 is recognised.

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 remaining assets are assessed collectively in groups that share similar credit risk characteristics. 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. 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. Subsequent recoveries of amounts written off are credited to profit or loss. Impairment losses relating to available-for-sale equity securities are not reversed through profit or loss but directly in equity.

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 inflows 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 expense 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 incurred.

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 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.

3.10.4 Share-based payment transactions

The grant date fair value of options granted to employees is recognised as a personnel expense with a corresponding increase in equity, 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 remeasured 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.

3.11 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. 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, sale of publications, profit on sale of associates, profit on sale of financial assets, profit on sale of property and equipment, and other sundry income. Dividend income is recognised in the income statement on the date the dividend is declared. Rental income is recognised on a straight-line basis over the term of the lease. Gains on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment.

On derecognition of a financial asset in its entirety, the difference between:
a) the carrying amount and b) the sum of consideration received and cumulative gain/loss that has been recognised in equity shall be recognised in profit or loss.

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.

3.15 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 Income tax

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 or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the

Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders by 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.

3.19 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 2008

* IFRIC 11 – *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. The application of IFRIC 11 has not had any impact on the Group's consolidated and separate 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. The application of IFRIC 12 has not had any impact on the Group's consolidated and separate 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 became mandatory for the Group's 2008 financial statements, with retrospective application required, did not have any impact on the Group's consolidated and separate financial statements.

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 2008, and have not been applied in preparing these consolidated and separate annual financial statements:

* IFRS 8 *Operating Segments* – introduces the "management approach" to segment reporting. IFRS 8 which becomes mandatory for the Group's 2009 consolidated financial statements, 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 1 – *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated and separate financial statements. The Group is still to decide on which presentation format to use.

* Revised IFRS 3 – *Business Combinations* (2008) incorporates various changes likely to be relevant to the Group's operations. Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

* Amended IAS 27 – *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which became mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.
* Amendments to IFRS 2 – *Share-based Payment – Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2009 consolidated financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.

3.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year (refer to note 33).

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 is 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, adjusted for changes expected due to publicly available information), weighted average expected life of the instrument, expected dividends, and the interest rate (based on the notional amount compounded annually (NACA) rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
5. Revenue and other income				
5.1 Revenue comprises:				
Equity derivatives fees	**131 591**	116 674	**131 591**	116 674
Commodity derivatives fees	**46 893**	43 432	**46 893**	43 432
Equities trading fees	**266 739**	185 605	**266 739**	185 605
Yield-X trading fees	**9 625**	637	**9 625**	637
Risk management, clearing and settlement fees	**157 744**	122 247	**157 744**	122 247
Strate ad valorem fees	**91 367**	82 963	**91 367**	82 963
Information sales	**96 563**	79 534	**96 563**	79 534
Membership fees	**6 895**	6 557	**6 895**	6 557
Listing fees	**69 134**	85 888	**69 134**	85 888
Broker deal accounting services	**147 528**	112 932	**147 528**	112 932
Funds management	**47 491**	40 957	**73 016**	62 204
	1 071 570	877 426	**1 097 095**	898 673
5.2 Other income comprises:				
Investor Protection Funds	**9 074**	29 247	**–**	–
– dividend income	**4 707**	5 712	**–**	–
– gain on disposal of available-for-sale financial assets transferred from equity	**4 367**	23 535	**–**	–
Rental income	**3 420**	1 692	**3 420**	1 692
Foreign exchange profit	**10 424**	–	**10 424**	–
Profit on sale of associated company	**–**	1 492	**–**	1 576
Receipt from contractor*	**–**	74 561	**–**	74 561
Bad debt recovered	**10 403**	–	**10 403**	–
Sundry income	**6 484**	5 001	**13 811**	10 947
	39 805	111 993	**38 058**	88 776

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

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

	Note	Group 2008 R'000	Group 2007 R'000	Exchange 2008 R'000	Exchange 2007 R'000
6. Profit before taxation comprises:					
6.1 Personnel expenses					
Remuneration paid to employees		**161 062**	115 835	**161 062**	115 835
Contribution to defined contribution plans		**6 227**	6 302	**6 227**	6 302
Directors' emoluments		**24 844**	39 159	**24 844**	39 159
– executive directors, for services as directors	28.1	**21 296**	36 240	**21 296**	36 240
– non-executive directors	28.3	**3 548**	2 919	**3 548**	2 919
Long-term incentive scheme	19	**35 851**	64 829	**35 851**	64 829
– (Write-back)/charge in respect of first tranche		**(19 538)**	28 650	**(19 538)**	28 650
– Charge in respect of second tranche		**783**	696	**783**	696
– Charge in respect of second tranche hedge		**27 364**	–	**27 364**	–
– Replacement scheme	18.5	**27 242**	–	**27 242**	–
– Total accelerated pay-out		**–**	35 483	**–**	35 483
* accelerated pay-out to executive directors	28.1	**–**	17 859	**–**	17 859
* accelerated pay-out to other key executives	28.2	**–**	25 124	**–**	25 124
* accelerated pay-out to other employees		**–**	10 359	**–**	10 359
* executive directors' pay-out included in directors' emoluments	28.1	**–**	(17 859)	**–**	(17 859)
Remuneration paid other than to employees for technical services		**10 581**	3 944	**10 581**	3 944
		238 565	230 069	**238 565**	230 069

	Group		Exchange	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
6.2 Other expenses				
are arrived at after taking into account:				
Amortisation of intangible assets	**18 059**	23 126	**18 059**	23 126
Auditors' remuneration	**4 097**	4 272	**3 090**	3 266
– audit fee	**2 198**	2 001	**1 682**	1 485
– fees for other assurance services	**397**	526	**397**	526
– fees for other services	**1 251**	1 297	**901**	947
– prior year under-accrual	**250**	448	**110**	308
Consulting fees	**21 305**	12 192	**21 305**	12 192
– strategic	**220**	525	**220**	525
– other	**21 085**	11 667	**21 085**	11 667
Depreciation	**27 579**	6 688	**27 579**	6 688
– computer hardware	**12 244**	1 057	**12 244**	1 057
– furniture and equipment	**2 247**	2 155	**2 247**	2 155
– leased assets	**9 560**	–	**9 560**	–
– leasehold improvements	**3 523**	3 467	**3 523**	3 467
– vehicles	**5**	9	**5**	9
Foreign exchange loss	**–**	517	**–**	517
Impairment of available-for-sale equity securities	**9 811**	–	**–**	–
Impairment of government grant	**–**	4 285	**–**	4 285
Impairment of intangible assets	**8 700**	–	**8 700**	–
Impairment of trade receivables	**389**	(36)	**389**	(36)
Insurance premium	**8 069**	11 101	**–**	–
Legal fees	**4 460**	2 833	**4 460**	2 833
Loss on disposal of available-for-sale financial assets transferred from equity	**979**	–	**–**	–
Mainframe operations	**50 623**	45 558	**50 623**	45 558
Operating lease charges	**33 009**	29 108	**33 009**	29 108
– building	**31 115**	27 092	**31 115**	27 092
– office equipment	**1 894**	2 016	**1 894**	2 016
Other computer operations	**16 473**	53 951	**16 473**	53 951
Software maintenance	**40 531**	36 894	**40 531**	36 894
Strate ad valorem fees	**91 367**	82 963	**91 367**	82 963

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

	Group		Exchange	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
6. Profit before taxation (continued)				
6.2 Other expenses (continued)				
Administration fees	**6 283**	–	**6 283**	–
Arbitration settlement	**3 500**	–	**3 500**	–
Black shareholders' retention scheme	**38 248**	52 605	**38 248**	52 605
JEF shares	**–**	30 364	**–**	30 364
Marketing and advertising	**20 822**	17 398	**20 822**	17 398
Recruitment fees	**5 335**	1 312	**5 335**	1 312
Swift charges	**4 167**	4 058	**4 167**	4 058
Transaction charges	**19 141**	17 599	**19 141**	17 599
Other expenses	**51 334**	46 380	**44 932**	36 081
	484 281	483 168	**458 013**	460 762
6.3 Interest received				
Own funds	**91 294**	55 780	**95 112**	55 780
Investor Protection Funds	**5 926**	4 384	**–**	–
Interest received on collateral deposits	**9 810**	9 523	**9 810**	9 523
Interest received on margin deposits	**2 095 321**	1 360 385	**18 461**	6 626
– equities	**18 461**	6 626	**18 461**	6 626
– derivatives	**2 076 860**	1 353 759	**–**	–
	2 202 351	1 430 072	**123 383**	71 929
6.4 Interest paid				
Interest paid on all funds excluding collateral and margin deposits	**6 125**	3 213	**6 125**	3 213
Interest paid on collateral deposits	**1 619**	1 034	**1 619**	1 034
Interest paid on margin deposits	**2 059 664**	1 328 696	**18 651**	6 895
– equities	**18 651**	6 895	**18 651**	6 895
– derivatives	**2 041 013**	1 321 801	**–**	–
	2 067 408	1 332 943	**26 395**	11 142

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
7. Income tax expense				
7.1 Taxation				
Current tax expense				
– current year	**179 948**	118 973	**179 582**	118 901
Secondary tax on companies				
– current year	**10 336**	8 791	**10 336**	8 791
Capital gains tax				
– current year	**–**	15 378	**–**	15 378
Deferred tax asset				
– origination or reversal of taxable temporary differences	**(11 676)**	(9 903)	**(11 676)**	(9 903)
Deferred tax liability				
– origination or reversal of taxable temporary differences	**1 524**	(1 301)	**1 524**	(1 301)
	180 132	131 938	**179 766**	131 866

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

7. Income tax expense (continued)

	Group		Exchange	
	2008 %	2007 %	**2008 %**	2007 %
7.2 Reconciliation of effective tax rate				
Current tax rate	**28,00**	29,00	**28,00**	29,00
Adjusted for:				
– Tax exempt income	**(1,13)**	(5,22)	**(0,38)**	(3,67)
– Reduction in tax rate	**(0,95)**	–	**(1,87)**	–
– Non–deductible expenses	**6,27**	5,09	**5,89**	7,01
– Secondary tax on companies	**1,86**	2,17	**1,93**	0,25
– Capital gains tax	**–**	3,80	**–**	4,30
– Share of profit of equity accounted investees	**(1,57)**	(2,28)	**–**	–
	32,48	32,56	**33,57**	36,89

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

JSE Limited	28% (2007: 29%)
SAFEX Clearing Company (Proprietary) Limited	28% (2007: 29%)
Strate Limited	28% (2007: 29%)
Satrix Managers (Proprietary) Limited	28% (2007: 29%)
JSE Trustees (Proprietary) Limited	28% (2007: 29%)
JSE Derivatives Fidelity Fund Trust	0% (2007: 0%)
JSE Guarantee Fund Trust	0% (2007: 0%)

8. Earnings, diluted earnings and headline earnings per share

8.1 Basic earnings per share

The calculation of basic earnings per share at 31 December 2008 of 439,7 (2007: 321,3) cents per share was based on profit for the year of R374,4m (2007: R273,2m) and a weighted average number of ordinary shares of 85 140 050 (2007: 85 038 891) calculated as follows:

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
Profit for the year	**374 357**	273 238	**355 797**	225 539
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**85 140 050**	84 705 663	**85 140 050**	84 705 663
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	**85 140 050**	85 038 891	**85 140 050**	85 038 891
Basic earnings per share (cents)	**439,7**	321,3	**417,9**	265,2

8.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2008 of 434,0 (2007: 318,7) cents per share was based on the profit for the year of R374,4m (2007: R273,2m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 266 616 (2007: 85 722 712) calculated as follows:

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
Profit for the year	**374 357**	273 238	**355 797**	225 539
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 140 050**	85 038 891	**85 140 050**	85 038 891
Effect of share options in issue	**1 126 566**	683 821	**1 126 566**	683 821
Weighted average number of ordinary shares (diluted)	**86 266 616**	85 722 712	**86 266 616**	85 722 712
Diluted earnings per share (cents)	**434,0**	318,7	**412,4**	263,1

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.

8. Earnings, diluted earnings and headline earnings per share (continued)

8.3 Headline earnings per share

The calculation of headline earnings per share at 31 December 2008 of 456,9 (2007: 292,1) cents per share was based on headline earnings of R389,0m (2007: R248,4m) and a weighted average number of ordinary shares of 85 140 050 (2007: 85 038 891) during the year as calculated in note 8.1.

Reconciliation of headline earnings:

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
Profit for the year	**374 357**	273 238	**355 797**	225 539
Adjustments, net of tax, are made for the following:				
Loss on sale of property and equipment	**2**	*	**–**	*
Impairment of intangible assets	**8 700**	–	**8 700**	–
Impairment of available-for-sale equity securities	**9 811**	–	**–**	–
Profit on sale of associated company	**–**	(1 283)	**–**	(1 347)
Profit on realisation of available-for-sale instruments	**(3 883)**	(23 535)	**–**	–
Headline earnings	**388 987**	248 420	**364 497**	224 192
Headline earnings per share (cents)	**456,9**	292,1	**428,1**	263,6

* Less than R1 000.

	Group	
	2008	**2007**
8.4 Effect on earnings and net asset value per share of Investor Protection Funds		
The contribution these funds make to the Group is as follows:		
Basic (loss)/earnings per share (cents)	**(6,6)**	24,7
Diluted (loss)/earnings per share (cents)	**(6,5)**	24,5
Headline loss per share (cents)	**(11,1)**	(3,0)
Net asset value per share (cents)	**267,2**	317,4

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 annual financial statements

for the year ended 31 December 2008 (continued)

	Computer hardware R'000	Furniture and equipment R'000	Leasehold improve-ments R'000	Vehicles R'000	Total owned assets R'000	Finance lease assets R'000	Total assets R'000
9. Property and equipment							
Group and Exchange							
9.1 Cost							
2008							
Balance at 1 January 2008	**12 370**	**26 160**	**52 581**	**101**	**91 212**	**–**	**91 212**
Additions	**46 511**	**2 317**	**2 698**	**163**	**51 689**	**15 712**	**67 401**
Balance at 31 December 2008	**58 881**	**28 477**	**55 279**	**264**	**142 901**	**15 712**	**158 613**
2007							
Balance at 1 January 2007	8 305	25 403	52 554	101	86 363	–	86 363
Additions	4 065	759	27	–	4 851	–	4 851
Disposals	–	(2)	–	–	(2)	–	(2)
Balance at 31 December 2007	12 370	26 160	52 581	101	91 212	–	91 212
9.2 Depreciation							
2008							
Balance at 1 January 2008	**6 915**	**15 170**	**24 732**	**101**	**46 918**	**–**	**46 918**
Depreciation charge for the year	**12 244**	**2 247**	**3 523**	**5**	**18 020**	**9 560**	**27 580**
Balance at 31 December 2008	**19 159**	**17 417**	**28 255**	**106**	**64 938**	**9 560**	**74 498**
2007							
Balance at 1 January 2007	5 858	13 015	21 265	92	40 230	–	40 230
Depreciation charge for the year	1 057	2 155	3 467	9	6 688	–	6 688
Balance at 31 December 2007	6 915	15 170	24 732	101	46 918	–	46 918
9.3 Carrying amounts							
2008							
At 31 December 2007	5 455	10 990	27 849	–	44 294	–	44 294
At 31 December 2008	**39 721**	**11 060**	**27 024**	**158**	**77 963**	**6 151**	**84 115**
2007							
At 31 December 2006	2 447	12 388	31 289	9	46 133	–	46 133
At 31 December 2007	5 455	10 990	27 849	–	44 294	–	44 294

	Computer software R'000	Software under development R'000	Total owned assets R'000
10. Intangible assets			
Group and Exchange			
10.1 Cost			
2008			
Balance at 1 January 2008	**175 189**	**104 917**	**280 106**
Additions	**1 835**	**87 967**	**89 802**
Transfer to computer software	**22 473**	**(22 473)**	**–**
Balance at 31 December 2008	**199 497**	**170 411**	**369 908**
2007			
Balance at 1 January 2007	97 274	157 051	254 325
Additions	308	25 473	25 781
Transfer to computer software	77 607	(77 607)	–
Balance at 31 December 2007	175 189	104 917	280 106
10.2 Amortisation and impairment losses			
2008			
Balance at 1 January 2008	**106 583**	**3 803**	**110 386**
Impairment losses	**–**	**8 700**	**8 700**
Amortisation charge for the year	**18 059**	**–**	**18 059**
Balance at 31 December 2008	**124 642**	**12 503**	**137 145**
2007			
Balance at 1 January 2007	83 457	3 803	87 260
Amortisation charge for the year	23 126	–	23 126
Balance at 31 December 2007	106 583	3 803	110 386
10.3 Carrying amounts			
2008			
At 31 December 2007	68 606	101 114	169 720
At 31 December 2008	**74 855**	**157 908**	**232 763**
2007			
At 31 December 2006	13 817	153 248	167 065
At 31 December 2007	68 606	101 114	169 720

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

		Group		Exchange	
		2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
11.	**Other investments**				
11.1	**Investor Protection Funds financial assets**				
11.1.1	**JSE Derivatives Fidelity Fund Trust**				
	Bonds – fair value	**5 987**	5 092	**–**	–
	Listed equities – fair value	**34 128**	42 920	**–**	–
	Foreign unit trusts – fair value	**12 025**	10 065	**–**	–
		52 140	58 077	**–**	–
11.1.2	**JSE Guarantee Fund Trust**				
	Bonds – fair value	**14 898**	12 655	**–**	–
	Listed equities – fair value	**93 028**	122 823	**–**	–
	Foreign unit trusts – fair value	**32 764**	28 342	**–**	–
	Local unit trusts – fair value	**1 191**	1 747	**–**	–
		141 881	165 567	**–**	–
	Total	**194 021**	223 644	**–**	–
11.2	**Other**				
	Emerging Enterprise Zone (Proprietary) Limited*	**1**	1	**1**	1
	Open Outcry Investment Holdings Limited*	**1**	1	**1**	1
	Indexco Limited, Indexco II Limited and Indexco III Limited*	**1**	1	**1**	1
	Stock Exchange Nominees (Proprietary) Limited	**1**	1	**1**	1
	Total	**4**	4	**4**	4
	Total other investments	**194 025**	223 648	**4**	4

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

The listed equities held in the Investor Protection Funds were impaired by R9,8m (2007: Rnil) in the current year.

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
12. Investments in equity accounted investees				
12.1 Carrying amount				
Strate Limited				
Carrying amount at beginning of year	**58 942**	54 063	**21 416**	42 413
– Acquisition of shares	**–**	12 413	**–**	12 413
– Capital distribution	**–**	(33 410)	**–**	(33 410)
– Dividends received	**(7 327)**	(5 954)	**–**	–
– Share of profit	**31 001**	31 830	**–**	–
Carrying amount at end of year	**82 616**	58 942	**21 416**	21 416
Indexco Managers (Proprietary) Limited				
Carrying amount at beginning of year	**15**	4	*****	*
– Share of profit	**16**	11	**–**	–
Carrying amount at end of year	**31**	15	*****	*
Satrix Managers (Proprietary) Limited				
– Carrying amount at beginning of year	**–**	52	**–**	*
– Share of profit	**–**	24	**–**	–
– Disposal of shares	**–**	(76)	**–**	*
Carrying amount at end of year	**–**	–	**–**	*
Total investments in equity accounted investees	**82 647**	58 957	**21 416**	21 416

* Less than R1 000.

During the course of 2007, the JSE disposed of its shareholding in Satrix Managers (Proprietary) Limited. Refer to notes 5.2 and 12.2.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

	Strate Limited		Indexco Managers (Proprietary) Limited		Satrix Managers (Proprietary) Limited		Total	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**	**2008 R'000**	**2007 R'000**	**2008 R'000**	**2007 R'000**
12. Investments in equity accounted investees (continued)								
12.2 Group share of post acquisition profit								
Share of opening accumulated profit	**43 480**	11 650	**15**	4	**–**	52	**43 495**	11 706
Share of profit after tax	**31 001**	31 830	**16**	11	**–**	24	**31 017**	31 865
Disposal of shareholding	**–**	–	**–**	–	**–**	(76)	**–**	(76)
Share of closing accumulated profit	**74 481**	43 480	**31**	15	**–**	–	**74 512**	43 495
12.3 Summarised financial statements at 31 December								
Non-current assets	**62 401**	47 766	**–**	–	**–**	–	**62 401**	47 766
Current assets	**148 300**	92 831	**929**	843	**–**	–	**149 229**	93 674
Total assets	**210 701**	140 597	**929**	843	**–**	–	**211 630**	141 440
Equity	**187 102**	123 099	**68**	21	**–**	–	**187 170**	123 120
Non-current liabilities	**2 683**	4 352	**21**	17	**–**	–	**2 704**	4 369
Current liabilities	**20 916**	13 146	**840**	805	**–**	–	**21 756**	13 951
Total equity and liabilities	**210 701**	140 597	**929**	843	**–**	–	**211 630**	141 440
Revenue	**271 897**	246 804	**87**	77	**–**	–	**271 984**	246 881
Expenses	**(158 839)**	(130 140)	**(22)**	(29)	**–**	–	**(158 861)**	(130 169)
Taxation	**(33 712)**	(35 503)	**(18)**	(14)	**–**	–	**(33 730)**	(35 517)
Profit for the year	**79 346**	81 161	**47**	34	**–**	–	**79 393**	81 195

	Carrying amount R'000	Effective group holding 2008 %	2007 %	Number of shares held 2008	2007	Directors' valuation 2008 R'000	2007 R'000
12.4 Unlisted associated companies							
Group							
Strate Limited	**82 616**	**44,55**	44,55	**4 346**	4 346	**311 826**	311 826
Indexco Managers (Proprietary) Limited	**31**	**33,33**	33,33	**50**	50	**31**	15
	82 647			**4 396**	4 396	**311 857**	311 841
Exchange							
Strate Limited	**21 416**	**44,55**	44,55	**4 346**	4 346	**311 826**	311 826
Indexco Managers (Proprietary) Limited	*	**33,33**	33,33	**50**	50	**31**	15
	21 416			**4 396**	4 396	**311 857**	311 841

* Less than R1 000.

	Issued share capital	Percentage holding 2008 %	2007 %	Value of shares held 2008 R'000	2007 R'000
13. Subsidiaries					
13.1 SAFEX Clearing Company (Proprietary) Limited					
– ordinary shares of 12,5 cents each	**8 300**	**100**	11	**1**	1
– zero-coupon redeemable convertible preference shares of 12,5 cents each	**160**	**100**	100	**3 200**	3 200
				3 201	3 201

The JSE has full management control over SAFEX Clearing Company (Proprietary) Limited.

In October 2008, the JSE acquired an additional 89 percent interest in SAFEX Clearing Company (Proprietary) Limited for R922,25 in cash, increasing its shareholding from 11 percent to 100 percent.

The zero-coupon redeemable convertible preference shares are redeemable or convertible at the option of SAFEX Clearing Company (Proprietary) Limited. This is consistent with prior years.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

13. Subsidiaries (continued)

13.2 JSE Trustees (Proprietary) Limited	Issued share capital	Percentage holding 2008 %	Percentage holding 2007 %	Value of shares held 2008 R'000	Value of shares held 2007 R'000
– 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.

13.3 Investor Protection Funds

In terms of Section 9.1(e) of the Securities Services Act No 36, of 2004, 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 2008 R'000	Exchange 2007 R'000
13.4 Amounts due from group entities		
SAFEX Clearing Company (Proprietary) Limited	**3 169**	3 497
JSE Guarantee Fund Trust	**43**	–
JSE Derivatives Fidelity Fund Trust	**43**	23
JSE Trustees (Proprietary) Limited	**4 425**	3 522
	7 680	7 042
13.5 Amounts due to group entities		
JSE Guarantee Fund Trust	**–**	400

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

	Group		Exchange		Investor Protection Funds	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000	2008 R'000	2007 R'000
14. Trade and other receivables						
Trade receivables	**81 902**	70 694	**81 902**	70 694	**–**	–
Prepaid expenses	**12 765**	13 077	**9 582**	8 177	**3 169**	4 900
Interest receivable	**103 793**	138 897	**2 840**	3 668	**274**	530
Other receivables	**5 644**	9 563	**5 497**	8 715	**–**	1 072
	204 104	232 231	**99 821**	91 254	**3 443**	6 502

The ageing analysis of trade receivables is as follows:

	Group		Exchange		Investor Protection Funds	
At 31 December 2008	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Fully performing: 0 – 30 days	**78 515**	**16**	**78 515**	**16**	**–**	**–**
Past due: 31 – 90 days	**1 124**	**16**	**1 124**	**16**	**–**	**–**
Past due: More than 90 days	**3 084**	**789**	**3 084**	**789**	**–**	**–**
Total	**82 723**	**821**	**82 723**	**821**	**–**	**–**
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	–	–

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

14. Trade and other receivables (continued)

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

	Group		Exchange		Investor Protection Funds	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**	**2008 R'000**	**2007 R'000**
At 1 January	**687**	723	**687**	723	**–**	–
Increase/(decrease) in allowance for impairment	**389**	(36)	**389**	(36)	**–**	–
Receivables written off during the year as uncollectible	**(255)**	–	**(255)**	–	**–**	–
At 31 December	**821**	687	**821**	687	**–**	–

All trade receivables are individually assessed taking into consideration the customers' payment record and industry in which the entity operates.

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

The Group's exposure to currency and credit risks related to trade and other receivables (excluding prepaid expenses) are disclosed in note 29.2 and note 29.6 respectively.

15. 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 financial institutions.

		Group		Exchange		Investor Protection Funds	
		2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**	**2008 R'000**	**2007 R'000**
15.1	**Margin deposits**						
	– equities	**91 222**	104 132	**91 222**	104 132	**–**	–
	– derivatives funds held by SAFEX Clearing Company (Proprietary) Limited	**14 661 571**	17 443 962	**–**	–	**–**	–
		14 752 793	17 548 094	**91 222**	104 132	**–**	–
15.2	**Collateral deposits**	**74 320**	186 264	**74 320**	186 264	**–**	–

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 R74,3m (2007: R186,3m) have been lodged as security against securities lending transactions with a market value of R57,9m (2007: R163,9m).

	Group		Exchange		Investor Protection Funds	
	2008 **R'000**	**2007** **R'000**	**2008** **R'000**	**2007** **R'000**	**2008** **R'000**	**2007** **R'000**
16. Cash and cash equivalents						
Cash and cash equivalents comprises:						
Bank balances	**112 614**	282 311	**112 531**	281 508	**82**	82
Call deposits	**833 727**	482 234	**741 891**	405 868	**30 584**	40 272
	946 341	764 545	**854 422**	687 376	**30 666**	40 354

The effective interest rate on call deposits during 2008 was 11,11 percent (2007: 9,11 percent). The deposits had an average maturity of six days (2007: thirteen days).

	Group		Exchange	
	2008 **R'000**	**2007** **R'000**	**2008** **R'000**	**2007** **R'000**
17. Share capital and reserves				
17.1 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 No 61 of 1973, (as amended), 5 percent 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 2008 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 percent of the issued share capital of the Company until the forthcoming annual general meeting.

	Group		Exchange	
17.2 Issued share capital	**2008** **R'000**	**2007** **R'000**	**2008** **R'000**	**2007** **R'000**
85 140 050 ordinary shares with a par value of 10 cents per share	**8 514**	8 514	**8 514**	8 514

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

	Group		Exchange	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
17. Share capital and reserves (continued)				
17.3 Share capital and reserves				
Share capital (refer to note 17.2)	**8 514**	8 514	**8 514**	8 514
Share premium	**162 779**	162 779	**162 779**	162 779
Non-distributable reserve (arising on change in Strate Limited shareholding)	**10 058**	10 058	**–**	–
Investor Protection Funds	**227 497**	270 194	**–**	–
Fair value reserve [1]	**46 576**	83 684	**–**	–
– JSE Derivatives Fidelity Fund Trust	**5 093**	13 450	**–**	–
– JSE Guarantee Fund Trust	**41 483**	70 234	**–**	–
Capital and accumulated funds	**180 921**	186 510	**–**	–
– JSE Derivatives Fidelity Fund Trust [2]	**56 551**	57 774	**–**	–
– JSE Guarantee Fund Trust [3]	**124 370**	128 736	**–**	–
BBBEE reserve [4]	**165 503**	127 371	**165 503**	127 371
– Shares issued to the JSE Empowerment Fund	**69 024**	69 024	**69 024**	69 024
– Black shareholders' retention scheme	**96 479**	58 347	**96 479**	58 347
Retained earnings	**799 141**	529 762	**746 920**	501 689
Total	**1 373 492**	1 108 678	**1 083 716**	800 353

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

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 ringfenced 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):

i) JSE Empowerment Fund

The JSE Empowerment Fund (JEF) 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 tranches totalling 1 303 163 JSE shares were issued during 2006 (R38,7m). The remainder of 434 387 JSE shares were issued in one tranche during 2007 (R30,3m). This represented the final issue of the 1 737 550 JSE shares that were set aside to be issued to JEF at par for cash.

ii) Black Shareholder Retention Scheme (the BBBEE Scheme)

The BBBEE Scheme was established to encourage Qualifying Black Shareholders to retain their Qualifying Black Shareholding until 1 June 2011 via the issue of options to subscribe for shares. The granting of options was 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 was 20 percent 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. These options are exercisable during June 2011. They are not transferable.

On 1 June 2008, 578 968 (2007: 579 132) options amounting to R33,5m (2007: R41,5m) were issued to Qualifying Black Shareholders. This was the third and final tranche of options issued. The cost was recognised at the granting of the tranche since the grant vested immediately.

The following assumptions, using Black-Scholes valuation methodology, were used to calculate the financial impact:

	2008	2007
Strike price	**R 14,07**	R 15,17
Exercise date	**June 2011**	June 2011
Dividend yield	**1,81%**	0,21%
Volatility	**36,14%**	31,51%
Risk free rate	**12,24%**	9,28%
Number of options granted during the year	**578 968**	579 132

Replacement options issued to the JSE Empowerment Fund
During the year 81 290 (2007: 154 263) lapsed options were reissued to JEF at a cost of R4,7m (2007: R11,1m). Refer to note 17.4.

Lapsed options
During the year 4 441 (2007: 231 379) options with a cost of R0,1m (2007: R5,9m) lapsed. Refer to note 17.4.

As this transaction is equity settled, the total cost of R38,1m (2007: R46,7m) has been credited to the BBBEE reserve.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

17. Share capital and reserves (continued)

17.4 Reconciliation of share options

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

	First tranche		Second tranche		Third tranche		Total
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Number of options
2008 Group and Exchange							
Outstanding at 1 January 2008	**R 72,61**	**372 179**	**R 79,41**	**709 020**	**–**	**–**	**1 081 199**
Re-issued during the year		**(3 833)**		**(228)**		**(380)**	**(4 441)**
Granted during the year		**–**		**–**		**578 968**	**578 968**
Re-issued during the year		**–**		**–**		**81 290**	**81 290**
Outstanding at 31 December 2008	**R 55,06**	**368 346**	**R 55,06**	**708 792**	**R 49,82**	**659 878**	**1 737 016**
Exercisable at 31 December 2008		**–**		**–**		**–**	**–**

No options were exercised during the year.

The Board of Directors authorised a maximum of 1 737 550 options be made available to Qualifying Black Shareholders in three separate tranches over a period of three years effective from 2006. All calculations were rounded down resulting in a difference of 534 between the actual issue of 1 737 016 and the maximum number of 1 737 550 options authorised.

Refer to note 17.3 footnote 4(ii).

	First tranche		Second tranche		Total
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Number of options
2007 Group and Exchange					
Outstanding at 1 January 2007	R 28,81	579 183		–	579 183
Forfeited during the year		(207 004)		(24 375)	(231 379)
Granted during the year		–	R 81,43	579 132	579 132
Re-issued during the year		–		154 263	154 263
Outstanding at 31 December 2007	R 72,61	372 179	R 79,41	709 020	1 081 199
Exercisable at 31 December 2007		–		–	–

No options were exercised during the year.

18. Employee benefits

	Note	2008 R'000	2007 R'000
18.1 Group and Exchange			
Non-current liabilities		**51 336**	45 280
Leave pay accrual		**9 966**	8 822
Compensation on termination of contract		**3 137**	2 973
Cash settled share-based payment liability	19	**10 991**	33 235
Deferred cash bonus	18.5	**27 242**	–
Other accruals		**–**	250
Current liabilities		**50 071**	37 191
Performance bonus provision		**11 689**	9 597
Special bonus	18.3	**7 301**	–
Cash settled share-based payment liability	19	**31 081**	27 594

18.2 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 of 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.

18.3 Special bonus

In light of the outstanding financial results, the Board of Directors awarded satisfactorily performing JSE employees who had been with the JSE during 2008 and who joined the JSE before 2 November 2008, a special bonus of R29,2m (2007: R19,1m); 75 percent of this bonus was paid during December 2008, with the remaining 25 percent payable during the second quarter of 2009 subject to the condition that the amount set aside be covered by the JSE's net profit after tax in the ratio required by the Board. Included in the total special bonus is an amount of R12,6m (2007: R8,7m) awarded to executive directors and other key executives.

18.4 Deferred compensation

In terms of Company policy, deferred compensation depends on satisfactory personal and Company performance. Fifty percent 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.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

18. Employee benefits (continued)

18.5 Replacement of the current long-term incentive scheme ("LTIS")

At the Board meeting in November 2008 it was agreed that an amount not exceeding 10 percent of the estimated net profit after tax of the Exchange be set aside for a long-term incentive scheme to replace the current scheme. In 2008 this amounted to R34m. Due to a change in the tax legislation one of the elements of the Board's preferred retention scheme was rendered ineffective. The Board subsequently decided not to pursue the preferred retention scheme but as an interim step decided to award a cash bonus to staff vesting in three tranches in the form of deferred compensation – 50 percent at 31 December 2011, 25 percent at 31 December 2012 and 25 percent at 31 December 2013. This resulted in a net present value effect to profits in 2008 of R27,2m.

18.6 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 was obtained and identification and assessment of the appropriate choice of vehicle for each pensioner is nearing completion.

19. Cash settled share-based payment liability

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 issued one tranche of Participation Interests effective 1 January 2006 and a second tranche of Participation Interests effective 1 December 2007.

As at 31 December Participation Interests held (after taking into account the Participation Interests that vested on 31 December 2008) were as follows:

	2008	2007
Executive directors (refer to note 28.4)	**895 375**	1 064 000
Other key executives (refer to note 28.5)	**735 791**	913 338
Other employees	**548 984**	835 512
	2 180 150	2 812 850

First tranche of Participation Interests

During November 2007, the Board agreed to accelerate 50 percent of the first tranche of Participation Interests due to 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 R45,3m. The remaining Participation Interests awarded in the first tranche vest 25 percent in December 2009 and 25 percent in December 2010. The second vesting of 25 percent of Participation Interests took place on 31 December 2008 and amounted to R18,0m.

The following assumptions, using Black-Scholes valuation methodology, were used to calculate the income statement fair value write-back of R19,5m:

	2008	**2007**
Base price	**R 8,31**	R 8,31
30 calendar day VWAP	**R 39,02**	R 85,03
Total number of Participation Interests in issue	**1 762 500**	1 762 500
Vesting date:		
25% of Participation Interests vest on 31 December 2008	**587 500**	587 500
25% of Participation Interests vest on 31 December 2009	**587 500**	587 500
25% of Participation Interests vest on 31 December 2010	**587 500**	587 500
Volatility	**52,52%**	26,63%
Dividend yield	**3,38%**	0,21%

Second tranche of Participation Interests

The second tranche of Participation Interests were issued at a Base Price of R85,45 in November 2007 and vest 50 percent in December 2010, 25 percent in December 2011 and 25 percent in December 2012. During January 2008, the JSE's exposure under this tranche was hedged through cash-settled European call options, with a view to establishing an economic hedge over the life of the issue. The resultant impact to the income statement for the year ended 31 December 2008 is a net fair value loss of R28,1m (2007: R0,7m).

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

	2008	**2007**
a) Second tranche of Participation Interests		
Base price	**R 85,45**	R 85,45
30 calendar day VWAP	**R 39,02**	R 85,03
Total number of Participation Interests in issue (difference in Participation Interests is due to staff resignations)	**1 005 150**	1 050 350
Vesting date:		
50% of Participation Interests vest on 31 December 2010	**502 575**	525 175
25% of Participation Interests vest on 31 December 2011	**251 287**	262 588
25% of Participation Interests vest on 31 December 2012	**251 288**	262 587
Volatility	**52,52%**	26,63%
Dividend yield	**3,38%**	0,21%

b) Derivative financial instruments – European call options

The same assumptions were used as for the second tranche of Participation Interests.
However the number of Participation Interests economically hedged is 1 050 350.

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for the year ended 31 December 2008 (continued)

	Assets		Liabilities		Net	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000	2008 R'000	2007 R'000
20. Deferred taxation assets and liabilities						
20.1 Deferred taxation assets and liabilities are attributable to the following:						
Group and Exchange						
Property and equipment	**–**	–	**(7 567)**	(8 077)	**(7 567)**	(8 077)
Operating lease liability	**22 065**	22 749	**–**	–	**22 065**	22 749
Employee benefits	**28 394**	23 055	**–**	–	**28 394**	23 055
Derivative financial instrument	**5 228**	–	**–**	–	**5 228**	–
Allowance for impairment losses	**172**	150	**–**	–	**172**	150
Prepayments	**–**	–	**(2 683)**	(2 371)	**(2 683)**	(2 371)
Finance lease asset	**–**	–	**(1 722)**	–	**(1 722)**	–
Finance lease liability	**1 658**	–	**–**	–	**1 658**	–
Income received in advance	**137**	24	**–**	–	**137**	24
Total	**57 654**	45 978	**(11 972)**	(10 448)	**45 682**	35 530

	Balance 31 December 2006 R'000	Recognised in income R'000	Balance 31 December 2007 R'000	Recognised in income R'000	Balance 31 December 2008 R'000
20.2 Movement in temporary differences during the year					
Group and Exchange					
Property and equipment	(9 073)	996	(8 077)	**510**	**(7 567)**
Operating lease liability	21 764	985	22 749	**(684)**	**22 065**
Government grants	(1 243)	1 243			
Employee benefits	13 916	9 139	23 055	**5 339**	**28 394**
Derivative financial instrument	–	–	–	**5 228**	**5 228**
Allowance for impairment losses	157	(7)	150	**22**	**172**
Prepayments	(1 433)	(938)	(2 371)	**(312)**	**(2 683)**
Share incentive scheme	137	(137)			
Finance lease asset	–	–	–	**(1 722)**	**(1 722)**
Finance lease liability	–	–	–	**1 658**	**1 658**
Income received in advance	102	(78)	24	**113**	**137**
Total	24 327	11 203	35 530	**10 152**	**45 682**

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

	Group		Exchange		Investor Protection Funds	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**	**2008 R'000**	**2007 R'000**

21. 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. None of these claims were resolved during 2008 (R2007: Rnil) and therefore no monies were released.

	Group 2008 R'000	Group 2007 R'000	Exchange 2008 R'000	Exchange 2007 R'000	Investor Protection Funds 2008 R'000	Investor Protection Funds 2007 R'000
Non-current liability	**942**	843	**942**	843	**–**	–
	942	843	**942**	843	**–**	–

22. Trade and other payables

	Group 2008 R'000	Group 2007 R'000	Exchange 2008 R'000	Exchange 2007 R'000	Investor Protection Funds 2008 R'000	Investor Protection Funds 2007 R'000
Trade payables	**53 477**	46 379	**51 413**	45 785	**633**	306
Interest payable	**154 061**	161 651	**5 008**	1 082	**–**	–
Income received in advance	**493**	84	**493**	84	**–**	–
	208 031	208 114	**56 914**	46 951	**633**	306

23. Derivative financial instruments

	Group 2008 R'000	Group 2007 R'000	Exchange 2008 R'000	Exchange 2007 R'000	Investor Protection Funds 2008 R'000	Investor Protection Funds 2007 R'000
European call options	**5 619**	–	**5 619**	–	**–**	–
	5 619	–	**5 619**	–	**–**	–

Refer to note 19 for further details.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

24. Contingent liabilities and Commitments

24.1 Contingent liabilities

24.1.1 The JSE has a contingent liability as a result of the JSE guaranteeing the settlement of central order book equities 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 of R16,6m (2007: R16m), the JSE Guarantee Fund Trust and the JSE's own trade monitoring system. The JSE retains reserves to meet this contingent liability.

24.1.2 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.

24.1.3 The JSE was 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 parties settled the matter on the basis that the JSE pay the supplier an amount of R3,5m in full and final settlement of the claim. This was reported as a contingent liability in the prior year.

24.1.4 The JSE has a contingent liability in respect of a guarantee of R0,7m issued to the Financial Services Board.

24.2 Commitments

24.2.1 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 percent per annum.

	Group		Exchange	
	2008 R'000	**2007 R'000**	**2008 R'000**	**2007 R'000**
Total future minimum lease payments under non-cancellable operating lease:				
Not later than one year	**34 148**	30 764	**34 148**	30 764
Between one and five years	**163 245**	150 691	**163 245**	150 691
Later than five years	**88 844**	135 546	**88 844**	135 546
	286 237	317 001	**286 237**	317 001
24.2.2 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, in Pound Sterling.				
Total future minimum payments:				
Not later than one year	**13 903**	13 977	**13 903**	13 977
Between one and five years	**31 283**	45 426	**31 283**	45 426
	45 186	59 403	**45 186**	59 403

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

24.2.3 As part of the termination of the outsourced IT operations, certain contracts were assigned to the JSE and have been classified as finance leases.

	Group		Exchange	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Total future minimum payments:				
Not later than one year	**3 518**	–	**3 518**	–
Between one and five years	**2 402**	–	**2 402**	–
	5 920	–	**5 920**	–

24.2.4 The JSE is proposing the Scheme of Arrangement between Bond Exchange of South Africa (BESA) and its Shareholders. Should the Scheme become operative, BESA will become a wholly owned subsidiary of the JSE and Scheme Participants will receive R125 in cash for every Scheme Share held on the Scheme Consideration Record Date. The Scheme has been approved by the requisite majority of Scheme Members at the Scheme Meeting. Should the Court refuse to sanction the Scheme, the Scheme will fail and the JSE will be obliged forthwith to make the Substitute Offer to the Shareholders. In terms of the Substitute Offer, the Shareholders will receive the R125 in cash for each Share held by them.

25. Related parties

25.1 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 R685,1m (2007: R507,5m) for the year. These transactions are conducted on an arm's length basis.

Allowance for impairment losses in respect of related parties as at 31 December 2008 was Rnil (2007: Rnil).

The associated companies and subsidiaries of the Group are identified in notes 12 and 13 respectively. Amounts due to associated companies at 31 December 2008 amounted to R8,0m (2007: R6,8m)

The directors are listed in the Corporate Governance report.

25.2 Material related party transactions

Strate ad valorem fees	– refer to notes 5.1 and 6.2
Amounts due to and from subsidiaries	– refer to notes 13.4 and 13.5
Amounts due to associate companies	– refer to note 12.1
Directors' emoluments	– refer to notes 28.1 and 28.4
Other key executives	– refer to notes 28.2 and 28.5

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

Normal trading terms apply to the amounts due to JSE.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

	Group		Exchange		Investor Protection Funds	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000	2008 R'000	2007 R'000
26. Notes to the cash flow statements						
Cash generated by operations						
Profit/(loss) for the year before tax	**554 489**	405 176	**535 563**	357 405	**(5 588)**	21 017
Adjustment for non-cash and separately disclosable items:						
– depreciation of property and equipment	**27 579**	6 688	**27 579**	6 688	**–**	–
– amortisation of intangible assets	**18 059**	23 126	**18 059**	23 126	**–**	–
– impairment of intangible assets	**8 700**	–	**8 700**	–	**–**	–
– BBBEE expenses	**38 248**	82 969	**38 248**	82 969	**–**	–
– impairment of available-for-sale equity securities	**9 811**	–	**–**	–	**9 811**	–
– attributable profit of equity accounted investees	**(31 017)**	(31 865)	**–**	–	**–**	–
– interest paid	**2 067 408**	1 332 943	**26 395**	11 142	**–**	–
– interest received	**(2 202 351)**	(1 430 072)	**(123 383)**	(71 929)	**(5 926)**	(4 384)
– dividend income	**(4 707)**	(5 712)	**(7 327)**	(5 954)	**(4 707)**	(5 712)
– European call options	**27 366**	–	**27 366**	–	**–**	–
– VAT expense	**872**	–	**–**	–	**–**	–
– profit on sale of Satrix Holdings (Proprietary) Limited	**–**	(1 492)	**–**	(1 576)	**–**	–
– net realised gain on disposal of investment securities	**(3 388)**	(23 535)	**–**	–	**(3 388)**	(23 535)
Surplus/(deficit) from operations before working capital changes	**511 069**	358 226	**551 200**	401 871	**(9 798)**	(12 614)
– (Increase)/decrease in trade and other receivables	**(7 630)**	(25 323)	**(10 033)**	(30 824)	**2 420**	(34)
– Increase in trade and other payables, and employee benefits	**36 567**	46 975	**35 331**	47 134	**327**	109
Cash generated/(utilised) from operating activities	**540 006**	379 878	**576 498**	418 181	**(7 051)**	(12 539)

27. 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.

28. Directors' and executives' remuneration

28.1 Executive directors

		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	Accele-rated LTIS payment R'000	Total R'000
2008								
R M Loubser	Chief Executive Officer	**1 000**	**2 364**	**5 316**	**619**	**52**	**–**	**8 351**
N F Newton-King	Deputy Chief Executive Officer	**3 400**	**1 566**	**2 009**	**132**	**62**	**–**	**3 769**
L V Parsons	Chief Operating Officer	**2 000**	**1 320**	**1 439**	**352**	**55**	**–**	**3 166**
J H Burke	Director: Issuer Services	**1 000**	**1 532**	**1 789**	**129**	**55**	**–**	**3 505**
F M Evans	Chief Financial Officer (appointed to the Board 25 April 2008)	**1 000**	**1 197**	**1 189**	**99**	**20**	**–**	**2 505**
		8 400	**7 979**	**11 742**	**1 331**	**244**	**–**	**21 296**
2007								
R M Loubser	Chief Executive Officer	1 000	2 329	4 389	498	53	5 786	13 055
N F Newton-King	Deputy Chief Executive Officer	3 400	1 465	1 400	123	57	3 510	6 555
L V Parsons	Chief Operating Officer	2 000	1 235	1 263	329	50	3 510	6 387
J H 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

* The Board of Directors has allocated an amount of R34m to be distributed amongst JSE employees who are selected to participate in the 2008 Cash Bonus LTIS. The Board has not yet completed either the exercise of determining which employees should be selected to participate or the extent of their participation if selected. Accordingly, the table of executive remuneration does not include any allocation to JSE executives. This allocation will be reflected in the JSE's next published financial information.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

28. Directors' and executives' remuneration (continued)

28.2 Other key 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	Total R'000
2008							
G C Clarke	Company Secretary	**1 000**	**998**	**828**	**86**	**62**	**1 974**
D J Davidson	Director: Clearing and Settlement	**1 000**	**1 326**	**1 238**	**129**	**59**	**2 752**
S A Davies	Director: Surveillance	**1 000**	**1 008**	**948**	**69**	**79**	**2 104**
M Dlamini	Senior General Manager: Education	**200**	**910**	**814**	**67**	**24**	**1 815**
A Forssman	Senior General Manager: Information Products Sales	**2 000**	**889**	**910**	**49**	**67**	**1 915**
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives	**1 000**	**882**	**931**	**131**	**127**	**2 071**
N Greenhill	Senior General Manager: Marketing and Business Development	**1 000**	**822**	**839**	**53**	**115**	**1 829**
J Immelman	Senior General Manager: Information Services	**4 000**	**897**	**821**	**55**	**53**	**1 826**
G Rothschild	Director: Government and International Affairs (resigned from the Board 24 April 2008)	**1 000**	**1 327**	**1 073**	**101**	**54**	**2 555**
A Thomson	Director: Derivatives Trading	**1 286**	**1 281**	**1 453**	**99**	**144**	**2 977**
M Moloi	Senior General Manager: Human Resources	**600**	**875**	**589**	**100**	**30**	**1 594**
R van Wamelen	Chief Information Officer (appointed 1 May 2008)	**–**	**865**	**1 926**	**49**	**21**	**2 861**
		14 086	**12 080**	**12 370**	**988**	**835**	**26 273**

* The Board of Directors has allocated an amount of R34m to be distributed amongst JSE employees who are selected to participate in the 2008 Cash Bonus LTIS. The Board has not yet completed either the exercise of determining which employees should be selected to participate or the extent of their participation if selected. Accordingly, the table of executive remuneration does not include any allocation to JSE executives. This allocation will be reflected in the JSE's next published financial information.

		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	Accele-rated LTIS payment R'000	Total R'000
2007								
G C Clarke	Company Secretary	1 000	934	730	80	54	1 543	3 341
D J Davidson	Director: Clearing and Settlement	1 000	1 241	968	120	54	1 929	4 312
S A 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
F M 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 Development	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	Senior General Manager: Human Resources	600	819	641	94	26	1 543	3 123
W F 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

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

28. Directors' and executives' remuneration (continued)

28.3 Non-executive directors

		Direct beneficial ownership in the JSE number of shares	Other services R'000	Retainer fee R'000	Meetings R'000	Total R'000
2008						
H J Borkum	Board Chairman, Chairman of Nominations Committee	**15 000**	**–**	**717**	**279**	**996**
A D Botha	Chairman of Human Resources Committee	**–**	**–**	**172**	**262**	**434**
M R Johnston		**–**	**69**	**115**	**148**	**332**
S Koseff	(resigned 24 April 2008)	**–**	**–**	**36**	**–**	**36**
D Lawrence	(appointed 25 April 2008)	**–**	**–**	**79**	**180**	**259**
W Luhabe		**214**	**–**	**115**	**131**	**246**
A Mazwai		**1 817**	**–**	**115**	**182**	**297**
N S Nematswerani	Chairman of Audit Committee	**–**	**–**	**172**	**212**	**384**
N Payne	Chairman of Risk Management Committee	**–**	**–**	**172**	**195**	**367**
G T Serobe		**–**	**–**	**115**	**82**	**197**
		17 031	**69**	**1 808**	**1 671**	**3 548**
2007						
H J Borkum	Board Chairman, Chairman of Nominations Committee	15 000	–	657	150	807
A D Botha	Chairman of Human Resources Committee	–	–	151	150	301
M R 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
N S Nematswerani	Chairman of Audit Committee	–	–	158	180	338
N Payne	Chairman of Risk Management Committee	–	–	158	180	338
G T Serobe		–	–	105	59	164
		17 031	45	1 649	1 225	2 919

			LTIS Participation Interests not yet vested (number of Participation Interests)		
			First tranche	Second tranche	Total
28.4	**Executive directors**				
	2008				
	R M Loubser	Chief Executive Officer	**168 750**	**173 000**	**341 750**
	N F Newton-King	Deputy Chief Executive Officer	**102 375**	**59 000**	**161 375**
	L V Parsons	Chief Operating Officer	**102 375**	**59 000**	**161 375**
	J H Burke	Director: Issuer Services	**102 375**	**54 500**	**156 875**
	F M Evans	Chief Financial Officer (appointed to the Board 24 April 2008)	**56 250**	**17 750**	**74 000**
			532 125	**363 250**	**895 375**
	2007				
	R M Loubser	Chief Executive Officer	**225 000**	**173 000**	**398 000**
	N F Newton-King	Deputy Chief Executive Officer	**136 500**	**59 000**	**195 500**
	L V Parsons	Chief Operating Officer	**136 500**	**59 000**	**195 500**
	J H Burke	Director: Issuer Services	**136 500**	**54 500**	**191 000**
	G Rothschild	Director: Government and International Affairs	**60 000**	**24 000**	**84 000**
			694 500	**369 500**	**1 064 000**

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

28. Directors' and executives' remuneration (continued)

28.5 Other key executives

		LTIS Participation Interests not yet vested (number of Participation Interests)		
		First tranche	Second tranche	Total
2008				
G C Clarke	Company Secretary	**45 000**	**17 000**	**62 000**
D J Davidson	Director: Clearing and Settlement	**56 250**	**23 000**	**79 250**
S A Davies	Director: Surveillance (appointed 1 November 2007)	**22 641**	**21 500**	**44 141**
M Dlamini	Senior General Manager: Education	**45 000**	**13 400**	**58 400**
A Forssman	Senior General Manager: Information Products Sales	**45 000**	**24 000**	**69 000**
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives	**45 000**	**17 000**	**62 000**
N Greenhill	Senior General Manager: Marketing and Business Development	**45 000**	**24 000**	**69 000**
J Immelman	Senior General Manager: Information Services	**45 000**	**14 000**	**59 000**
G Rothschild	Director: Government and International Affairs (resigned from the Board 24 April 2008)	**45 000**	**24 000**	**69 000**
A Thomson	Director: Derivatives Trading	**67 500**	**37 500**	**105 000**
M Moloi	Senior General Manager: Human Resources	**45 000**	**14 000**	**59 000**
R van Wamelen	Chief Information Officer (appointed 1 May 2008)	**–**	**–**	**–**
		506 391	**229 400**	**735 791**

		LTIS Participation Interests not yet vested (number of Participation Interests)		
		First tranche	Second tranche	Total
28.5 Other key executives (continued)				
2007				
G C Clarke	Company Secretary	60 000	17 000	77 000
D J Davidson	Director: Clearing and Settlement	75 000	23 000	98 000
S A Davies	Director: Surveillance (appointed 1 November 2007)	30 188	21 500	51 688
M Dlamini	Senior General Manager: Education	60 000	13 400	73 400
F M Evans	Chief Financial Officer	75 000	17 750	92 750
A Forssman	Senior General Manager: Information Products Sales	60 000	24 000	84 000
R Gravelet-Blondin	Senior General Manager: Agricultural Products	60 000	17 000	77 000
N Greenhill	Senior General Manager: Marketing and Business Development	60 000	24 000	84 000
J Immelman	Senior General Manager: Information Services	60 000	14 000	74 000
A Thomson	Director: Equities and Derivatives Trading	90 000	37 500	127 500
M Moloi	Senior General Manager: Human Resources	60 000	14 000	74 000
W F Urmson	Director: Surveillance (retired 31 October 2007)	–	–	–
		690 188	223 150	913 338

Executive directors and other key executives have Participatory Interests in the long-Term Incentive Scheme as follows:

Executive directors	R16,9m (2007: R28,4m)
Other key executives	R15,9m (2007: R28,2m)

Refer to note 19 for further details.

29. Financial risk management

29.1 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. These include inter alia, disaster recovery processes, power back-up, succession plans and diagnostic tests.

29.2 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 expenses denominated in foreign currencies, predominantly US Dollars (USD). The resulting foreign currency balances are set out below. No foreign currency balances were held by the Investor Protection Funds. The JSE's Finance Department monitors the net foreign currency exposure and ensures that it remains within acceptable levels.

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

	Group			Exchange		
	USD	GBP	EUR	USD	GBP	EUR
2008	R'000	R'000	R'000	R'000	R'000	R'000
Financial assets	**38 188**	**–**	**–**	**38 188**	**–**	**–**
Trade receivables	**7 865**	**–**	**–**	**7 865**	**–**	**–**
Cash and cash equivalents	**30 323**	**–**	**–**	**30 323**	**–**	**–**
Financial liabilities	**–**	**(2 555)**	**(169)**	**–**	**(2 555)**	**(169)**
Trade payables	**–**	**(2 555)**	**(169)**	**–**	**(2 555)**	**(169)**
Net exposure	**38 188**	**(2 555)**	**(169)**	**38 188**	**(2 555)**	**(169)**
2007						
Financial assets	26 216	7	127	26 216	7	127
Trade receivables	6 439	–	127	6 439	–	127
Interest receivable	55	*	–	55	*	–
Cash and cash equivalents	19 722	7	–	19 722	7	–
Financial liabilities	–	(3 671)	–	–	(3 671)	–
Trade payables	–	(3 671)	–	–	(3 671)	–
Net exposure	26 216	(3 664)	127	26 216	(3 664)	127

* Less than R1 000.

Bank buying rates
USD – 9,3825 (2007: 6,7004)
GBP – 13,6834 (2007: 13,3899)
EUR – 12,6201 (2007: 9,8039)

Bank selling rates
USD – 9,6154 (2007: 6,9303)
GBP – 14,1544 (2007: 13,9773)
EUR – 13,4487 (2007: 10,2334)

Average rates
USD – 8,133 (2007: 7,007)
GBP – 15,007 (2007: 14,056)
EUR – 11,904 (2007: 9,616)

29. Financial risk management (continued)

Sensitivity analysis

A 15 percent (2007: three percent) strengthening of the Rand against the USD and a 10 percent (2007: three percent) strengthening of the Rand against the GBP and EUR respectively at 31 December would have increased profit or loss by R5,5m (2007: R0,7m) and equity by Rnil (2007: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2007.

	Group		Exchange	
2008	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
USD	**5 728**	**–**	**5 728**	**–**
GBP	**(255)**	**–**	**(255)**	**–**
EUR	**(17)**	**–**	**(17)**	**–**
Net impact	**5 456**	**–**	**5 456**	**–**
2007				
USD	786	–	786	–
GBP	(110)	–	(110)	–
EUR	4	–	4	–
Net impact	680	–	680	–

A 15 percent (2007: three percent) weakening of the Rand against the USD and a 10 percent (2007: three percent) weakening of the Rand against the GBP and EUR respectively at 31 December would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

29.3 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 risks 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	
2008	**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	**6 117 885**	**9 676 454**	**275 000**	**744 964**	**20 885**	**30 666**
Investments	**20 885**	**–**	**–**	**–**	**20 885**	**–**
Margin and collateral deposits	**5 822 000**	**9 005 113**	**–**	**165 542**	**–**	**–**
Cash and cash equivalents	**275 000**	**671 341**	**275 000**	**579 422**	**–**	**30 666**
Financial liabilities	**(5 822 000)**	**(8 839 571)**	**–**	**–**	**–**	**–**
Margin and collateral deposits	**(5 822 000)**	**(8 839 571)**	**–**	**–**	**–**	**–**
Net exposure	**295 885**	**836 883**	**275 000**	**744 964**	**20 885**	**30 666**
2007						
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

Floating rate assets yield interest at call rates.

29. Financial risk management (continued)

Sensitivity analysis

A change of 100 basis points in the fixed rate bonds and 200 basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2007.

	Group		Exchange		Investor Protection Funds	
2008	**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	**–**	**(1 109)**	**–**	**–**	**–**	**(1 109)**
Fixed rate bond: -100 bps	**–**	**1 196**	**–**	**–**	**–**	**1 196**
Floating rate instruments: + 200 bps	**16 865**	**–**	**15 027**	**–**	**613**	**–**
Floating rate instruments: - 200 bps	**(16 865)**	**–**	**(15 027)**	**–**	**(613)**	**–**
2007						
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	–

29.4 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 the market price risk arising on 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 exclude the listed bonds and the cash component of the foreign unit trusts which are included in the interest rate sensitivity analysis in note 29.3.

The equity investments are listed on JSE Limited with the majority of the investments included in the JSE All Share Index. A 15 percent (2007: three percent) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R19,3m (2007: R5,0m) and profit or loss by R0,8m (2007: Rnil) (in respect of the options on the JSE shares) an equal change in the opposite direction would have decreased equity by R19,3m (2007: R5,0m) and profit or loss by R0,8m (2007: Rnil) (in respect of the options on the JSE shares). The analysis is performed on the same basis for 2007.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 15 percent (2007: two percent) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R3,6m (2007: R0,4m); an equal change in the opposite direction would have decreased equity by R3,6m (2007: R0,4m). The analysis is performed on the same basis as 2007.

29.5 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 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		
2008	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	**16 156 519**	**2 295**	**4**	**1 107 908**	**2 295**	**4**	**224 961**	**–**	**–**
Other investments	194 021	–	4	–	–	4	194 021	–	–
Trade and other receivables (excluding payments in advance)	85 251	2 295	–	85 104	2 295	–	–	–	–
Interest receivable	103 793	–	–	2 840	–	–	274	–	–
Margin and collateral deposits	14 827 113	–	–	165 542	–	–	–	–	–
Cash and cash equivalents	946 341	–	–	854 422	–	–	30 666	–	–
Financial liabilities	**(15 080 851)**	**–**	**–**	**(268 163)**	**–**	**–**	**(633)**	**–**	**–**
Trade payables	(99 677)	–	–	(97 613)	–	–	(633)	–	–
Interest payable	(154 061)	–	–	(5 008)	–	–	–	–	–
Margin and collateral deposits	(14 827 113)	–	–	(165 542)	–	–	–	–	–
Net exposure	**1 075 668**	**2 295**	**4**	**839 745**	**2 295**	**4**	**224 328**	**–**	**–**

29. Financial risk management (continued)

2007	Group Up to 3 months R'000	Group 3 to 12 months R'000	Group 1 to 5 years R'000	Exchange Up to 3 months R'000	Exchange 3 to 12 months R'000	Exchange 1 to 5 years R'000	Investor Protection Funds Up to 3 months R'000	Investor Protection Funds 3 to 12 months R'000	Investor Protection Funds 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	–	–
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	–	–

29.6 Credit risk

Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables, interest receivable, other investments and amounts due from Group entities. Credit risk on cash and cash equivalents, margin and collateral deposits, and interest receivable is minimised through ensuring funds are only placed with A1 and A1+ rated banking institutions, with no concentration of funds in one specific banking instituition. Segregation of duties, multiple signatories, third party confirmation of investments and monitoring of compliance with investment mandates are applied on a daily basis to monitor and control exposure to credit risk associated with other investments. Trade and other receivables are monitored by the JSE's Finance Department on an ongoing basis. The 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.

The JSE Guarantee Fund Trust protects JSE members' clients from loss in certain circumstances should a participant default.

29.7 Capital risk

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 JSE Board monitors the level of capital which the Group defines as total share capital and reserves (refer to note 17). In order to maintain or adjust the level of capital, the Group may issue new shares, adjust the amount of dividends paid to shareholders or return capital to shareholders.

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+ financial institutions, with a view to maximise interest received without exposing the JSE to risks higher than the Trustees' funds.

Refer to note 17 (footnote 4) for a discussion on our broad-based black economic empowerment initiative.

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.

Notes to the annual financial statements

for the year ended 31 December 2008 (continued)

30. Minimum lease payments expected from sub-leases

The Group sub-lease areas of the building in which it operates. Refer to note 5.2.

	Group		Exchange	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Total future minimum lease receipts				
Not later than one year	**6 098**	2 793	**6 098**	2 793
Between one and five years	**16 406**	1 595	**16 406**	1 595
	22 504	4 388	**22 504**	4 388

31. Dividends paid

	Group		Exchange	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Ordinary dividend No 2 of 15,6 cents per share	**–**	13 282	**–**	13 282
Special dividend of 90,75 cents per share	**–**	77 265	**–**	77 265
Ordinary dividend No 3 of 130,0 cents per share	**110 682**	–	**110 682**	–
	110 682	90 547	**110 682**	90 547

32. Investor protection levy

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

33. Reclassifications

i) A liabilty of R3,0m relating to employees has been reclassified from Trade and other payables to Employee benefits to better reflect the nature of the liability.

ii) The classificaton of the operating lease liability has been amended to better reflect the reversing of the operating lease liability. The comparative figures have been reclassified and restated accordingly.

iii) The unexpended portion of the Investor Protection Levy of R38,3m has been reclassified from current to non-current liabilities to better reflect its non-current nature. The comparative figures have been reclassified and restated accordingly.

The reclassifications did not impact reserves or profit for the year.

Appendix to the annual financial statements

for the year ended 31 December 2008

Funds under management

JSE Trustees (Proprietary) Limited

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.

	2008 R'000	2007 R'000
Assets under administration		
Interest receivable	**197 149**	132 246
Fixed deposits	**16 756 800**	11 201 000
Current and call accounts	**7 570 748**	8 415 189
Total assets under administration	**24 524 697**	19 748 435

In terms of rule 2.100.7 of the JSE Rules, the JSE Trustees acts as an agent on behalf of members, who in turn act as agents on behalf of their clients. JSE Trustees' 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 financial institutions.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 40 (2007: 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" or "the Group")

Notice is hereby given that the fourth Annual General Meeting of shareholders of the JSE will be held at 17:30 on Thursday, 23 April 2009 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 Group annual financial statements for the year ended 31 December 2008, and the report of the directors and the auditors thereon, be adopted.

2. To re-elect Anton Botha, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 55
   Years as JSE Board member – 8
   Non-executive director of the JSE
   Chairman of the Human Resources Committee
   Member of Audit Committee
   Member of Nominations Committee

   Nationality – South African

   Appointed to the Board in 2000

   Business address
   Imalivest (Proprietary) Limited, 17 Termo Avenue, Techno Park, Stellenbosch, 7600.

   Experience
   Anton Botha holds commerce degrees, a law degree and has attended an executive management course at Stanford University in the USA.

   He is a director and co-owner of Imalivest, an investment group that manages proprietary capital provided by its owners, the Imalivest Flexible Fund and a private hedge fund. He also serves as a non-executive director on the boards of the University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut) and is actively involved in organised business.

   Mr Botha spent most of his career as Chief Executive of Genbel and Gensec, building it into a leading South African investment banking group, before it became a wholly owned subsidiary of Sanlam Limited. In December 2000 Gensec was recognised as one of South Africa's 40 largest listed companies.

3. To re-elect Andile Mazwai, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 37
   Years as JSE Board member – 4
   Non-executive director of the JSE
   Member of the Risk Management Committee
   Member of the Audit Committee (elected 9 March 2009)

   Nationality – South African

   Appointed to the Board in 2004

   Business address
   Barnard Jacobs Mellet, 24 Fricker Road, Illovo, 2196.

   Experience
   Andile Mazwai has a BCom (Hons)

   He began his stockbroking career with Barnard Jacobs Mellet Securities as an equity-sales trader.

   He founded Mazwai Securities in October 2001.

   In August of 2003, he merged Mazwai Securities with Barnard Jacob Mellet in a black economic empowerment transaction. He was appointed CEO of BJM Securities, and Group Co-CEO. He currently holds the position of Group CEO of Barnard Jacobs Mellet.

   His other directorships and offices include Member: Enforcement Committee, Financial Services Board, Deputy Governor: Kearsney College, Board Member: St Mary's School Waverley, Trustee: JSE Education Fund, Chairman: Young Presidents Organisation (Johannesburg).

4. To re-elect Gloria Serobe, who retires by rotation, but being eligible, offers herself for re-election:
   Age – 49
   Yeas as JSE Board member – 8
   Non-executive director of the JSE
   Member of Audit Committee
   Member of Nominations Committee

   Nationality – South African

   Appointed to the Board in 2000

   Business address
   Wipcapital (Proprietary) Limited, 29 Central Street, Houghton, 2041.

   Experience
   Gloria Serobe has a BCom degree and holds an MBA degree.

   She is a Founding Member and Executive Director of Wiphold and Chief Executive Officer of Wipcapital. For the duration 1996 to 2001 she was Executive Director – Finance, Transnet Limited and was a member of the Transnet Board and its major subsidiaries. Her professional experience includes positions at Exxon Corporation in the USA, Munich Reinsurance Company of SA, the Premier Group and Standard Corporate and Merchant Bank.

She serves on several Boards including Old Mutual, Nedbank, Mutual & Federal, and the Financial Sector Charter Council. She is the Chairman of the Board of the Independent Ports Regulator and a Trustee of the Women Investment Portfolio Holdings Limited Share Trust and the Women Investment Portfolio Holdings Investment Trust.

She is a member of the Presidential Economic Advisory Committee, Chairperson of the Presidential Working Group for Women and an honorary member of the Actuarial Society of South Africa.

Her previous non-executive directorships include Chairman of the Life Offices Association (LOA), Chairman of the Metropolitan Group, Export Credit Insurance Corporation, Airports Company South Africa, Express Kenya Limited, M-Cell, MTN and the Financial Markets Advisory Board. She was Chairman of the Transnet Second Defined Benefit Fund (Pensioner Only Fund) and the Transnet Pension Fund Investment Committee and was also a Trustee of the South African Airways Share Trust, Transnet Retirement Fund (DC Fund) and Transnet Pension Fund (DB Fund).

5. To re-elect Nigel Payne, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 49
   Years as a JSE Board member – 4
   Non-executive director of the JSE
   Member of the Audit Committee
   Chairman of the Risk Management Committee

   Nationality – South African

   Appointed to the Board in August 2005 (alternate director from 2002)

   Business address
   17 Westbrooke Drive, Strathavon, 2031.

   Experience
   Nigel Payne is a CA(SA).

   He is an experienced director who serves on the boards of a number of listed companies. Nigel was a partner at 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. He is a member of the King Committee on Corporate Governance, the Institute of Internal Auditors, the Institute of Charted Accountants and the Institute of Directors and the Institute of Directors Council. He also serves on the Boards of The Bidvest Group Limited, The Mr Price Group, BSI Group Limited and Glenrand MIB Limited.

6. To re-elect Wendy Luhabe, who retires by rotation, but being eligible, offers herself for re-election:
   Age – 51
   Years as a JSE Board member – 6
   Non-executive director of the JSE
   Member of the Human Resourcest Committee

   Nationality – South African

   Appointed to the Board in 2003

   Business address
   8 Chester Avenue, Greenside East,
   Greenside, 2193.

   Experience
   Wendy Luhabe has a BCom.

   She has been a non-executive director of both listed and unlisted companies since the age of 36, ranging from Finance, FMCG, Telecommunications, Industrial Development, Luxury Goods to Asset Management and is currently on the boards of the JSE Limited and Iron Mineral Beneficiation Services (IMBS). She is also the non-executive chairman of the Industrial Development Corporation, Women Private Equity Fund and the International Marketing Council to align an leverage South Africa's marketing efforts in trade, tourism and inward investments. Wendy was invited in 2003 to become an International Trustee for The Duke of Edinburgh's Award International Foundation for young people.

   In 1991 she founded human resources company, Bridging the Gap. She is a founder of Women Investment Portfolio Holdings (Wiphold), which revolutionised the participation of women in South Africa's economy. She established Alliance Capital, an asset management business and launched a R120 million venture capital fund for women-owned enterprises, a South African first.

7. To elect Zitulele ("KK") Combi
   Age – 57
   Nationality – South African

   Business address
   6 Dorp Street, Stellenbosch, 7600

   Experience
   KK Combi has a history of successful entrepreneurial ventures and a wealth of experience in, amongst other industries, the financial services industry. He is currently the Executive Chairman of Thembeka Capital. He is also a director of the PSG Group, Iquad Group, Massmart Holdings and various other companies in which Thembeka Capital has investments. He is also the chairman of the Sustainability Committee of Massmart Holdings.

The Board recommends the election of Mr Combi and re-election of the other directors.

8. To re-elect KPMG inc as auditors and to appoint Vanessa Yuill as the designated auditor to hold office for the ensuing year.

9. Final dividend of 192 cents per share as proposed by the directors to be noted.

Notice of Annual General Meeting

(continued)

Special business

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

Remuneration advisory companies, which provide independent advice on market information and remuneration trends, were 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.

10. That with effect from 1 May 2009, the annual retainer fee of directors be increased by 10 percent.

11. That with effect from 1 May 2009, the per meeting fee of directors be increased by 10 per cent.

Control of authorised but unissued shares

12. That, as an ordinary resolution, 5 (five) percent 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 Listings Requirements of the JSE Limited (the "JSE"), where applicable.

General payment to shareholders

13. 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 2008, subject to the provisions of the Articles of Association, the Act and the JSE Listings Requirements and the following limitations:

    13.1 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;

    13.2 that any general payment(s) may not exceed 20 percent 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

    13.3 that any general payment be made pro rata to all shareholders.

    It is recorded that the directors of the Company intend to utilise the authority in terms of this Ordinary Resolution Number 13 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 prior to such payment being effected and complying with Section 11.31 and Schedule 24 of the JSE Listings Requirements.

    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.

14. Resolved that the rules of the Black Shareholders' Retention Scheme to be amended. The proposed amends are set out below (additions are reflected in bold and underlined):

<u>**"Group Companies" means any subsidiary (as defined in section 1 of the Companies Act), the holding company (as defined in section 1 of the Companies Act) or any affiliate (being a subsidiary of the holding company) of an Option Holder:**</u>

<u>**6.10 Disposals between Option Holders and Group Companies**</u>

<u>**6.10.1 Notwithstanding anything to the contrary in this Scheme, should an Option Holder Dispose of a part or all of its Qualifying Black Shareholding to any Entity which –**</u>

<u>**6.10.1.1 is a Group Company of that Option Holder; and**</u>

<u>**6.10.1.2 satisfies the Board within a reasonable time of the Disposal referred to in 6.10.1, that the said Group Company is Black.**</u>

<u>**then in such event -**</u>

6.10.1.3 the Group Company shall become a Qualifying Black Shareholder from the date of the transfer, if it is not already a Qualifying Black Shareholder;

6.10.1.4 the transferred Qualifying Black Shareholding shall become the Qualifying Black Shareholding of the Group Company or shall be added to any existing Qualifying Black Shareholding of the Group Company if it already holds a Qualifying Black Shareholding; and

6.10.1.5 the proportional amount ofany unlapsed Options issued in respect of the transferred Qualifying Black Shareholding shall also be transferred from the Option Holder to the Group Company without lapsing.

6.10.2 The Board –

6.10.2.1 may in its sole and absolute discretion condone and ratify retrospectively any delayed or late or incomplete or failed compliance by the Group Company in its capacity as an Option Holder, with any requirement of this Scheme;

6.10.2.2 shall, in the offer of any Replacement Options to Option Holders in terms of 6.5, treat the Group Company pari passu with all other Option Holders then holding Options which have not lapsed. The Group Company shall not be entitled to the issue of Options in any other circumstances and shall not in any circumstances have any claim of whatsoever nature against the JSE arising from the lapsing of Options save in terms of 6.5.

A copy of the full set of Rules will be available at the AGM.

The amendment is required to facilitate the transfer of JSE shares between subsidiaries of a group of companies, without the said transfer amounting to a 'disposal' and disqualification from the scheme. The transferee company must be black as defined in the scheme rules to avoid disqualification.

Special Resolution 1

General authority to repurchase shares

15. That, as a general approval contemplated in Sections 85 to 89 of the Act, 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:

    15.1 the general 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);

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

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

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

    15.5 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;

    15.6 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;

    15.7 repurchases are not made at a price more than 10 percent 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;

15.8 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 percent of the number of shares in issue as at the date of the Annual General Meeting; and

15.9 the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10 percent in the aggregate of the number of issued shares in the company at the relevant times.

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 11.26 of the Listings Requirements.

Special Resolution 2

Amendment to the Articles of Association of the JSE

16. That article 24.1 of the Articles of Association be amended as set out below (bold and underlined indicates an addition):

"24.1 At the annual general meeting held each year, one-third of the **non-executive** directors, or if their number is not a multiple of three (3) then the number nearest to but not less than one-third, shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of article 25.1.2 is not subject to retirement. The directors so to retire at each annual general meeting shall be those who have been longest in office since their last election or appointment. As between directors of equal seniority the directors to retire shall, in the absence of agreement, be selected from among them by lot; provided that notwithstanding anything herein contained, if, at the the date of any annual general meeting any director will have held office for a period of three years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in persuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of articles 20.2 and 23.2 be computed from the date of his last election or appointment."

The effect of the Special Resolution is to ensure the ongoing responsibility to appoint and remove exeutive directors vests with the board upon recommendation of the Chief Executive Officer. The reason for the resolution is to align the JSE's Articles of Association with general corporate practice and to ensure that the ongoing appointment and removal of executive directors employed by the JSE is in accordance with the Labour Relations Act No 66 of 1995.

Other disclosure in terms of the JSE Listings Requirements (sections 11.26, 11.27 and 11.30)

For the purposes of considering Ordinary Resolution 13 and Special Resolution 1, and in compliance with the JSE Listing Requirements, the following is disclosed, some of which disclosures are contained elsewhere in the annual report of which this notice forms part:

Working capital undertaking:

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 following conditions are met:

- 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.
- Management and directors
- Major shareholders of the Company
- Directors' interests in securities
- Share capital of the Company

Litigation statement

The directors, whose names are given on page 62 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 page 64.

Directors' responsibility statement

The directors, whose names are given on page 62 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 (Proprietary) Limited, 70 Marshall Street, Johannesburg or posted to PO Box 61051, Marshalltown 2107, by no later than 17:30 on Wednesday, 22 April 2009. 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.

Equity securities held by a share trust or scheme will not have their votes at general/Annual General Meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listing Requirements.

Please note that unlisted securities (if applicable) and shares held as treasury shares may also not vote.

By order of the Board

Gary Clarke

Gary Clarke
Group Company Secretary

23 stock exchanges

Active in Africa

Part of economic development is helping to build sustainable economies – to which the JSE directly contributes. In doing so across the continent, all investment indirectly enhances more than just those singular markets. By investing in Africa wider communities are affected and a variety of indicators such as literacy rates, life expectancy, and poverty rates should be positively impacted.

242 billion shares traded/year

On top five African exchanges

1 500 listed companies

For investment opportunities

US$ 2 trillion

In estimated African market capitalisation

Africa Board

Connects investors and African equities

Being client focused is a continued strategic objective. The JSE brought new products to market, improved our client service and through listing, believe we've made our organisation even more accessible to a wider investor audience. We are the link between our clients – the issuers and the investors – and enable them to trade. But we also constantly drive to innovate, increase efficiencies, and anticipate client needs.

International derivatives

Allow exposure to globally listed equities

Innovative new products

and services enhance efficiencies

Equity trading fees

were reduced by 7,5 %

SRI Index

More than 60 companies on the JSE

The annual report for 2008 presents the third set of operating and financial accounts of the JSE as a listed company. The report is for the period 1 January 2008 to 31 December 2008. 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 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 launch of a bid for the Bond Exchange of SA (BESA), the equity and commodities derivatives trading and clearing systems and the achievement of record trade volumes in most of our main markets – are covered in the report. Readers are directed to our discussion of plans and prospects for the forthcoming year on page 19.

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 shareholders who have not dematerialised their shares or shareholders 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 fourth Annual General Meeting of shareholders of the JSE Limited to be held on Thursday, 23 April 2009 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. ____
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, 23 April 2009 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 A Botha as a director			
3.	To re-elect Mr A Mazwai as a director			
4.	To re-elect Ms G Serobe as a director			
5.	To re-elect Mr N Payne as a director			
6.	To re-elect Ms W Luhabe as a director			
7.	To elect Mr Z Combi as a director			
8.	Re-appointment of KPMG Inc. as auditors To elect Vanessa Yuill as the designated auditor			
9.	Noting of a final dividend of 192 cents per share			
10.	With effect from 1 May 2009 the annual retainer fee of directors be increased by 10 percent per annum			
11.	With effect from 1 May 2009 the per meeting fee of directors be increased by 10 percent per annum.			
12.	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			
13.	That the directors be authorised to make general payments to shareholders on the basis set out in the notice of Annual General Meeting			
14.	That the rules of the Black Shareholder Retention Scheme be amended on the basis as set out in the notice of Annual General Meeting			
15.	**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			
16.	**Special Resolution 2** That the Articles of Association of the JSE be amended on the basis as set out in the notice of Annual General Meeting			

Signed at _____________________on________________ 2009

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Signature
(Director if a member of the JSE) or (Individual Shareholder)
Please read the notes to the proxy overleaf

Notes to the proxy

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 (Proprietary) 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 24 hours before the meeting.