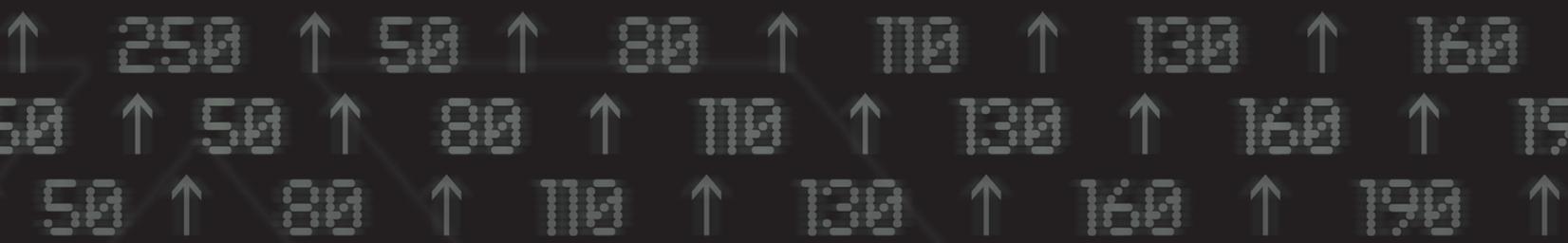




JSE LIMITED ANNUAL REPORT 2006

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SUPPLY/DEMAND

SCOPE OF THE REPORT

The annual report for 2006 presents the first set of operating and financial accounts as a listed company. The report is for the period 1 January 2006 to 31 December 2006.

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

The most significant event for the period under review was the listing of the JSE on 5 June 2006 and the consequent implementation of the broad-based black economic empowerment (broad-based BEE) initiative.

The broad-based BEE initiative is comprised of two elements: 2 percent of the JSE's shares will go to the JSE Empowerment Fund Trust, with dividends being used to educate black tertiary level students, studying for an appropriate qualification, in the financial markets. The second leg involves the issue of a further 2 percent of shares to encourage existing black shareholders to retain their shares for at least five years.

This annual report is available online on the JSE's website at www.jse.co.za.

SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSESETS INFOMAX futures futures SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSESETS INFOMAX FTSE Yield-x ALT distribates R. SA. SATRIX SA



JSE LIMITED
(Registration number 2005/022939/06)
Incorporated in the Republic of South Africa

ONE EXCHANGE SQUARE, 2 GWEN LANE, SANDOWN, SOUTH AFRICA
PRIVATE BAG X991174, SANDTON, 2146, SOUTH AFRICA
TELEPHONE +27 11 520 7000 FACSIMILE +27 11 520 8584



SCOPE OF BUSINESS

The JSE is licensed as an exchange under the Securities Services Act, No. 36 of 2004. It is a full service, modern securities exchange providing fully electronic trading, clearing and settlement in equities, derivatives (equities and agricultural), interest rate products and other associated instruments with extensive surveillance capabilities.

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

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

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Form of Proxy

A FULL LIST OF AUTHORISED USERS OF THE
JSE IS AVAILABLE ON THE WEBSITE

SUPPLY/DEMAND

LISTED SECUR

CHAIRMAN'S LETTER



IT IS WITH GREAT PLEASURE THAT WE PRESENT THE FIRST SET OF RESULTS FOR THE JSE AS A LISTED ENTITY.

2006 WAS PROBABLY THE MOST EXCITING AND REWARDING YEAR IN THE JSE'S HISTORY, WITH THE LISTING OF THE JSE ON THE EXCHANGE IN JUNE 2006.

THE JSE/FTSE ALL SHARE INDEX AGAIN ENDED THE YEAR ON A RECORD HIGH, FOR THE THIRD YEAR IN A ROW. VOLUMES THROUGH THE EXCHANGE WERE LIKEWISE AT RECORD LEVELS, REFLECTING THE GENERAL MOOD OF OPTIMISM THAT PERVADES THE SOUTH AFRICAN ECONOMY.

ECONOMIC SUCCESSSES WHICH WE NOW ENJOY WERE A DECADE IN THE MAKING. THE GOVERNMENT'S PRUDENT FISCAL AND MACRO-ECONOMIC MANAGEMENT HAS INJECTED A LEVEL OF STABILITY AND CONFIDENCE NOT SEEN IN THIS COUNTRY FOR MANY YEARS RESULTING IN, AMONGST OTHER THINGS, SUBSTANTIAL FOREIGN INVESTMENT IN THE DOMESTIC ECONOMY.

LISTING THE JSE HAS UNLOCKED ENORMOUS VALUE FOR SHAREHOLDERS AND THE CONSEQUENT IMPLEMENTATION OF OUR TRULY BROAD-BASED BLACK ECONOMIC EMPOWERMENT INITIATIVE, ARE JUST TWO OF THE NOTEWORTHY EVENTS WHICH WARRANT A SPECIAL MENTION. THESE INITIATIVES, AND OTHERS, WILL BE DEALT WITH IN MORE DETAIL IN THE CEO'S REVIEW.

NONE OF THE SUCCESSSES OF 2006 WOULD HAVE BEEN POSSIBLE WITHOUT A ROBUST ECONOMY, AN INVIGORATED INVESTMENT CLIMATE, AND THE DEDICATED EFFORTS OF OUR EXECUTIVE TEAM, LED BY RUSSELL LOUBSER. MY SINCEREST APPRECIATION GOES TO RUSSELL, HIS TEAM AND ALL OTHER JSE STAFF MEMBERS, FOR GUIDING THE JSE THROUGH THE MOMENTOUS CHANGES OF THE LAST YEAR. I SALUTE THEM.

I WOULD ALSO LIKE TO EXPRESS MY EXTREME GRATITUDE TO THE DIRECTORS FOR THEIR GUIDANCE, COMMITMENT AND ENCOURAGEMENT OVER THE LAST YEAR.

WE ENTER THE NEW FINANCIAL YEAR WITH GREAT CONFIDENCE AND OPTIMISM, AND I THANK ALL JSE STAKEHOLDERS – STAFF, BROKERS, INVESTORS, REGULATORS, CUSTOMERS, SUPPLIERS AND THE GENERAL PUBLIC – FOR CONTRIBUTING TO WHAT WAS A MEMORABLE YEAR FOR THE EXCHANGE. WITH THE JSE NO LONGER BEING EXCLUSIVELY OWNED BY BROKERS, IT IS IMPERATIVE THAT WE ACHIEVE AN APPROPRIATE BALANCE BETWEEN THE NEED OF BROKERS FOR A COMPETITIVE AND EFFICIENT EXCHANGE WITH THE REQUIREMENTS OF INVESTORS FOR RETURNS WHICH WE WILL CONTINUE TO ACHIEVE THROUGH CLOSE COOPERATION WITH OUR STAKEHOLDERS.

A handwritten signature in black ink, appearing to read 'H. Borkum', written in a cursive style.

HUMPHREY BORKUM
CHAIRMAN

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SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSE SETS INFOMAX futures futures SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSE SETS INFOMAX FTSE Yield-x ALTx

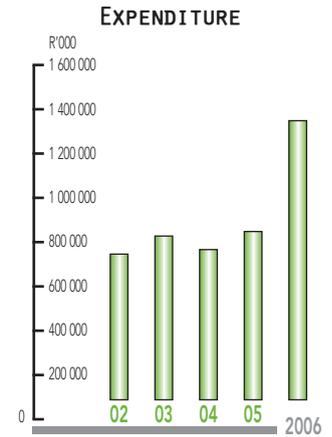
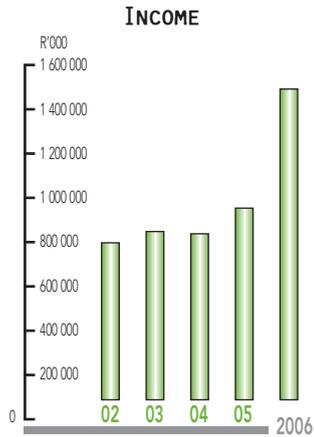


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SUPPLY/DEMAND

LISTED SECURITIES

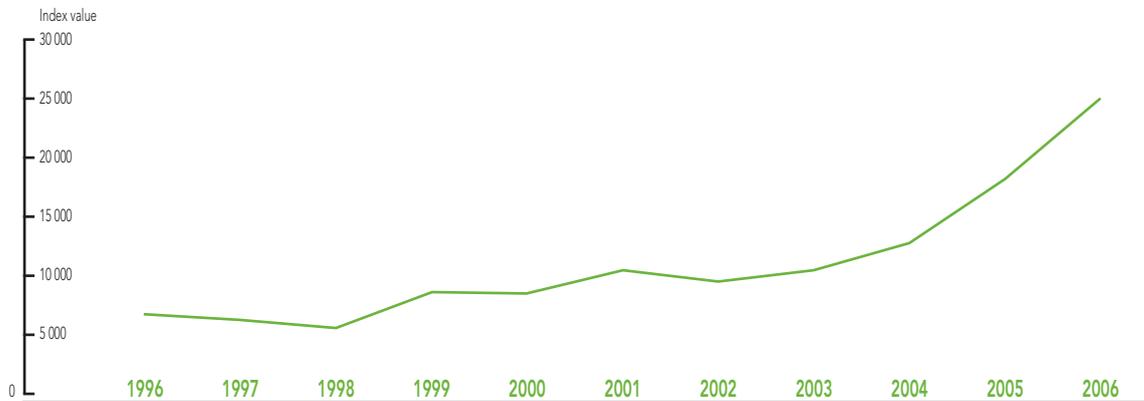
FIVE YEAR FINANCIAL SUMMARY AND HIGHLIGHTS



GROUP	2002 R'000	2003 R'000	2004 R'000	2005 R'000	2006 R'000
Income	711 591	766 630	756 145	871 478	1 409 301
Expenditure	663 621	747 059	686 379	764 481	1 268 251
Income over expenditure	47 970	19 571	69 766	106 997	141 050
Staff numbers	297	292	210	217	221
Cost to income ratio %*	93,26	97,45	90,77	87,72	89,99

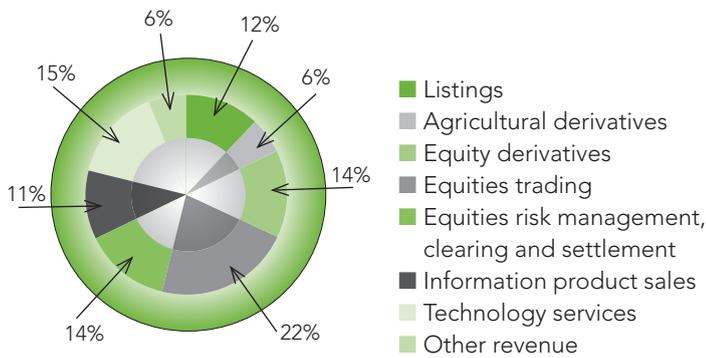
*Cost to income ratio including financing revenue and cash

ANNUAL INDEX VALUES FOR THE ALL SHARE INDEX

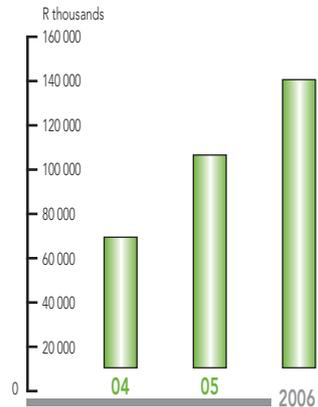


- REVENUE FROM OPERATIONS UP 57% TO R640 MILLION (INCLUDING R57 MILLION REVENUE OFFSET BY EQUAL COST ITEM)
- OTHER INCOME UP 158%
- AFTER TAX PROFITS UP 32% TO R141 MILLION
- NAV PER SHARE UP 20% TO 984.0 CENTS
- HEADLINE EARNINGS PER SHARE INCREASED FROM 122 CENTS TO 158.3 CENTS
- ORDINARY DIVIDEND NUMBER 2 OF 15.6 CENTS PER SHARE

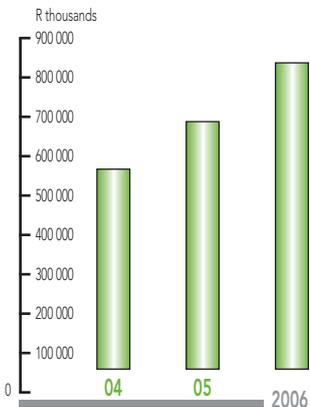
REVENUE CONTRIBUTORS



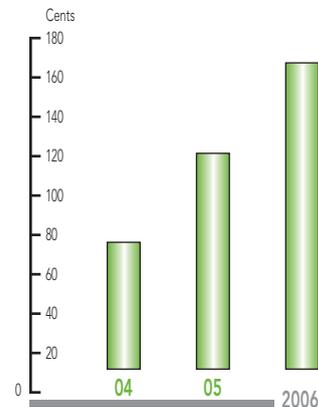
NET PROFIT AFTER TAX



NET ASSET VALUE



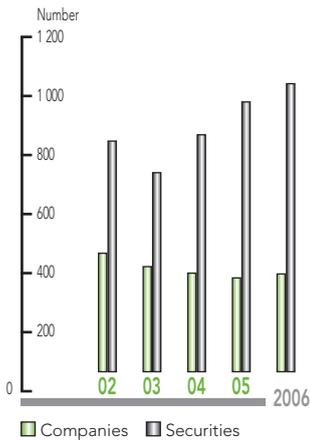
EARNINGS PER RIGHT/SHARE



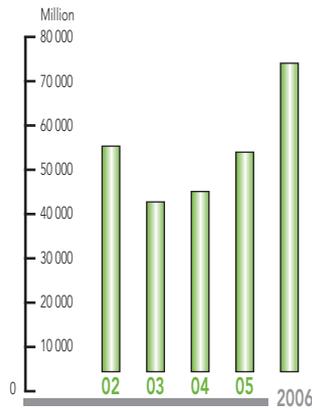


HIGHLIGHTS

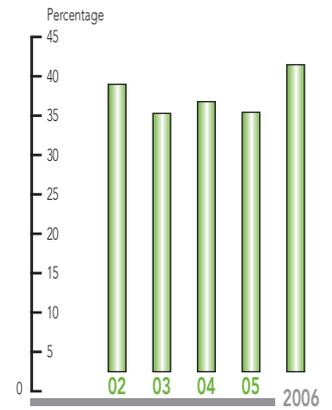
NUMBER OF LISTED COMPANIES AND SECURITIES



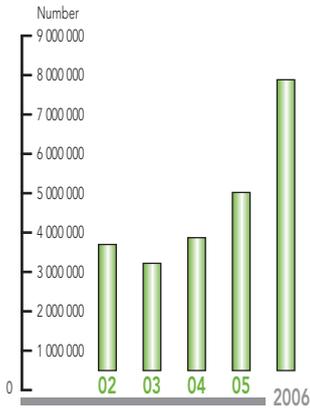
EQUITIES VOLUME TRADED



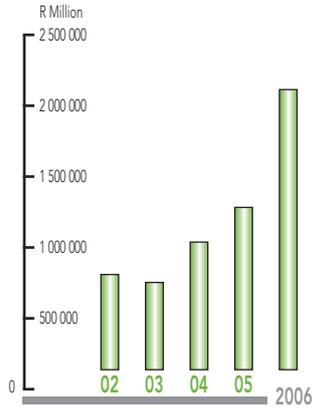
EQUITIES LIQUIDITY



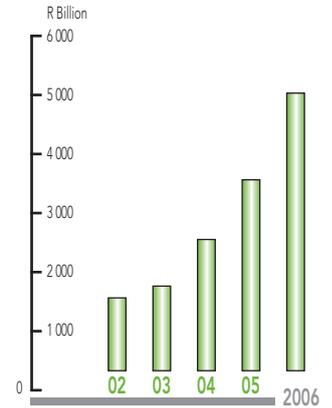
EQUITIES TRANSACTIONS



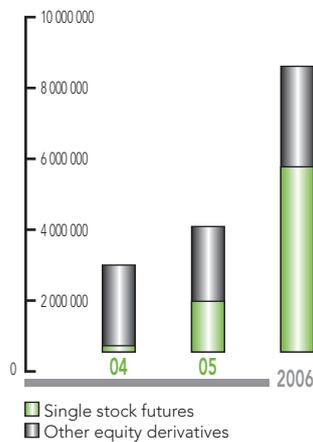
EQUITIES TURNOVER VALUE



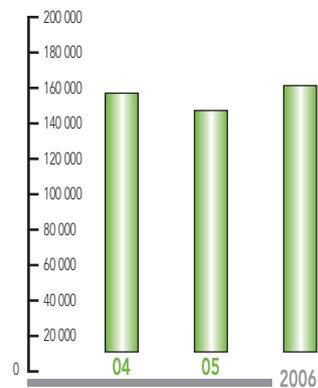
EQUITIES MARKET CAPITALISATION



EQUITY DERIVATIVES – AVERAGE MONTHLY CONTRACTS



AGRICULTURAL DERIVATIVES – AVERAGE MONTHLY CONTRACTS





HIGHLIGHTS (continued)

EQUITIES

- FTSE/JSE All Share Index – 3 year high
- transactions (58% up to approx. 32 000 per day) and value traded (68% up to R8,4 billion) reached unprecedented levels
- foreign investment amounted to in excess of R70 billion
- zero failed trades

LISTINGS

- 37 new listings
Main Board – 18 new listings
AltX – 19 new listings
- first time since 1998, listings outstripped de-listings

INFORMATION PRODUCT SALES

- revenue from data sales up 34%
- 28% increase in the number of equity live data terminals
- 16% increase in the number of indices live data terminals

EQUITY DERIVATIVES

- average monthly number of equity derivatives contract up 108%
- average number of Single Stock Futures (SSFs) up 185%
- index futures up 45%
- second place amongst exchanges in terms of SSFs traded
- Can-do Options launched with over 20 listed products by end 2006

AGRICULTURAL DERIVATIVES

- total number of agricultural derivatives contracts traded per month up 9,5%
- increased trade in wheat, now constitutes 20% of trade on this market
- electronic silo receipts implemented

YIELD-X

- 136% growth in value traded
- revenue grew from R62 000 to R333 000

JSE BUSINESS MODEL: MISSION

A FOCUSED STRATEGIC APPROACH

The provision of secure and efficient primary and secondary capital markets across a diverse range of instruments, supported by cost-effective services.





NOTEWORTHY EVENTS 2006

NOTEWORTHY EVENTS

JANUARY

Consultation with JSE shareholders regarding the proposed broad-based black economic empowerment transaction (Broad-Based BEE), the possible listing of the JSE, the JSE's proposed dividend policy and capital structure and the introduction of a staff retention scheme
Implementation of the electronic silo receipts in the agricultural products market

MARCH

Closing date for black shareholders to take up options in terms of the Broad-Based BEE initiative

MAY

General meeting of shareholders of the JSE Limited to consider the JSE listing and other related matters
Annual general meeting of shareholders
Approval of Broad-Based BEE initiative by shareholders
Mr R J Khoza resigns as director of the JSE
Participated in the "Bring a Girl Child to Work" initiative

JUNE

Listing of JSE Limited on the Main Board
Issue and sale of 868 775 JSE shares to the JSE Empowerment Fund ("JEF") Trust in terms of the Broad-Based BEE scheme
Implemented upgrade to equity derivatives trading and clearing systems
33% reduction in investor protection levy
Appointment of Mr N Greenhill as Senior General Manager: Marketing & Business Development
Chairman and Chief Executive Officer's roadshow
Distribution of maiden dividend of 13,6 cents

JULY

Major upgrade to TALX system
Upgrade SENS scanning and registration office
Launch of the first Can-do Option contract on the equity derivatives market
Launch of XBRL SA by the JSE and SAICA



NOTEWORTHY EVENTS

AUGUST

Implemented upgrade to agricultural derivatives trading and clearing systems
Replacement of host-to-host link between JSE and Strate
Mr A Horowitz resigns as alternate director of the JSE
Deployment of the Dividend Plus Index

SEPTEMBER

Listing of first structured transaction on Yield-X

OCTOBER

JSE/Liberty Life Investment Challenge Awards
Upgrade of Yield-X trading and clearing system

NOVEMBER

JSE Website upgrade
Equity members able to participate in Yield-X without creating a separate legal entity

DECEMBER

JSE signs technology and business agreement with the London Stock Exchange
JSE CRM system is implemented
Yield-X Test centre upgrade
Release A of Project Orion is implemented
Payment of special dividend of 68,2 cents per share
Largest futures close-out in the history of the JSE
Issue and sale of 434 388 JSE shares to JEF in terms of the Broad-Based BEE scheme



CEO STATEMENT AND BUSINESS REVIEW – HIGHLIGHTS



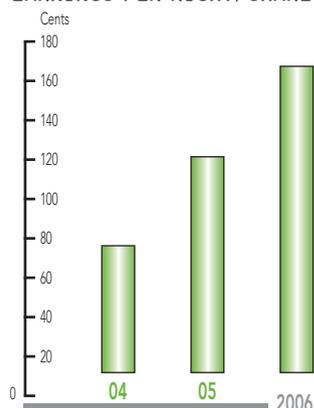
- THE JSE LTD RECORDED A **STRONG PERFORMANCE**, DRIVEN BY STRONG GLOBAL MARKETS AND CONTROLLED COSTS
- REVENUE **INCREASED BY 57%** (2006: R640 MILLION; 2005: R408 MILLION)
- A CHANGE TO THE SERVICE LEVEL AGREEMENT WITH STRATE **BOOSTED REVENUE AND COST LINES BY R57 MILLION**, LEADING TO A NIL EFFECT ON THE BOTTOM LINE
- FOCUS INTENSIFIED ON **PROVIDING WORLD-CLASS TRADING, CLEARING AND SETTLEMENT FACILITIES** TO USERS, THEREBY ENHANCING THE ATTRACTIVENESS OF SOUTH AFRICAN INVESTMENT PRODUCTS
- AVERAGE DAILY EQUITY TRADES **INCREASED BY 58%** AND AVERAGE MONTHLY TRADE OF EQUITY DERIVATIVE CONTRACTS **INCREASED BY 108%**
- SECOND GRADE WHITE MAIZE CONTRACT **EXCEEDED EXPECTATIONS** ITO CONTRACTS TRADED
- INFORMATION SALES ROSE DUE TO A **28% INCREASE** IN THE NUMBER OF EQUITY LIVE DATA TERMINALS AND A **16% RISE** IN INDICES TERMINALS IN SA AND INTERNATIONALLY
- A NEW TECHNOLOGY AND BUSINESS AGREEMENT WAS CONCLUDED WITH THE LONDON STOCK EXCHANGE
- OTHER INCOME WAS BOOSTED BY A **R26 MILLION NON-RECURRING PERFORMANCE BONUS** RECEIVED ON AN INSURANCE PRODUCT BY THE GUARANTEE FUND TRUST

- NET FINANCING INCOME HAS IMPROVED CONSIDERABLY ON THE BACK OF INCREASED VALUES INVESTED AND THE GENERAL INCREASE IN INTEREST RATES
- EXCLUDING THE BROAD-BASED BEE COSTS AND THE EMPLOYEE LONG-TERM INCENTIVE COSTS FOR THE GROUP, OPERATIONAL COSTS WERE CONTAINED TO 11% GROWTH OVER 2005
- TOTAL COSTS WERE BOOSTED BY UNUSUAL ITEMS: R32 MILLION OF COSTS RELATED TO THE JSE'S LONG-TERM INCENTIVE SCHEME TO RETAIN KEY STAFF AND R50,3 MILLION TO THE MAJOR PORTION OF THE COST OF THE JSE'S BROAD-BASED BLACK ECONOMIC EMPOWERMENT INITIATIVE
- EARNINGS INCREASED BY 32% (2006: R141 MILLION; 2005: R107 MILLION)
- FOCUS FOR 2007:

- ATTRACTING INBOUND FOREIGN LISTINGS INCLUDING AFRICAN LISTINGS;
- SHORTENING THE TIME BETWEEN TRADE AND SETTLEMENT TO THREE DAYS;
- WORKING ON TIGHTENING RELATIONS WITH THE BOND EXCHANGE OF SOUTH AFRICA THROUGH THE CREATION OF A PRODUCT WITH A SINGLE CONTRACT WITH ONE POOL OF LIQUIDITY AND A CENTRAL RISK MITIGATION & CLEARING PROCESS; AND
- INTRODUCING INNOVATIVE PRODUCTS TO YIELD-X (INCLUDING CURRENCY FUTURES), THE EQUITY DERIVATIVES MARKET (INCLUDING SINGLE STOCK OPTIONS AND, POSSIBLY, THE SAVI INDEX) AND THE AGRICULTURAL DERIVATIVES MARKET (INCLUDING A SOFT COMMODITIES INDEX)

CEO STATEMENT AND BUSINESS REVIEW

EARNINGS PER RIGHT/SHARE



2006 was a high point in the JSE's 119 year history, including, as it did, the listing of the JSE on the Main Board in June 2006 and the successful conclusion of our Broad-Based Black Economic Empowerment transaction which will, when implemented, raise black shareholding in the exchange to about 11%.

2006 was characterised by strong market conditions both on the JSE and internationally. The JSE/FTSE All Share Index ended the year on a record high for the third year running: 24 915,20 (2005: 18 096,54) and we once again saw substantial foreign investment in the domestic economy. All of which represents a resounding vote of confidence in the fiscal and monetary management of the economy.

Financial highlights

Against this background and a continued disciplined approach to costs, the JSE Group recorded a strong performance for the year under review.

The Group showed earnings of R141,0 million, a 32% increase on 2005. This equates to basic earnings per share of 168,0 cents (compared with 128,3 cents the previous year) and diluted earnings per share of 167,5 cents (compared with 127,9 cents the previous year).

Group revenue from operations increased by 57% to R640,4 million driven largely by increased transactions and volumes in each of our main markets and product lines.

Included for the first time in Group revenue, is an amount of R57 million which arose as a result of the revision of the service level agreement between the JSE and Strate Limited ("Strate") in terms of which Strate provides settlement services to the equities market. Equities members were previously charged directly by Strate for these services, whereas now the JSE is billed by Strate and in turn passes these same charges on to members. While the impact on the bottom line is nil, there is a marked increase in the revenue and cost lines.

Other income increased by R40 million or 158%. Of this, R26 million related to a non-recurring performance bonus received by the JSE Guarantee Fund Trust on an insurance product.

Strate too has benefited from the strong market conditions, delivering a return of R27 million to the JSE for this equity accounted investment, an improvement of 14% on the previous year, enhanced by our increased stake in the central securities depository.

Additional costs of R50 million and R32 million respectively were incurred in expensing the implementation of the 2006 tranches of the Broad-Based BEE transaction and the Employee Long-Term Incentive Scheme approved by shareholders during May 2006 as part of the approvals sought for the JSE's listing. Also included in operating expenses is the Strate settlement charge of R57 million.



Despite the double digit increase in revenue and earnings, operating costs excluding the Broad-Based BEE costs and the Employee Long-Term Incentive costs for the Group were contained to an increase of R44 million or 11% over 2005.

Personnel costs increased by R46 million, of which R32 million was a consequence of the implementation of the Long-Term Incentive Scheme referred to above.

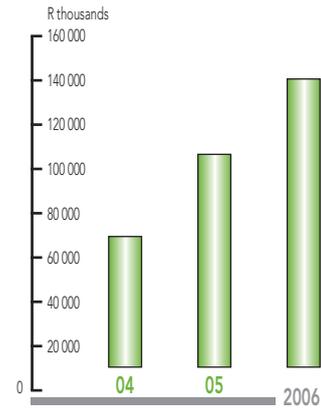
The JSE lost its tax exemption with effect from 1 July 2005, and accounted for the main portion of the deferred tax at that time. The full tax impact is being seen in the current year. The impact of this on the JSE's distributable profits is exacerbated by the fact that the costs of implementing the Broad-Based BEE initiative (R50 million) are not deductible for tax purposes.

In the year under review, the JSE's retained earnings grew by 11%. This includes interest received and attributable profit from associate companies. NAV for the Group grew 22% in 2006, which brings average NAV per year growth over the last five years to 13%. Net Asset Value per share has increased by 20% to 984 cents per share in the current year.

Since listing in June 2006, the JSE has paid out two dividends to shareholders – a maiden ordinary dividend of 13,6 cents was paid on 26 June 2006 and a special dividend of 68,2 cents was paid on 18 December 2006.

The JSE share price has more than doubled since its listing giving us a market capitalisation as at 31 December 2006 of over R4 billion. We have seen relatively healthy volumes in JSE shares traded on the JSE. More than half the shareholders in the JSE are now non-brokers and nearly 30% of our shares are held by foreign registered entities. The activity in the JSE share emphasises the value we believe investors place on the services we offer and reinforces the need for us to continue offering a world-class service, with efficient and timeous settlement and competitive transaction costs.

NET PROFIT AFTER TAX



THE LISTING OF THE JSE AND OTHER RELATED INITIATIVES

LISTING

We often get asked why we listed the JSE? The answer is that the JSE has had all the obligations of a listed company for several years without any of the benefits. In addition, the listing provided the opportunity to:

- formalise and provide an appropriate platform for trading JSE shares which has improved the visibility of and liquidity in JSE shares and hence ensured that a clear and transparent price is achieved for buyers and sellers of JSE shares;
- open additional avenues for the JSE to raise capital, should the need arise;
- place the JSE on the same footing as the leading international exchanges whose shares are now listed, thereby facilitating comparison between the JSE and those exchanges as investment cases; and
- demonstrate support for the JSE's core business proposition.



CEO STATEMENT AND BUSINESS REVIEW (continued)

The listing of the JSE means the Exchange is now owned by a broad range of shareholders, rather than ownership being concentrated in the hands of one group of stakeholders. While one of our responsibilities is to look after the interests of our shareholders, we are, at the same time, extremely conscious of the need to balance the often competing needs (price of services versus investment returns) of our various stakeholders, most of whom are not shareholders in the JSE. These include the issuers of capital, the investing community, customers and the brokers.

We see no real conflict in this. Our approach is to continue to improve on what we do, broaden our range of products and services to meet the changing needs of the market, and to do this in a cost-effective manner and at a competitive price. We can never lose sight of our role as a market for issuers of capital, and for investors seeking to buy and sell securities in the secondary market, safe in the knowledge that their transactions will be settled with speed and certainty.

As a publicly-traded company, the JSE now has properly valued scrip with which to approach corporate activity. There has been speculation that the JSE itself may become the target of a takeover. This is not something that is entirely within our control but, in evaluating any strategic initiatives of this nature, we believe that the role that the JSE plays in the national economy will need to be carefully considered.

As a listed company, the JSE complies with the same listings requirements (both initial and continuing) as all other listed companies. The JSE's compliance with these requirements is regulated by the Financial Services Board (FSB) under a detailed FSB Board Notice which governs this issue.

BLACK ECONOMIC EMPOWERMENT

The Broad-Based BEE transaction which formed part of the JSE's listing is core to the JSE's own transformational objectives. Once fully implemented, it will help the JSE grow and retain its direct black shareholding as defined by the Financial Sector Charter.

Our Broad-Based BEE transaction has two components. In the first part of the transaction, a total of 2% of the JSE's shares is earmarked to be issued at par to the JSE Empowerment Fund (JEF) Trust with dividends being used to educate black students who are studying for an appropriate tertiary level qualification in the financial markets. To end 2006, 1,5% has been allocated to the Fund, with the remaining 0,5% to be allocated before June 2007. The Fund's assets, including dividends received, are used for the benefit of black people only and the trust is structured so as to be truly broad-based. JEF is controlled by black trustees and, as far as the JSE has been able to determine, qualifies as a black shareholder of the JSE under the Financial Sector Charter and the relevant dti Codes. The issue of JSE shares to JEF in 2006 resulted in a cost to the JSE of R38 million which is reflected in our income statement.



The second aspect of the Broad-Based BEE initiative is the Black Shareholders' Retention Scheme (the BSR Scheme) aimed at incentivising the JSE's black shareholders as at 28 March 2006 to retain their JSE shareholding until at least 2011. The BSR Scheme involves the issuing of deeply discounted options in respect of a further 2% of JSE shares. In terms of the BSR Scheme, holders of JSE Shares who are black, who acquired JSE Shares on or before 28 March 2006 and still held them at that date, are considered to be Qualifying Black Shareholders. Qualifying Black Shareholders are issued options at each of three dates (June 2006, 2007 and 2008) entitling them to acquire additional JSE shares in 2011 at an 80% discount to the ruling price on the date the options were granted. The first tranche of 579 183 options was issued in June 2006 at a strike price of R4,81 per share.

The Qualifying Black Shareholders will also be involved in the future strategic development of the JSE. This is achieved through the establishment of the Option Holders' Forum which the JSE hopes will become an active place for discussion between the JSE and option holders about future strategic threats and opportunities for South Africa's capital markets and in particular about how the JSE and option holders can work together to address these. An inaugural meeting of option holders was held in December 2006.

The confirmed total black ownership in the JSE as at end December 2006 was 8,5% and this will rise on conclusion of the Broad-Based BEE transaction to about 11% in 2011.

EMPLOYEES RETENTION AND INCENTIVE INITIATIVE

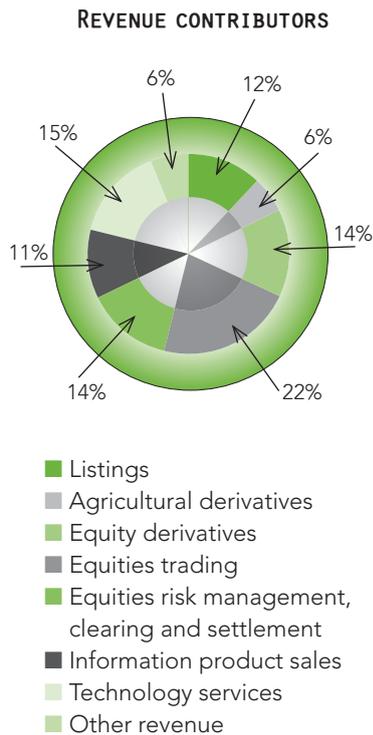
The Long-Term Incentive Scheme implemented as part of the JSE's listing recognises that, similar to most companies, the JSE is critically dependent on certain key employees for its successful operation and that it is imperative for the JSE to retain this important group of people.

The Long-Term Incentive Scheme is a cash settled bonus scheme which pays participants a certain amount in cash based on their allocated participation interests. The amount is calculated by reference to the growth in the JSE's share price from the base price (30 calendar days VWAP immediately prior to and including the date of the decision to award participation interests) to the vesting price (30 calendar days VWAP immediately prior to and including the date of the unconditional vesting of a participation interest). In the event that the vesting price is below the base price, participants will not receive a cash bonus from the Incentive Scheme.

As it is a cash-settled scheme, there is no dilution of shareholder ownership.

The Board has to date only issued one tranche of participation interests the cost of which is reflected in the accompanying financials. Given the dramatic increase in the JSE's share price, the Board is currently considering whether there are opportunities for it to limit the income statement impact of the scheme.

CEO STATEMENT AND BUSINESS REVIEW (continued)



DIVERSIFICATION AND GROWTH OF REVENUE STREAMS

The JSE's revenue is somewhat correlated to the volume of trades which takes place on its markets and could suffer a decline in financial performance should trade volumes reduce. The current international trend in trading volumes is upward. To counteract the impact of the cyclical nature of the financial markets it operates, the JSE has over the past number of years worked hard to diversify and grow its revenue streams and reduce its cost base so as to build a more sustainable business model for the Group.

The JSE's business lines which contribute to its revenue are reflected in the adjacent pie-chart.

LISTINGS

In 2006, we listed 18 companies on the Main Board and 19 companies on AltX. These included 7 inward listings.

This was the first year since 1998 when the total number of new listings outstripped the number of de-listings on the JSE and we ended the year with 364 (2005: 373) companies listed on the Main Board and 37 (2005: 19) on AltX.

315 new warrants were listed and we welcomed the listing on the Main Board of the first of what we hope will be numerous exchange traded funds on foreign underlyings.

In the coming year we are concentrating on increasing the number of local and inward listings so as to continue to provide our clients with a well diversified selection of investment choices.

AGRICULTURAL DERIVATIVES TRADING AND CLEARING

The average number of agricultural derivative contracts traded per month has increased since 2000 by 289%. During 2006 the total number of agricultural derivative contracts traded on a monthly average basis grew by 9,5% over 2005.

A very pleasing aspect of this growth has been the increasing trade in the wheat contract which now makes up 20% of our agricultural business. This provides our agricultural clients with a more balanced and diverse investment selection.

In 2007, we will be investigating developing a Southern African soft commodities index with the view to potentially implementing a future on that index in the medium term, depending on the feedback of our clients in this area.

We are also working with the agricultural community to accelerate the acceptance of the fully electronic silo receipt process which we started during 2006. Already almost 30% of our deliveries are performed electronically and we believe that increased automation in this area will positively impact the agricultural market as a whole.



EQUITY DERIVATIVES TRADING AND CLEARING

The average number of equity derivatives contracts traded per month has increased by 105% over 2005.

An area of particular success, is that of Single Stock Futures (SSF) where the average monthly single stock futures contracts traded in 2006 was up 185% on 2005 and moved the JSE into second place amongst exchanges globally in terms of numbers of SSF contracts traded.

SSFs allow investors to trade on margin. These have proven to be hugely popular with a wide range of investors, from the conservative to the more speculative. Because of the relatively low margin requirements, investors of relatively modest means now have access to highly priced stocks that might otherwise be beyond their reach. More aggressive traders are attracted by the leverage inherent in these instruments.

2006 saw the launch of the innovative Can-do Option product on our equity derivative market. Can-do Options provide an investor with a product that has the advantages that accompany a listed derivative, and at the same time the flexibility of an over-the-counter contract, as the two parties are able to negotiate the terms of the contract, specifically the expiry dates and underlying assets. The product is also transparent and independently valued. This innovation has been rewarded by a pleasing amount of investor attention. Dividend futures were also introduced to allow customers to hedge against the dividend risk that accompanies trading in single stock futures.

Yield-X, an automated central order book for a wide range of interest rate products which we launched in 2005 in response to market demand, continued to find traction although at a slower rate than we would like to see. We are working with the Bond Exchange of South Africa to see whether we can find a model that responds in the most appropriate manner to the needs of both Yield-X and BESA clients.

Our team is also working on a number of exciting products for launch during 2007 on both our equity derivatives and Yield-X markets to further enhance the diversity of derivative products available for our clients through our Exchange.

EQUITIES TRADING

Liquidity on the JSE has grown from 7% in 1996 to over 40% currently. The market capitalisation of the JSE equities market has grown from R1 trillion to in excess of R5 trillion at the end of 2006. Average daily number of trades were up 58% on 2005 and average value traded increased by 68%. As mentioned earlier, this increased activity has impacted positively on the Group's performance this year.

While this activity is, of course, driven by global and local market conditions, it is also well supported and enabled by the adherence to world-class standards of regulation in both our primary and secondary market activities as well as



CEO STATEMENT AND BUSINESS REVIEW (continued)

by the technology we use to conduct, clear and settle trades and regulate market activity.

The JSE renewed its technology agreement with the London Stock Exchange in December 2006 which will result in the JSE replacing the current equity trading system with the new London Stock Exchange TradElect™ platform. The system allows for improved latency, scalability, recoverability and throughput at a reduced cost. The JSE expects to implement this system in the first half of 2007.

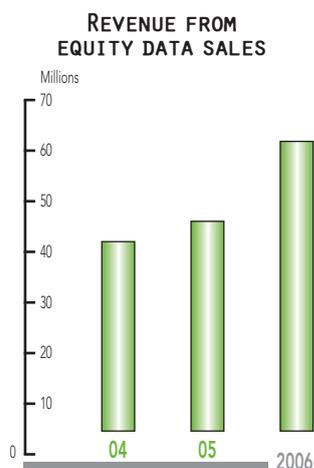
EQUITIES RISK MANAGEMENT, CLEARING AND SETTLEMENT

Shares are only able to trade on the JSE equities market if they are dematerialised. Settlement of the JSE's equities and spot interest rate products is effected on T+5 and T+3 settlement cycles respectively, through Strate, the licensed central securities depository. The JSE guarantees the settlement of on-market central order book equity trades and, accordingly, all central order book equity trades are risk managed by the JSE's settlement authority to ensure that they are, in fact, able to settle timeously. For the sixth year in a row, the JSE has had a zero failed trade record, putting the JSE amongst an elite number of exchanges globally with such a record.

In the coming year, we will be working with industry participants to investigate the feasibility and implications of reducing the settlement cycle to T+3 which is the global norm. We will also be working with Strate to consider whether a new settlement model is required in order to reduce settlement costs and provide issuers and investors with more timely, regular, and accurate information on share ownership.

INFORMATION PRODUCT SALES

The JSE sells information generated through the various markets it operates, including live equities prices, live index updates, end-of-day information and information on corporate actions. Since 2005, the JSE has grown the revenue from data sales by 34%.



We believe that there is considerable benefit that can be given to our clients by mining even further the raw and fundamental data our operations generate and we will be progressing this strategy further during 2007.

TECHNOLOGY SERVICES

As a fully automated exchange, we are critically dependent on the technology we operate in order to provide our services to our customers.

Our equities market brokers use our broker deal accounting (BDA) system and the increased volumes in the market resulted in an increase in revenue of R21 million for 2006 over 2005.

The JSE is currently working on Project Orion which is aimed at replacing its legacy information technology systems (including the BDA system and the derivatives markets trading and clearing systems) with next generation



technology. Release A, the first of the three releases of Project Orion, was successfully implemented on 11 December 2006. Release B, being the replacement of the BDA system, is still work in progress and it is anticipated that it will go live during 2008, subject to discussions with the supplier of the technology. Release C, which will result in the replacement of the financial and agricultural derivatives trading and clearing systems, will go live in July and August 2007 respectively.

The Managed Network Project was initiated in 2005 to manage the impact of increased telecommunications network bandwidth requirements to JSE customers due to the implementation of new applications and increases in messages due to rising volumes. It was also established that benefits could be derived for the JSE as well.

The project is divided into three phases:

- International Links
This phase involves the use of a different service provider for the telecommunication links from the JSE to the LSE for the equities trading system. The overall objectives are to improve resilience and redundancy as well as to obtain improved service levels.
- Internet Service Connectivity
Transition of the JSE connectivity to the internet.
- Customer Network
This phase is about providing our customers with more choices for connecting to JSE services.

A tailored solution is planned offering bandwidth and line upgrades (where required), consolidation of lines (where appropriate), improved service levels, configured Quality of Service (QoS) on telecommunications links and other value added services (such as Internet connections, VoIP, etc).

OTHER REVENUE

The JSE also derives revenue from a number of other sources such as rental income, dividend income and income from funds under management. With the increased market activity, higher fund management values have resulted in net financing income improving considerably on the back of increased values invested and the general increase in interest rates.

COSTS

The JSE continues to focus on ensuring that its costs are controlled and its cost to income ratio is improved. The two main cost areas are staff and information technology, constituting almost 70% of the costs.

As indicated earlier, operating costs for the Group were contained to an increase of R44 million or 11% over 2005. Additional costs of R50 million and R32 million respectively were incurred in expensing the implementation of the 2006 tranches of the Broad-Based BEE transaction and the Employee Long-Term Incentive Scheme approved by shareholders during May 2006 as part of the approvals sought for the JSE's listing.



CEO STATEMENT AND BUSINESS REVIEW (continued)

The JSE's cost to income ratio increased from 87,72% to 89,99% year on year. This was due primarily to R82 million in share-based payments which have not been incurred before.

As the JSE is heavily reliant on technology and as all technology needs to be kept up to date, the JSE expects to continue to make substantial investments in its information technology infrastructure over time. The nature and extent of such investments is not yet known, but will be put to the Board for approval once identified and once the relevant business cases have been developed.

LOOKING FORWARD

The JSE may be the only stock exchange in South Africa, but it has no monopoly on investment. Investors have an ever-expanding range of alternatives, including overseas securities exchanges on which to invest. Securities exchanges around the world are also competing against a variety of alternative markets and mechanisms that are not exchanges and we are no exception. An example is the growing market for contracts for difference (CFDs).

Moreover, regulation in financial markets is continuously evolving with developments further highlighting the need to provide investors and issuers with innovative and cost-effective products and services. The latest European-wide initiative is the Markets in Financial Instruments Directive (MiFID), which aims to enhance competition and to increase investor protection. The elevated standards required under MiFID are anticipated to prompt accelerated corporate activity in Europe and elsewhere. In contrast, across the Atlantic in the US, the Sarbanes Oxley Act – imposing higher standards of disclosure on quoted companies – has negatively impacted the IPO (Initial Public Offering) market in that country.

The JSE has taken cognisance of these and other international trends as it has established itself as an integral part of the South African economy by offering an efficient and relatively inexpensive vehicle for both issuers of shares and investors to transact in a transparent pricing environment. We will continue to focus on this imperative in implementing our various strategic initiatives.

The year ahead will be no less exciting for us. We will continue to look to improve all areas of the JSE business in the coming year, while at the same time identifying new products suitable for different investor needs. Our aim is to make the exchange more accessible to all South Africans by broadening our range of products and services, and offering these at a competitive price.

New products are in the pipeline that will broaden the appeal of the exchange and make it possible for more South Africans to participate in the wealth creation that is evident all around us. Given the wealth disparities in our country, the financial markets must come up with unique and inventive products that will spread wealth more equitably and create the kind of savings culture that has anchored the Asian miracle economies. We will also continue



to expand our educational initiatives to encourage many more South Africans to participate in the opportunities available on the Exchange.

The success of the JSE is linked in no small way to the economic environment in which it operates. The economy is well on track for another year of strong growth, but perhaps we should avoid complacency. Here, we should inject a note of caution. One area on which virtually all South Africans are united is the subject of crime. If we do not address the issues of significant social inequality and crime, we will not continue to see the kinds of returns we have enjoyed up until now. We need to do this not just because the Soccer World Cup 2010 is around the corner. Most of us will still be around after 2010, and we want to live in a society that respects human life and dignity, as reflected in the Constitution.

APPRECIATION

To our shareholders, we have a special word of thanks. You have entrusted us with the management and smooth operation of this historic institution that has featured prominently in the economic growth and development of South Africa. We are fully aware that this trust carries with it enormous responsibilities. As a listed entity we must set the highest possible standards of corporate ethics and governance, just as we demand the same of other companies listed on the Exchange. We have a responsibility to the issuers of capital, and to the South African public at large, to ensure that we offer a world-class service at very competitive transaction costs. In doing this, we must serve the best interests of our shareholders and deliver real, tangible and sustainable value.

Sincere appreciation goes also to the JSE Board for guiding the JSE through the momentous changes of the last year and to the whole JSE team. A special word of thanks also goes to our clients, brokers, investors, suppliers and the general public.

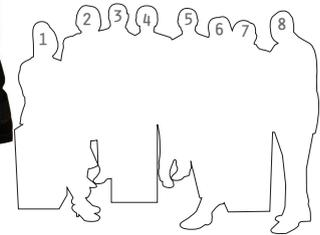
We must also acknowledge the input of our regulators, the FSB, and the Reserve Bank and National Treasury with whom we have established a good working relationship.

I look forward to working with all of you, and building even closer relations, in the year ahead.

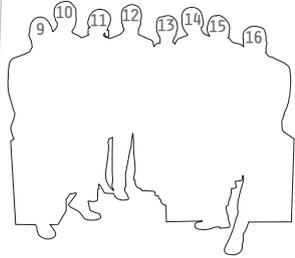
Russell M Loubser



EXECUTIVE COMMITTEE



<p>1. MPUSENG TLHABANE</p> <p>SENIOR GENERAL MANAGER: HUMAN RESOURCES YEARS SERVICE: 3</p>	<p>2. NICKY NEWTON-KING</p> <p>DEPUTY CEO YEARS SERVICE: 11</p>	<p>3. ALLAN THOMSON</p> <p>DIRECTOR: TRADING YEARS SERVICE: 5</p>	<p>4. RUSSELL LOUBSER</p> <p>CEO YEARS SERVICE: 10</p>
<p>5. JANNIE IMMELMAN</p> <p>SENIOR GENERAL MANAGER: INFORMATION SERVICES YEARS SERVICE: 11</p>	<p>6. ANA FORSSMAN</p> <p>SENIOR GENERAL MANAGER: INFORMATION PRODUCT SALES YEARS SERVICE: 18</p>	<p>7. DES DAVIDSON</p> <p>DIRECTOR: CLEARING AND SETTLEMENT YEARS SERVICE: 7</p>	<p>8. GEOFF ROTHSCHILD</p> <p>DIRECTOR: GOVERNMENT AND INTERNATIONAL AFFAIRS YEARS SERVICE: 2</p>



<p>9. NOAH GREENHILL</p> <p>SENIOR GENERAL MANAGER: MARKETING AND BUSINESS DEVELOPMENT</p> <p>YEARS SERVICE: 7</p>	<p>10. BILL URMSON</p> <p>DIRECTOR: SURVEILLANCE</p> <p>YEARS SERVICE: 10</p>	<p>11. MAUREEN DLAMINI</p> <p>SENIOR GENERAL MANAGER: EDUCATION</p> <p>YEARS SERVICE: 1</p>	<p>12. GARY CLARKE</p> <p>GROUP COMPANY SECRETARY</p> <p>YEARS SERVICE: 9</p>
<p>13. LEANNE PARSONS</p> <p>CHIEF OPERATING OFFICER</p> <p>YEARS SERVICE: 22</p>	<p>14. ROD GRAVELET-BLONDIN</p> <p>SENIOR GENERAL MANAGER: AGRICULTURAL PRODUCTS</p> <p>YEARS SERVICE: 11</p>	<p>15. FRED A EVANS</p> <p>CHIEF FINANCIAL OFFICER</p> <p>YEARS SERVICE: 6</p>	<p>16. JOHN BURKE</p> <p>DIRECTOR: ISSUER SERVICES</p> <p>YEARS SERVICE: 17</p>



CORPORATE GOVERNANCE – HIGHLIGHTS

- WHEN THE JSE LISTED ON 5 JUNE 2006, THE BOARD **INTENSIFIED ITS COMMITMENT** TO THE VALUES OF GOOD CORPORATE GOVERNANCE
- THE JSE HAS A **UNITARY** BOARD
- THE JSE HAS FIVE EXECUTIVE AND EIGHT INDEPENDENT NON-EXECUTIVE BOARD MEMBERS, INCLUDING AN ELECTED NON-EXECUTIVE CHAIRMAN
- THE JSE **HAS MADE AND CONTINUES TO MAKE** EVERY EFFORT TO CONFORM TO THE KING CODE IN ALL MATERIAL RESPECTS
- A DEALING POLICY IS IN PLACE PROVIDING RULES REGARDING JSE EMPLOYEES AND DIRECTORS' DEALING IN JSE SHARES
- IN THE INTERESTS OF TRANSPARENCY, A REPRESENTATIVE FROM THE JSE'S REGULATOR (THE FINANCIAL SERVICES BOARD) ATTENDS BOARD MEETINGS AS AN OBSERVER
- THE JSE'S RISK MANAGEMENT COMMITTEE IS COMFORTABLE THAT THE COMPANY'S OVERALL LEVEL OF RISK MANAGEMENT IS GOOD **AND CONTINUES TO IMPROVE**
- THE JSE'S INTERNAL AUDIT PROCESS GIVES THE COMPANY INDEPENDENT ASSURANCE ON ALL KEY RISK AREAS AND RELATED INTERNAL CONTROLS



CORPORATE GOVERNANCE

By virtue of its regulatory role, it is essential for the JSE to maintain the clear distinction between that role and its role as a listed entity. This requires the JSE to be rigorous in implementing governance processes and procedures that realise and maintain the unquestionable separation of these different functions.

The principles of conducting business with integrity and according to sound governance practices are engrained at the JSE, and the JSE continues to review its governance structures in accordance with local and international developments.

With the listing of the JSE on 5 June 2006, the Board of the JSE has intensified its commitment to the values of good corporate governance in ensuring that better than good governance persists at and permeates all levels of the JSE, resulting in the fortification of the JSE brand.

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

CHAIRMAN AND BOARD OF DIRECTORS

The JSE has a unitary Board consisting 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 (2005: 15), who, in addition to the Chairman, consists of a Chief Executive Officer (CEO), Deputy CEO, Chief Operating Officer, two other executive directors, a lead non-executive director and seven other non-executive directors. In the interest of transparency, a representative from the JSE's regulator, the Financial Services Board, attends Board meetings as an observer.

Non-executive directors have no fixed term of appointment. However, in terms of article 24 of the Articles of Association of the JSE, at least one third of all non-executive directors are required to retire by rotation each year. Retiring directors may be re-elected. In addition, executive directors are subject to the same terms and conditions of employment as other JSE employees, with the exception of their notice period, which is three months. The CEO's notice period is four months.

The directors are elected to the Board on the basis of their skills and experience appropriate to the strategic direction of the JSE and necessary to secure its sound performance. The race and gender of candidates is also considered. Procedures for the nomination of Board members are formal and transparent. The Board has delegated this responsibility to a Nominations Committee which makes recommendations to the Board.

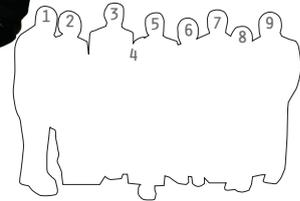
The Board considers all its non-executive directors to be independent. A number of the non-executive directors have indirect remote interests in the JSE, and strictly speaking, in terms of the Listings Requirements therefore fall outside of the definition of "independent". These directors and their interests are: Humphrey Borkum, Chairman of Merrill Lynch South Africa (Pty) Limited – sponsor and authorised user of the JSE; Stephen Koseff, Chief Executive Officer of Investec Bank Limited – listed company, sponsor and authorised user of the JSE; Andile Mazwai, Chief Executive Officer of BJM Securities (Pty) Limited – sponsor and authorised user of the JSE and Bobby Johnston – consultant to 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 adhered to, to mitigate any such conflicts.

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

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 ongoing relevance and applicability of the Charter is assessed on an ongoing basis and changes are made where appropriate.



BOARD



1. GEOFF ROTHSCHILD

EXECUTIVE DIRECTOR; PAST CHAIRMAN OF THE JSE; PREVIOUS DIRECTOR OF SASFIN FRANKEL POLLAK SECURITIES (PTY) LIMITED; MEMBER OF THE NATIONAL ADVISORY COUNCIL FOR INNOVATION; MEMBER OF THE SOUTH AFRICAN INSTITUTE OF STOCKBROKERS

APPOINTED TO THE BOARD IN 2000

2. NICKY NEWTON-KING

EXECUTIVE DIRECTOR; DEPUTY CEO; MEMBER OF THE KING TASK GROUP INTO INSIDER TRADING, THE FINANCIAL MARKETS ADVISORY BOARD, THE FINANCIAL CENTRE FOR AFRICA'S STRATEGY COMMITTEE AND THE STANDING ADVISORY COMMITTEE ON COMPANY LAW; PREVIOUS PARTNER OF WEBBER WENTZEL BOWENS ATTORNEYS

APPOINTED TO THE BOARD IN 2000

3. DAVID LAWERENCE

ALTERNATE DIRECTOR TO STEPHEN KOSEFF PREVIOUS CHAIRMAN AND MANAGING DIRECTOR OF CITIBANK PREVIOUS MANAGING DIRECTOR OF FIRSTCORP MERCHANT BANK DEPUTY CHAIRMAN OF INVESTEC LIMITED

4. SAM NEMATSWERANI

CHAIRMAN OF THE AUDIT COMMITTEE OF THE JSE; CEO OF AKA CAPITAL (PTY) LIMITED; DIRECTOR OF COMPANIES

APPOINTED TO THE BOARD IN 2005

5. JOHN BURKE

EXECUTIVE DIRECTOR; MEMBER OF THE KING COMMITTEE ON CORPORATE GOVERNANCE; CHAIRMAN OF THE LISTINGS ADVISORY COMMITTEE

APPOINTED TO THE BOARD IN 2001

6. HUMPHREY BORKUM

CHAIRMAN OF THE JSE; CHAIRMAN OF MERRILL LYNCH SA (PTY) LIMITED; MEMBER OF THE SOUTH AFRICAN INSTITUTE OF STOCKBROKERS

APPOINTED TO THE BOARD IN 2000

7. GARY CLARKE

GROUP COMPANY SECRETARY

8. GLORIA SEROBE

CEO OF WIPCAPITAL (PTY) LIMITED; NON-EXECUTIVE DIRECTOR; OLD MUTUAL PLC AND NEDBANK LIMITED

APPOINTED TO THE BOARD IN 2000

9. NORMAN MÜLLER

HEAD OF FINANCIAL MARKETS, FSB



<p>10. LEANNE PARSONS</p> <p>EXECUTIVE DIRECTOR; CHIEF OPERATING OFFICER; DIRECTOR OF JSE RELATED COMPANIES</p> <p>APPOINTED TO THE BOARD IN 2000</p>	<p>11. ANDILE MAZWAI</p> <p>CEO OF BJM SECURITIES (PTY) LIMITED; MEMBER OF THE SOUTH AFRICAN INSTITUTE OF STOCKBROKERS</p> <p>APPOINTED TO THE BOARD IN 2004</p>	<p>12. STEPHEN KOSEFF</p> <p>CEO OF INVESTEC BANK LIMITED; CHAIRMAN OF THE INDEPENDENT BANKS ASSOCIATION</p> <p>APPOINTED TO THE BOARD IN 2000</p>	<p>13. NIGEL PAYNE</p> <p>CHAIRMAN OF THE RISK MANAGEMENT COMMITTEE OF THE JSE; CONSULTANT; DIRECTOR OF COMPANIES; MEMBER OF THE KING COMMITTEE ON CORPORATE GOVERNANCE; CHAIRMAN OF THE KING COMMITTEE TASK GROUPS ON RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT</p> <p>APPOINTED TO THE BOARD IN 2005</p>
<p>14. WENDY LUHABE</p> <p>CHAIRMAN OF THE INDUSTRIAL DEVELOPMENT CORPORATION, VENDOME SA, WOMEN'S PRIVATE EQUITY FUND 1, INTERNATIONAL MARKETING COUNCIL AND CHANCELLOR OF THE UNIVERSITY OF JOHANNESBURG</p> <p>APPOINTED TO THE BOARD IN 2003</p>	<p>15. RUSSELL LOUBSER</p> <p>EXECUTIVE DIRECTOR; CEO OF THE JSE; 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</p> <p>APPOINTED TO THE BOARD IN 2000</p>	<p>16. BOBBY JOHNSTON</p> <p>HONORARY LIFE MEMBER OF THE SOUTH AFRICAN INSTITUTE OF STOCKBROKERS; PREVIOUS CHAIRMAN OF THE JSE; MEMBER OF THE FINANCIAL MARKETS ADVISORY BOARD</p> <p>APPOINTED TO THE BOARD IN 2000</p>	<p>17. ANTON BOTHA</p> <p>CHAIRMAN OF THE HUMAN RESOURCES COMMITTEE OF THE JSE; CHAIRMAN: VUKILE PROPERTY FUND, NON-EXECUTIVE DIRECTOR: SANLAM LIMITED AND MEMBER OF THE COUNCIL: UNIVERSITY OF PRETORIA; PAST CEO OF GENBEL SA LIMITED,</p> <p>APPOINTED TO THE BOARD IN 2001</p>

CORPORATE GOVERNANCE (continued)

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

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

The process included:

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

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

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

ATTENDANCE AT BOARD MEETINGS

The Board is required to meet a minimum of four times per year. Four Board meetings and one strategy session were held in 2006. Attendance by directors was as follows:

Director	Alternate	14/02/06	23/05/06	24/05/06*	15/08/06	21/11/06	Total
H J Borkum ^{1,2,4,5}	A Horowitz ⁷	✓	✓	✓	✓	✓	5
A D Botha ^{1,2,4,5}		✓	✓	✓	✓	✓	5
J H Burke ⁸		✓	✓	✓	✓	✓	5
M R Johnston ^{2,5}		✓	✓	✓	✓	✓	5
R J Khoza ^{1,4,5,6}		✓	—	—	—	—	1
S Koseff ^{1,5}	D Lawrence ⁵	alt	alt	alt	x	alt	4
R M Loubser ^{3,8}		✓	✓	✓	✓	✓	5
W Y N Luhabe ^{1,5}		✓	✓	✓	✓	✓	5
A M Mazwai ^{1,3,5}		✓	✓	✓	✓	✓	5
N S Nematswerani ^{2,3,5}		✓	✓	✓	✓	✓	5
N F Newton-King ⁸		✓	✓	✓	#	#	3
L V Parsons ^{3,8}		✓	✓	✓	✓	✓	5
N Payne ^{3,5}		✓	✓	✓	✓	✓	5
G Rothschild ⁸		✓	✓	✓	✓	✓	5
G T Serobe ^{2,4,5}		✓	✓	✓	✓	✓	5

1 Member of Human Resources Committee

2 Member of Audit Committee

3 Member of Risk Management Committee

4 Member of Nominations Committee

5 Non-Executive Director

6 Resigned from the Board as Non-Executive Director on 9 May 2005

7 Resigned as alternate director on 31 August 2006

8 Executive Director

✓ Attended

alt Alternate

* Board Strategy Session

Approved leave of absence



COMMITTEES

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

EXECUTIVE COMMITTEE

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

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

AUDIT COMMITTEE REPORT PREPARED BY ITS CHAIRMAN, SAM NEMATSWERANI

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

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

The committee is required to, *inter alia*:

- recommend to the Board which firm(s) should be appointed as external auditors;
- evaluate the independence and effectiveness of the external auditors and consider any non-audit services rendered by such auditors and whether the rendering of these services substantially impairs 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, consistently applied and supported by reasonable and prudent judgements and estimates;
- review the accounting policies and procedures adopted by the Group and the JSE and any changes made or contemplated thereto;
- recommend the quantum of audit fees;
- review the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control;
- monitor and supervise the effective functioning of the internal audit ensuring that the roles and functions of the external and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the JSE's systems of internal controls and reporting; and
- review and consider the appropriateness of assumptions and achievability of budgets and forecasts.

The JSE continues to:

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



CORPORATE GOVERNANCE (continued)

The internal and external auditors have unlimited access to the chairman of the committee. The internal auditors report to the committee and also report to the Chief Financial Officer on day-to-day matters. The chairman of the Audit Committee attends Annual General Meetings to respond to any questions related to the committee and the Group and JSE's financial affairs.

The committee met three times in 2006. Attendance by members was as follows:

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

N S Nematswerani

NOMINATIONS COMMITTEE REPORT PREPARED BY ITS CHAIRMAN, HUMPHREY BORKUM

The Nominations Committee is comprised 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 to promote, inter alia, 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.

During 2006, the recommendations made by the committee to the Board, and approved by the Board were that Dr W Luhabe and Mr A M Mazwai be appointed to the Human Resources Committee. A recommendation was also made for Mr Khoza not to be replaced at this stage. The committee met twice in 2006. Attendance by members was as follows:

	14/03/06	23/05/06	Total attendance by members
H J Borkum	✓	✓	2
G T Serobe	x	✓	1
A D Botha	✓	✓	2
R J Khoza	✓	*	1

*Resigned on 9 May 2006

H J Borkum



HUMAN RESOURCES COMMITTEE REPORT PREPARED BY ITS CHAIRMAN, ANTON BOTHA

The Human Resources Committee is comprised 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 deemed inappropriate by the committee. The committee operates in terms of written terms of reference approved by the Board and is required to meet a minimum of three times a year.

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

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

The remuneration policy makes provision for each executive committee member to receive a package consisting of a basic salary and an ability to earn a cash bonus. A long-term incentive and retention scheme was approved by the Board in November 2005 and tabled for consideration by shareholders, and approved at a general meeting held on 9 May 2006. The scheme was implemented with effect from 1 January 2006.

Remuneration of the Board is currently approved as follows:

- Humphrey Borkum, Anton Botha, Stephen Koseff, Wendy Luhabe and Andile Mazwai review the remuneration of the executive and the CEO;
- Anton Botha, Stephen Koseff, Wendy Luhabe and Andile Mazwai review the remuneration of the Chairman and the Deputy Chairman, if appointed;
- Humphrey Borkum, in consultation with the CEO, reviews the remuneration of the non-executive directors of the Board, excluding the Chairman; and
- All fees payable to non-executive directors, including the Chairman are tabled at the Annual General Meeting of shareholders for approval.

The committee has made use of the services of 21st Century Business and Pay Solutions (Pty) Limited ("21st Century") 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 2006, the committee, inter alia, considered, noted and approved, where appropriate, the following:

- the CEO's key performance areas and performance in respect thereof;
- the JSE's employment equity report to be submitted to the Department of Labour for 2006;
- Executive Committee members' and non-executive directors' remuneration;
- the principles of JSE employee remuneration and the issuing of participation interests in terms of the long-term incentive and retention scheme;
- 2007 salary increases to staff;
- awarding of a special bonus to staff; and
- succession planning.

In light of the exceptional financial results, the CEO was authorised by the committee to award special bonuses to staff and the Executive Committee to a total value of R13 million. Bonuses to the amount of R5,3 million were awarded to Executive Committee members.

Consistent with a decision taken during 2006, certain increases to the remuneration of the Chairmen of the Human Resources and Nominations Committees to bring same into line with the Chairmen of the other Board Committees will be tabled for approval by shareholders at the 2007 Annual General Meeting. In addition, approval will be sought from shareholders for an eight per cent increase to the retainer, and meeting fees for the Chairman, the Chairmen of the Board committees and directors.

CORPORATE GOVERNANCE (continued)

Significant progress has been made in achieving the Financial Sector Charter targets in relation to employment equity in that targets for black and female employees have been met at all levels with the exception of executive management level.

A dealing policy is in place providing rules in respect of dealing in JSE shares by employees and directors. These rules prohibit directors from dealing in JSE shares when they are in possession of price-sensitive information. In addition, dealing is only permitted 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 director, or failing him, the CEO or Deputy CEO.

The chairman of the Human Resources Committee attends Annual General Meetings to respond to any queries related to issues considered by this committee. During 2006 the committee met three times. Attendance by members was as follows:

	07/03/06	01/08/06	07/11/06	Total attendance by members
A D Botha	✓	✓	✓	3
H J Borkum	✓	✓	✓	3
R J Khoza	✓	*	*	1
S Koseff	✓	✓	x	2
W Y N Luhabe	—	✓#	x	1
A M Mazwai	—	x#	x	0

*Resigned 9 May 2006

#Appointed 23 March 2006



A D Botha

RISK MANAGEMENT COMMITTEE REPORT PREPARED BY ITS CHAIRMAN, NIGEL PAYNE

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

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

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

A company-wide risk matrix has been compiled. This is required to be updated on an annual basis with risks being ranked according to an appropriate methodology. Each risk has been allocated to an Executive Committee member or to the Executive Committee in its entirety, for the ongoing management of each identified risk.

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

The JSE risk matrix was updated in 2006. This exercise excluded the area of information technology and operational risks, which is undergoing significant change due to Project Orion. An assessment of information technology and operational risks was also conducted during 2006 and the consolidation of the two lists will be finalised in 2007. The implementation of Project Orion continues to be identified as crucial to the JSE. Release A was successfully implemented on 11 December 2006. The committee has monitored, and will continue to monitor vigilantly the ongoing progress of this project pending its full implementation. The committee is comfortable that appropriate governance structures and other mitigating actions are in place to adequately and timeously identify and address any risks that might arise out of the implementation of this project.

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

The ongoing collaboration of the committee, the internal and external auditors, the Executive Committee and Board, has ensured a thorough understanding of the risks accepted by the JSE in pursuance of its objectives.

The chairman of the Risk Management Committee attends Annual General Meetings to respond to any queries related to issues considered by this committee.

The committee met three times in 2006. Attendance by members was as follows:

	14/02/06	27/07/06	24/10/06	Total attendance by members
N Payne	✓	✓	✓	3
N S Nematswerani	✓	✓	✓	3
A M Mazwai	✓	✓	x	2
R M Loubser	✓	✓	✓	3
L V Parsons	✓	✓	✓	3
F Evans	✓	✓	✓	3
W F Urmson	x	✓	✓	2
D Lawrence	—	x#	✓	1

#Appointed 23 March 2006



N Payne

CORPORATE GOVERNANCE (continued)

RISK MANAGEMENT REVIEW

With the introduction of electronic settlement through Strate in 1999, the settlement risks that the JSE is required to identify and mitigate, diminished dramatically.

Risks influencing the environment in which the JSE operates are described below.

As part of its risk management procedures, the JSE has extensive guarantee funds and insurance cover across all areas of its business, including an "In and Out" fidelity insurance policy with cover of R250 million covering fidelity related claims by authorised users and the JSE.

The policy is subject to the JSE being liable to absorb the first R5 million of any successful claim lodged in terms of the policy. This R5 million exposure is in turn self-insured by the JSE through a structure managed by Hollard Insurance Company. There have been no successful claims made over the past four years.

PRINCIPAL RISK

Principal risk is the risk of a party losing the full value of a transaction. This would result from the transfer of funds and the transfer of ownership of securities not taking place simultaneously and irreversibly.

The implementation of Strate eliminated this risk through simultaneous, final and irrevocable delivery versus payment, thereby substantially reducing the overall risk of participating in the equities market.

CREDIT RISK

Credit risk is the risk of not receiving funds that are owed to the JSE from amongst others, authorised users and banks. The JSE provides a market for the dealing in securities, which is information technology intensive. Dealing is performed electronically through JSE SETS (equities), the ATS (derivatives) and the Yield-X electronic trading systems. In addition, trades in equity securities conducted through JSE SETS are settled through Strate. In parallel with the provision of this service, the JSE also obliges all equities members to maintain their general ledger and client accounting through the Broker Deal Accounting (BDA) system.

TECHNOLOGY AND SYSTEMS RISK

The technology and systems risk is the inability of the JSE's systems and associated applications to manage and control the business processes and information. The JSE bears this risk, but is exempt from legal liability should either or all of the systems referred to above not function efficiently or at all, resulting in the JSE being unable to provide an efficient operational market.

The Chief Operating Officer and her team together with our various service providers manage the risk associated with BDA, JSE SETS, the ATS and the Yield-X trading system. This includes having a comprehensive redundancy and disaster recovery infrastructure and enhanced focus on business continuity management. In addition a comprehensive audit is conducted annually by independent consultants to monitor and make recommendations in respect of the integrity of these systems. Any risks resulting from this process are being managed.

SETTLEMENT AND LIQUIDITY RISK

Settlement risk relates to when a party to an outstanding transaction fails to perform on the prescribed settlement date and a transaction fails as a result of this.



Liquidity risk is closely associated with settlement risk and is the risk that a party will not have sufficient liquidity to meet its settlement obligations in a rolling contractual settlement regime.

(1) EQUITIES

There is no settlement or liquidity risk to the JSE in respect of an off-market trade. The contracting parties to an off-market trade bear this risk.

Settlement performance is the cornerstone of any securities exchange and, therefore, the JSE, in certain prescribed circumstances (on-market trades between two members) guarantees settlement and is required to manage settlement, bearing the liquidity and price risk for both the cash and securities.

The failure by a party to perform its settlement obligations might result in the counterparty having an open position. To address this situation it is necessary to incur the cost of replacing, at current market prices, the securities that were subject to the original transaction. This risk is exacerbated by liquidity risk and price risk, which is the possibility that the price of replacing the required securities has materially and negatively changed. The JSE equities environment comprises a hierarchical risk structure with the obligations of the client being guaranteed by the client's broking member. The member's obligations in this regard are in turn guaranteed by the JSE. The JSE has recourse in respect of any negative price movement against the member who introduced the trade. Accordingly, the JSE's settlement risk in this regard is directly proportional to the extent that both the client and the member are not able to perform their obligations.

The JSE has, through its rules, taken steps to address and limit settlement, price and liquidity risk. The Settlement Authority is appointed in terms of the JSE rules and is currently the Director: Clearing and Settlement who is dedicated to facilitating and managing settlement. The Settlement Authority has a wide range of intellectual and information technology resources at his disposal as well as far reaching powers to manage the relevant risks and facilitate the settlement of listed equity securities. These powers include the ability to impose collateral requirements on members and to act as lender of last resort (shares and cash) to a party who is potentially not able to comply with its obligations. The Settlement Authority has, through various avenues, secured access to settlement facilities. To date, only shares have been borrowed in this regard and the JSE is in the unique position of having had zero failed equities trades since the implementation of Strate six years ago.

(2) DERIVATIVES AND INTEREST RATE PRODUCTS

In respect of derivatives and interest rate products traded through the Equity Derivatives Market, Agricultural Derivatives Market and Yield-X respectively, provided that a transaction is traded through the ATS system, the considerations set out below will apply. Warrants are traded in the same manner as equities, through JSE SETS and the situation set out in 1 above applies to them.

With regard to the derivatives and interest rate business, a hierarchical risk management structure exists. In terms of this structure, members guarantee client obligations and clearing members guarantee member obligations. The clearing members are financial institutions of substance. This structure, in conjunction with the margining system, is effective in managing the settlement, liquidity and price risks. The Director: Trading is responsible for risk management of equity derivatives and interest rate products, while the Senior General Manager: Agricultural Products is responsible for the risk management of agricultural derivatives.



CORPORATE GOVERNANCE (continued)

SYSTEMIC RISK

Systemic risk is the risk where a disruption to the JSE, Strate, a Central Securities Depository Participant, a custody services provider, clearing member or the settlement system as a whole, causes a knock-on effect throughout the financial markets, toppling one financial institution after another, resulting in a loss of confidence in the system. This could result from a lack of solvency on the part of a stakeholder resulting in an inability to settle a multitude of transactions.

Alternatively, an operational issue may contribute towards large-scale non-fulfilment of transactions. The JSE is exposed to systemic risk, which is managed by the various stakeholders who participate in the financial markets. The JSE manages the risk insofar as it can through the Settlement Authority and the Surveillance, Operations & Services, Strategy & Legal Counsel divisions by means of a uniform and flexible policy of risk management and controls. The Risk Management Committee also participates in managing this risk and the JSE is an active participant in a number of industry forums aimed at preventing systemic risk.

FIDELITY RISK

This is the risk of employees or agents of the JSE committing fraud or an unauthorised activity. The JSE has a large amount of funds under its management, including monies deposited in JSE Trustees (Pty) Limited, SAFEX Clearing Company (Pty) Limited, the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust. The Chief Financial Officer is responsible for managing this risk, which is mitigated through the enforcement of stringent delegation of powers, segregation of duties, application of rules setting out checks and balances, low risk investment policies as well as fidelity and similar insurance.

LEGAL RISK

This is the risk that a transaction or contract cannot be consummated due to a legal impediment. The JSE is subject to this risk. The Deputy CEO is responsible for addressing this risk and heads up the legal division, which consists of four legal professionals who, in conjunction with external legal counsel, including Senior Counsel, attend to managing this risk.

CURRENCY RISK

This is the risk of defaulting on foreign currency payment obligations as a result of the devaluation of the Rand.

The JSE is exposed to this risk by way of:

- an agreement with the London Stock Exchange (LSE) in terms of which the LSE provides the JSE with JSE SETS and InfoWiz and commencing in 2007, TradElect™;
- an agreement with GL Trade in terms of which the JSE is provided with front-end technology (known as TALX); and
- an agreement with Microsoft for the provision of operating and data base software licences as part of the JSE's transition to next generation technology.

This risk is managed by the Chief Financial Officer, in consultation with a Foreign Exchange Committee comprised of JSE staff and industry specialists, through the use of derivative financial instruments to limit exposure.



REPUTATIONAL RISK

Reputational risk is the risk of damage to the JSE's reputation and brand. Given the nature of financial markets and the importance of the integrity of the markets, this is a very serious risk and is a risk which is a natural consequence of all other risks set out above.

The CEO is generally responsible for managing this risk. Under his guidance, all aspects of the JSE's business are focused on ensuring a safe, transparent and efficient market. The initiatives set out in the sustainability report provide a number of examples of activities conducted by the JSE in this regard.

Strate is a crucial element of the market. The risk associated with electronic settlement is not directly within the control of the JSE. This risk, if not managed, will result in the tarnishing of the JSE's reputation and affect the ongoing viability of the equities market. The JSE is represented on the Strate board of directors and participates in its Board sub-committees. In this way, the reputational risk to the JSE resulting from a Strate-related default, is monitored and assistance provided in the management thereof. Ongoing international surveys and evaluations have highlighted the enormous improvements to operational and settlement risk as a consequence of the implementation of the Strate systems which have had a beneficial effect, particularly on the non-resident clientele of the market.



SUSTAINABILITY REPORT – HIGHLIGHTS

- THE JSE WAS THE FIRST EXCHANGE TO LAUNCH AN INDEX MEASURING THE TRIPLE BOTTOM LINE PERFORMANCE OF PARTICIPATING COMPANIES, CALLED **THE SOCIALLY RESPONSIBLE INVESTMENT (SRI) INDEX**
- THE JSE, WHICH USES THE CRITERIA OF THE JSE'S SRI INDEX AS A MEANS TO FOCUS ITS SUSTAINABILITY PRACTICES, SUCCESSFULLY MET THE CRITERIA FOR 2006
- THE 2005/6 REVIEW SAW THE **HIGHEST SUCCESS** RATE SO FAR OF COMPANIES APPLYING TO JOIN THE SRI INDEX WITH 58 OUT OF 62 APPLICANTS MAKING IT ONTO THE INDEX
- THE JSE **ACTIVELY INVESTS INTO THE COMMUNITY** THROUGH ITS INVOLVEMENT IN INITIATIVES SUCH AS NURTURING ORPHANS OF AIDS FOR HUMANITY AND THE JSE/LIBERTY LIFE INVESTMENT CHALLENGE
- THE JSE **ACTIVELY ENGAGES STAKEHOLDERS** SUCH AS GOVERNMENT & MINISTERIAL AUTHORITIES, REGULATORS, CUSTOMERS, THE LOCAL COMMUNITY, STAFF AND INVESTORS
- PROJECTS THE JSE IS WORKING ON INCLUDE DEVELOPING A FORMAL ENVIRONMENTAL MANAGEMENT SYSTEM, STANDARDISING RECYCLING ACROSS THE COMPANY AND SETTING CLEAR OBJECTIVES RELATED TO EMPLOYEE OCCUPATIONAL HEALTH AND SAFETY



OVERVIEW

In recognition of the growing importance of responsible and sustainable business behaviour, the JSE has for many years embarked upon programmes which uphold and support sustainable development.

Companies are being urged to heed the call for responsible and sustainable business practices underpinned by good corporate governance and to align business strategies and policy to this end. Increasingly, there is a move to focus more on improved transparency through reporting of performance as opposed to a glossy recital of select achievements. Globally there is also more focus on responsible investing. Early in 2006, the UN Secretary General launched the UN's Principles for Responsible Investment ("PRI") requiring signatories to consider non-financial risk indicators in investment decisions and analysis. The JSE believes it needs to play a part in these initiatives.

SCOPE

The JSE uses the Criteria for the JSE's Socially Responsible Investment ("SRI") Index as a means to focus its sustainability practices. Accordingly, this 2006 sustainability report is structured with the themes addressed in the JSE SRI Index Criteria in mind and covers all areas of operations and business, reflecting achievements in the period under review and challenges, objectives and key focus areas going forward.

Developments and trends from the 2006 review of participants in the JSE SRI Index, are highlighted separately. The JSE also successfully met the SRI Index criteria for 2006 – this too is elaborated upon in the section regarding the Index.

Corporate governance which is itself the foundation of the SRI Index is addressed separately in the corporate governance report.

Stakeholder engagement remains a priority as does the maintenance of all principles of good corporate governance and long-term economic sustainability. Our intention with our sustainability reporting is to increasingly provide quantifiable, comparable information that can be used to monitor performance of our sustainability practices.

ENVIRONMENTAL SUSTAINABILITY

The JSE is classified as a low impact company when it comes to the JSE's environmental impact. Although this classification brings with it significantly lower responsibility in relation to environmental impact, the JSE is committed to continuing to work toward reducing the direct negative environmental impacts that the JSE has as well as to raising awareness around the responsibility of low impact companies to minimise their indirect impact on the environment.

Achievements from the year under review, which contributed to the JSE's improved environmental performance, are as follows:

- Continued awareness-raising around the critical environmental issues through the SRI Index criteria;
- Placing paper recycling bins in all areas of operation;
- Implementing the use of recycled printing paper.



SUSTAINABILITY REPORT (continued)

Some of the key focus areas going forward include:

- The development of a formal environmental management system, including internal structures to monitor performance and implement remedial action;
- Implementation of energy efficient light bulbs throughout the JSE building;
- Formulating a policy to standardise recycling across the Company, to address waste and improved energy efficiency, and investigate further potential remedial actions for negative impacts on natural resources such as water;
- Expanding its environmental sustainability awareness raising initiatives beyond the SRI Index, especially internally.

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

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

SOCIAL SUSTAINABILITY

This area of sustainability is an area of strength for the JSE particularly in relation to employee relations. In line with its drive to retain its employees and optimise employee capacity, developmental policies such as the employment equity plan, individual skills plan and a long-term incentive and retention scheme for key senior employees have been put in place.

The JSE has also made achievements in its implementation of empowerment strategies with over 60% women and over 54% black employees in the staff complement. In relation to broad-based BEE, the JSE has almost 9% direct black shareholding and a black shareholder retention strategy through the introduction of the black shareholder retention scheme implemented as part of the JSE's listing in June 2006. The JSE Empowerment Fund ("JEF") Trust which was also launched as part of the JSE's listing and qualifies as a BEE shareholder, provides promising black students the finance and support that will allow them the appropriate qualifications and opportunity to enter the financial services sector on completion of their university training.

The long-term incentive and retention scheme, the black shareholder retention scheme and the establishment of JEF Trust cost the JSE R82 million, which was expensed during 2006.

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

- Nurturing Orphans of Aids for Humanity, which the JSE sponsored in the amount of R700 000 in 2006;
- the JSE/Liberty Life Investment Challenge, in which the JSE invested R1 928 311 in staff time and expenses during 2006; and
- Childhood Cancer Foundation of South Africa in which the JSE invested R40 000 in expenses during 2006.



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

- 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 in addition 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;
- 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, many JSE staff meet with individual customers on a regular basis to address issues relevant to those customers. Representative Advisory 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 also approved by the Board to ensure the correct terms of reference. Details of the industry representatives on these committees, their attendance and key issues considered during 2006 are set out on pages 42 to 47.
- Local community – JSE communications officers make presentations with the purpose of demystifying the JSE itself as well as the concept of investment to schools, universities and other community groups on a regular basis. The CEO and Chairman host an annual road show to update our broader stakeholder group on the latest developments affecting the JSE;
- Staff – attend feedback meetings, and receive newsletters, intranet and email on issues of relevance to them and which affect the JSE.
- Investors – as part of its listing, the JSE actively worked to get close to its shareholders. We launched an investor relations website and now address queries from analysts, investors and potential shareholders on an almost weekly basis. A critical part of the listing was the creation of the Option Holders’ Forum to provide a venue at which to discuss JSE developments with holders of options granted under the Broad-Based BEE scheme. The first Option Holders’ Forum meeting was held in December 2006. As at the end of December, the JSE’s shares were held as follows:

		Percentage Shareholding
Local	Retail	23,1%
	Institutional	9,9%
	Authorised users	42,8%
	Pension funds	3,3%
	Unclaimed shares	2,0%
Foreign	Unspecified	18,9%
		100,0%
Black shareholding		8,5%



SUSTAINABILITY REPORT (continued)

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

Going forward, 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.

The JSE will be working on setting clear objectives and targets related to employee occupational health and safety. Although initiatives are in place through policies and the availability of emergency protocols, the JSE will look to implement a sound monitoring and measurement system to assess possible cases and incidents.

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

ECONOMIC SUSTAINABILITY

The financial statements elsewhere in this report provide details around the JSE's financial performance. They also cover longer term economic sustainability aspects such as asset valuation and intellectual property. The JSE is committed to long-term sustainability through the setting of long-term goals. Strategic management procedures are also implemented to determine medium- and long-term opportunities. Business indicators are implemented through key performance indicators. Business cases on major innovations particularly related to IT are presented to the executive management or the Board for approval. The JSE is further committed to product development and research through technological innovations with continuous product development.

THE JSE SRI INDEX

The JSE SRI Index measures the triple bottom line performance of the top approximately 160 companies listed on the JSE – those which are constituents of the FTSE/JSE All Share Index ("All Share Index"). These companies are invited annually to participate in the Index review with those successfully meeting the criteria making it onto the Index. Participation was still voluntary in 2005/6 and assessment conducted against criteria set by the JSE and the SRI Index Advisory Committee. The criteria address the three pillars of the triple bottom line, namely environment, society and economy as well as corporate governance, which is at the foundation of the triple bottom line. While there are similar indices internationally such as FTSE4Good and the Dow Jones Sustainability Indices, the JSE was the first exchange to launch such an Index, and the Index was the first of its kind in emerging markets, positioning the JSE as a leader in championing the measurement of responsible business practices. The SRI Index has afforded companies incentives for compliance by providing an aspirational benchmark for organisations committed to integrating sustainability principles into their business activities and by identifying those that have been successful. It also serves as a tool for socially responsible investment.

Since the launch of the Index in May 2004, the 2005/6 review has seen the highest participation success rate. A total of 58 companies out of 62 applicants made it onto the Index. Medium- and Small-Cap companies have had a particularly strong showing with 17 and seven companies respectively passing the criteria. 2006 also saw four companies which were participating for the first time, successfully meeting the criteria requirements.



A significant milestone for the year under review is that the JSE also met the criteria when it had itself assessed during October 2006 even though it isn't eligible to be included in the Index. The JSE is not eligible as it was not part of the All Share Index when its application was assessed. The JSE's success indicates progress particularly in the environment section as this remains the JSE's most challenging area.

The SRI Index continues to make inroads as companies become increasingly aware of the imperative for responsible and sustainable business practice; some companies have even started to structure their reporting based on the JSE SRI Index criteria. In many instances the criteria are used as part of daily operations as an internal risk management framework.

In 2006 a strategic review of the Index was undertaken to assess current perceptions and to progress the Index. The process was consultative and included the SRI Advisory Committee, members of the investment community, companies and other stakeholders. Recommendations from the review are currently being implemented and the next assessment round will be held in 2007. These steps will hopefully take the Index closer to becoming the mainstream benchmark for responsible investment in South Africa.

Through the Index, the JSE shows a continued commitment to sustainability principles and further leverages its position to focus the debate on responsible investing locally.

Other than general raising of awareness around sustainability issues, some noteworthy developments which have taken place since its inception are as follows:

- Companies are increasingly disclosing information which was not available to the public before.
- Most companies are now subscribing to sustainability and are starting to understand the imperative.
- The distinction between real performance and window dressing is becoming clearer.

These achievements indicate that as the SRI Index grows and gains increased recognition, the triple bottom line is gradually being addressed as part of normal business practice as advocated in the second King Report on Corporate Governance.

SUSTAINABILITY REPORT (continued)

AGRICULTURAL DERIVATIVES ADVISORY COMMITTEE

The Agricultural Derivatives Advisory Committee met twice during 2006. The following key issues were discussed:

- electronic silo receipts – implementation process, market buy in and costing structure to the market;
- possibility of introducing an auction period for physical stock delivered;
- release C of Project Orion;
- process used to calculate the standard storage rate applied to deliveries in completion of a futures contribution;
- request by GSA to do away with location differentials; and
- listing and delisting requirements for silos.

Attendance, by industry representatives, was as follows:

Name	Representative from			Total attendance by members
		20/07/06	28/09/06	
Mr R Gravelet-Blondin	Chairperson – JSE Animal Feed Manufacturers Association	✓	✓	2
Dr K Keyser	Association	✓	✓	2
Mr C Schoonwinkel	Grain South Africa	✓	✓	2
Mr S Van Zyl	Grain South Africa	✓	✓	2
Mr W Lambrechts	Peregrine Derivatives	✓	✓	2
Mr J de Villiers	National Chamber of Milling	✓	✓	2
Mr J Steyn	Cargill RSA	✓	✓	2
Mr L Ford	Agric Clearing members	✓	✓	2
Mr P Kotecha	B&P Group Financial Services	✓	X	1
Mr R Burdairon	SACOTA	✓	X	1
Mr D Kok*	Grain Silo Industry	X	✓	1
Mr J Craven	Rand Merchant Bank			
Mr J van Heerden	Farmwise Grains	X	✓	1
Mr P Mphanama	Financial Services Board	X	✓	1
Mr P Watt	Afgri Ltd	X	✓	1
Mr D Mathews	Private Producer	X	X	0
Mr J Baker	SAOPO	✓	X	1
Mr J Theron	Rand Merchant Bank		✓	1
Mr R Olivier	SAOPO			
Mr P Louw	Grain Silo Industry	X	X	0
Mr S Bird*	Cargill RSA			
Mr S Naidoo	Financial Services Board	✓		1
Mr M Jacobz*	Farmwise Grains	✓		1

*Alternates

Mr Craven resigned in June 2006 and was replaced by Mr Theron
Mr Olivier resigned and was replaced by Mr Baker



CLEARING & SETTLEMENT ADVISORY COMMITTEE

The Clearing & Settlement Advisory Committee met three times during 2006. The following key issues were discussed:

- an overview of the functionality offered by the new clearing system which is being delivered as part of Release B of Project Orion and which will replace functionality presently provided in the Trade Monitoring System and the Broker Deal Accounting (BDA) system;
- the proposed move to T+3 for the settlement of equity securities without compromising the integrity of the T+5 settlement cycle and the achievement of zero failed trades;
- the Financial Information Exchange (FIX) protocol, an international technical specification for electronic communication which facilitates straight-through processing and reduces message order flows;
- the Yield-X Securities Lending and Borrowing functionality available to lending desks;
- the JSE's Managed Network and updates on Project Orion; and
- the regular review of statistics relating to clearing and settlement of equity securities through Strate (now available on www.jse.co.za).

Attendance, by industry representatives, was as follows:

Name	Employer	26/1/06	25/7/06	21/11/06	Total attendance by members
Mr D Davidson	Committee Chairman – JSE	✓	✓	✓	3
Mr B Balkind	Strate	✓	x	x	1
Mr G Borrageiro [†]	Rand Merchant Bank	✓	x	x	1
Ms E Bruce	Cadiz Stockbroking	✓	✓	✓	3
Mr A Cousins	Standard Bank	x	✓	✓	2
Mr J Crews	UBS South Africa	x	x	x	0
Mr B Johnston	Independent Consultant	x	x	x	0
Mr S Lorge	Computershare	x	x	x	0
Ms J McCann	Online Securities	✓	x	✓	2
Mr N Acres*	Financial Services Board	✓	✓	✓	3
Mr L Varnavides	HSBC Securities	x	✓	x	1
Mr T Vermeulen	Computershare	✓	✓	✓	3
Mr D Wilks	Merrill Lynch	✓	✓	✓	3
Mr S Yates	Rand Merchant Bank	x	✓	✓	2

[†]Resigned from the committee on 12 December 2006

*Attends as the FSB observer in place of Mr N Müller

SUSTAINABILITY REPORT (continued)

FTSE/JSE ADVISORY COMMITTEE

The FTSE/JSE Advisory Committee met four times during 2006. The following key issues were discussed:

- an agreement was reached on the treatment of Mandatory Offers;
- the introduction of the AltX and the SA Resources indices;
- the performance and popularity of the Dividend + index. Improving the quality of the 1-year forward dividend yield by getting other sources to provide us with this data;
- the exclusion of Inward Listings due to exchange control regulations;
- the treatment of unbundlings in the indices;
- quarterly review dates being a week earlier before futures close-out and the possibility of aligning these dates; and
- the addition of Lonmin to the Top 40 index. The main issue was around the unavailability of stock in South Africa, since only 3% of this stock is held locally.

Attendance, by industry representatives, was as follows:

Name	Representative From	08/03/06	7/6/06	7/9/06	6/12/06	Total attendance by members
Mr A Botha+	Ex Committee Chairman – Independent	✓	—	—	—	1
Mr H Beets	Committee Chairman – Old Mutual Asset Managers	x	✓	✓	✓	3
Ms I Dillon-Hatcher	FTSE	✓	✓	x	✓	3
Mr J Caulfield#	FTSE	x	x	x	✓	1
Dr D Polakow	Peregrine Securities	✓	✓	✓	✓	4
Mr P Grimes	FTSE	✓	x	x	✓	2
Mr M Makepeace	FTSE	✓	x	x	x	1
Mr C Beckley+	FTSE	✓	—	—	—	1
Mr T Musikavanhu	Umbono Fund Managers	✓	✓	✓	✓	4
Mr S Roberts	Taquanta Securities	✓	✓	✓	✓	4
Mr R Rousseau	Deutsche Bank	✓	✓	x	✓	3
Mr A Stephens	Legal and General UK	x	✓	✓	✓	3
Mr A Thomson	JSE	x	✓	x	x	1
Mr M Lee	FTSE	x	✓	x	✓	2
Mr N Waisberg	Investec	x	✓	✓	✓	3
Mr F Oosthuizen	Sanlam	x	✓	✓	x	2
Mr G Baker	Rand Merchant Bank	x	✓	✓	✓	3

+resigned from the committee at the end of March 2006

#joined the committee in December 2006

EQUITY DERIVATIVES ADVISORY COMMITTEE

The Equity Derivatives Advisory Committee met twice during 2006. The following key issues were discussed:

- SSF Autoquote feedback and update;
- change of SSF nominal from 100 – 1;
- Can-do Options feedback;
- Dividend Futures report-back;
- cash or physically settled Futures/Options;
- change to Yield-X directives affecting equity brokers;
- Currency Futures;
- new pricing model for Equity Derivatives;
- listed “CFD’s” discussion;
- Project Orion Release ‘C’ feedback;
- market trading times and booking issues;
- anonymous trading; and
- new initiatives in respect of products.

Attendance, by industry representatives, was as follows:

Name	Representative from:	7/6/06	22/11/06	Total attendance by members
Mr A Thomson	Chairperson – JSE	✓	✓	2
Mr M Arnott	Deutsche Securities	x	✓	1
Ms H Masson	Real Africa Asset Management	✓	✓	2
Mr D Walker	Bex Structured Products	✓	✓	2
Mr Panama	Financial Services Board	x	x	0
Mr M Weetman	PCS Futures T/A Cortex	✓	✓	2
Mr S Clairet	Standard Corporate	x	✓	1
Mr A Buchner	Nedbank BOE Securities	x	✓	1
Mr G Betty	Peregrine Securities	x	✓	1
Mr B McMillan	Investec Bank Ltd	✓	✓	2
Mr A Bunkell	Merrill Lynch	✓	x	1
Mr D Van Wyk	Absa Bank	x	✓	1
Mr D Hompes	J P Morgan Securities	x	x	0
Mr R Joosub	RMB Asset Management	x	x	0
Mr H Gous	Thebe Securities	x	x	0
Mr E Van Rensburg	Sanlam Securities	✓	✓	2

SUSTAINABILITY REPORT (continued)

TRADING ADVISORY COMMITTEE

The Trading Advisory Committee met twice during 2006. The following key issues were discussed:

- replacement of Equities Trading System;
- broker-to-broker trades;
- publication of data with respect to JSE Members;
- MiFD presentation;
- Project Orion Release 'A'; and
- change to Yield-X Rules affecting Equity Brokers.

Attendance, by industry representatives, was as follows:

Name	Representative from:	27/6/06	28/11/06	Total attendance by members
Mr A Thomson	Chairperson – JSE	✓	✓	2
Mr A Raats	STANLIB	x	✓	1
Mr A Mazwai	Barnard Jacobs Mellett	✓	x	1
Mr B Johnson	UBS Securities	✓	✓	2
Mr B Smith	Sanlam Capital Markets	x	x	0
Mr B Soci (New Member)	Legae Securities		✓	1
Mr C Wilde	Deutsche Bank	Mr C Ashton	✓	1
Mr C Sacks	Merrill Lynch	x	x	0
Mr H Beets	Old Mutual Asset Managers	✓	x	1
Mr J van den Berg	Thebe Securities	x	✓	1
Mr K Brady	Investec Securities	✓	✓	2
Mr M Shackerley	Nedcor Securities	x	x	0
Mr N Müller	FSB	✓	✓	2
Mr P van der Merwe	Coronation Equities	x	x	0
Mr Q Kilbourn	Citigroup	Mr S Essop+	Ms P Butcher+	2
Mr R Botha	Sanlam Asset Management	x	x	0
Mr S Motau	Noah Financial Innovation	✓	✓	2

+attendance by alternate



YIELD-X ADVISORY COMMITTEE

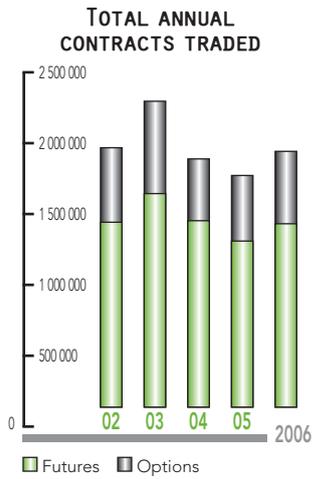
The Yield-X Advisory Committee did not meet during 2006.

Industry representatives on the committee are as follows:

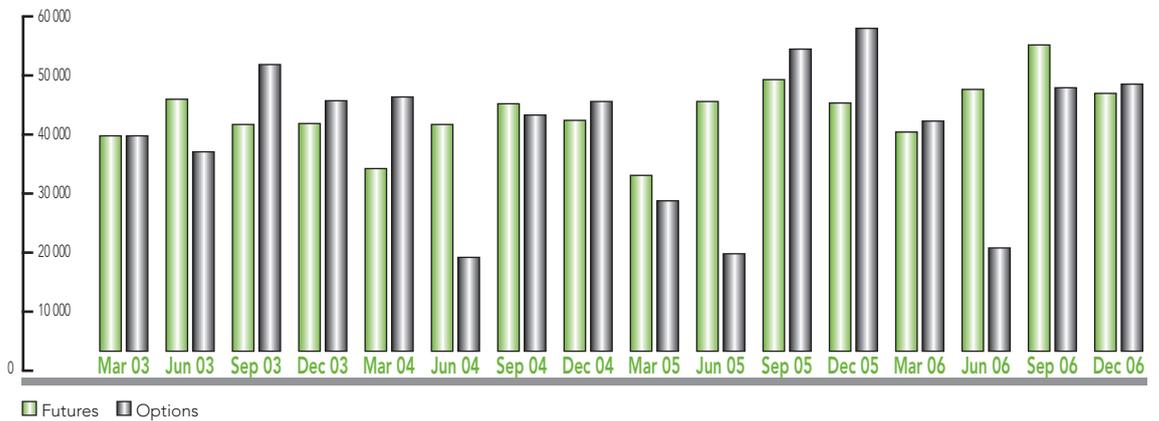
Name	Representative from
Mr A Thomson	Committee chairman – JSE
Mr E Booysen	Absa Bank
Mr C Clarkson	Andisa Securities
Mr M Brits	Banking Association
Mr M Harvey	Barclays Bank PLC – South Africa branch
Mr P Taylor	Citibank
Mr G Smale	Decimax
Mr D Whitby	Deutsche Bank
Mr G Herman	Eskom Pension and Provident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



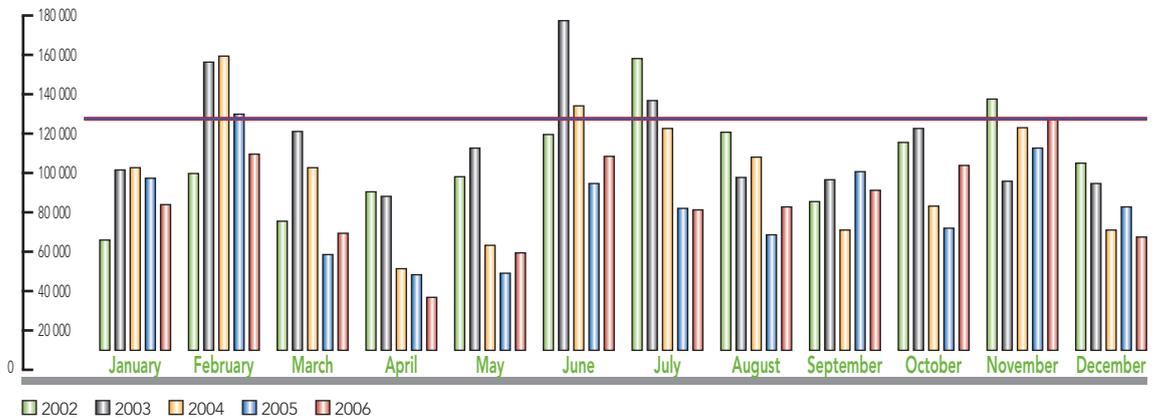
SUMMARY OF MARKET INFORMATION – AGRICULTURAL PRODUCTS



QUARTER END OPEN CONTRACTS



MONTHLY MAIZE FUTURES CONTRACTS (WITH AVERAGE VOLUME)



SUMMARY OF MARKET INFORMATION – EQUITIES

POSITION IN THE WORLD LEAGUE AS AT 29 DECEMBER 2006 (AS CALCULATED BY THE WORLD FEDERATION OF EXCHANGES)

	JSE Dec 2006	Ranking	JSE Dec 2005	Ranking
Market Capitalisation (US\$ million)	711 232	19	549 310	17
Market Turnover (US\$ million)	312 296	21	201 491	21
*Liquidity %	36,6	33	30	33

*The liquidity figure has been adjusted for Off Order Book Principal Trades

EMERGING STOCK MARKETS AS AT 29 DECEMBER 2006 (PROVIDED BY THE WORLD FEDERATION OF EXCHANGES)

	Number of companies listed	Value Traded (Million US\$)	Market Capitalisation (Million US\$)	Turnover Ratio %
JSE	389	312 296	711 232	48,90
Athens Exchange	290	107 879	208 256	58,56
Buenos Aires SE	106	5 281	51 240	7,23
Bursa Malaysia	1 025	75 487	235 581	36,23
Cairo & Alexandria SEs	595	48 143	93 496	70,03
Mauritius SE	63	210	4 959	14,75
Mexican Exchange	335	96 320	348 345	29,64
Philippine SE	240	11 252	67 852	21,79
Singapore Exchange	708	180 440	384 286	58,17
Tehran SE	320	4 886	36 315	13,75
Tel Aviv SE	606	65 538	161 732	46,60
Thailand SE	518	100 654	140 161	72,70

SUMMARY OF MARKET INFORMATION – EQUITIES (continued)

MARKET CAPITALISATION BY SECTOR AS AT 29 DECEMBER 2006

Sectors	Full JSE market capitalisation (R million)	% of JSE	% of Industry
JSE Total	5 041 515	100,00	
Oil & Gas	163 424	3,24	3,24
Oil & Gas Producers	163 424	3,24	100,00
Basic Materials	1 680 028	33,32	33,32
Chemicals	21 202	0,42	1,26
Forestry & Paper	28 201	0,56	1,68
Industrial Metals	58 199	1,15	3,46
Mining	1 572 426	31,19	93,60
Coal	77	0,00	0,00
Diamonds & Gemstones	1 833	0,04	0,12
General Mining	945 479	18,75	60,13
Gold Mining	229 890	4,56	14,62
Platinum & Precious Metals	395 147	7,84	25,13
Industrials	350 839	6,96	6,96
Construction & Materials	65 472	1,30	18,66
General Industrials	139 183	2,76	39,67
Electronic & Electrical Equipment	29 424	0,58	8,39
Industrial Engineering	7 026	0,14	2,00
Industrial Transportation	55 096	1,09	15,70
Support Services	54 638	1,08	15,57
Consumer Goods	572 859	11,36	11,36
Automobiles & Parts	6 288	0,12	1,10
Beverages	251 775	4,99	43,95
Food Producers	69 346	1,38	12,11
Household Goods	28 484	0,56	4,97
Leisure Goods	2 128	0,04	0,37
Personal Goods	214 838	4,26	37,50

Sectors	Full JSE capitalisation (R million)	% of JSE	% of Industry
Health Care	49 608	0,98	0,98
Health Care Equipment & Services	35 208	0,70	70,97
Pharmaceuticals & Biotechnology	14 400	0,29	29,03
Consumer Services	291 444	5,78	5,78
Food & Drug Retailers	44 859	0,89	15,39
General Retailers	136 525	2,71	46,84
Media	76 944	1,53	26,40
Travel & Leisure	33 117	0,66	11,36
Telecommunications	241 942	4,80	4,80
Fixed Line Telecommunications	76 608	1,52	31,66
Mobile Telecommunications	165 334	3,28	68,34
Financials	960 970	19,06	19,06
Banks	441 745	8,76	45,97
Nonlife Insurance	28 412	0,56	2,96
Life Insurance	233 900	4,64	24,34
Real Estate	151 593	3,01	15,77
General Financial	90 696	1,80	9,44
Equity Investment Instruments	14 625	0,29	1,52
Technology	24 461	0,49	0,49
Software & Computer Services	22 865	0,45	93,47
Technology Hardware & Equipment	1 596	0,03	6,53
Development Capital	210	0,00	0,00
Venture Capital	1 303	0,03	0,03
AltX	9 060	0,18	0,18
Additional	695 367	13,79	13,79
Corporate Debt	690	0,01	0,10
Preference Shares	26 421	0,52	3,80
Warrants	11 444	0,23	1,65
Investment Products	643 494	12,76	92,54
Exchange Traded Funds	12 025	0,24	1,73
Other Securities	1 293	0,03	0,19

SUMMARY OF MARKET INFORMATION – EQUITIES (continued)

Top 10 by Market Cap as at 29 December 2006

Equity name	Alpha code	Market capitalisation (Rand)
Anglo American Plc	AGL	518 955 281 568
BHP Billiton Plc	BIL	318 267 555 908
SABMiller Plc	SAB	240 855 403 566
Richemont Securities DR	RCH	213 498 000 000
Anglo Platinum Ltd	AMS	196 578 148 812
Sasol Ltd	SOL	161 797 021 404
MTN Group Ltd	MTN	158 680 884 540
Old Mutual Plc	OML	131 471 402 641
Standard Bank Group Ltd	SBK	128 768 837 306
FirstRand Ltd	FSR	125 095 924 832

Top 10 by Value for 2006

Equity Name	Alpha Code	Value (Rand)
Anglo American Plc	AGL	216 350 899 351
Sasol Ltd	SOL	155 526 653 546
BHP Billiton Plc	BIL	124 960 519 071
MTN Group Ltd	MTN	101 222 164 234
Impala Platinum Hldgs Ltd	IMP	83 253 445 446
Standard Bank Group Ltd	SBK	81 540 626 058
Goldfields Ltd	GFI	79 898 140 134
SABMiller Plc	SAB	65 652 282 856
FirstRand Ltd	FSR	62 459 730 526
Telkom SA Ltd	TKG	60 757 540 403

Top 10 By Volume for 2006

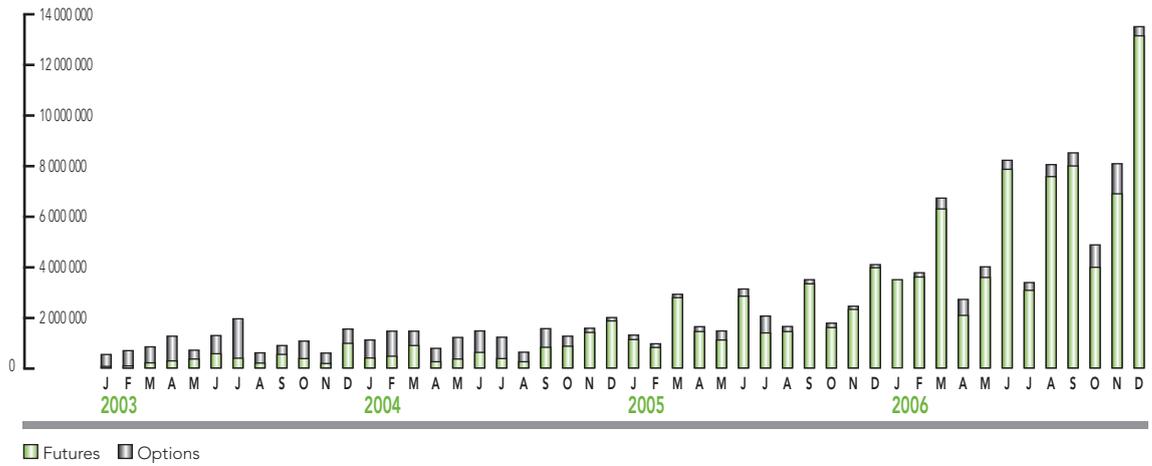
Equity Name	Alpha Code	Volume (number of shares)
FirstRand Ltd	FSR	3 373 551 174
Old Mutual Plc	OML	2 092 709 317
Richemont Securities DR	RCH	1 778 766 371
MTN Group Ltd	MTN	1 638 651 955
Sanlam Ltd	SLM	1 522 670 223
Network Healthcare Hldgs	NTC	1 178 933 967
Steinhoff International Hldgs	SHF	1 055 866 604
Standard Bank Group Ltd	SBK	1 014 873 155
BHP Billiton Plc	BIL	990 917 306
Edgars Consolidated Stores Ltd	ECO	943 658 954

NEW LISTINGS FOR 2006

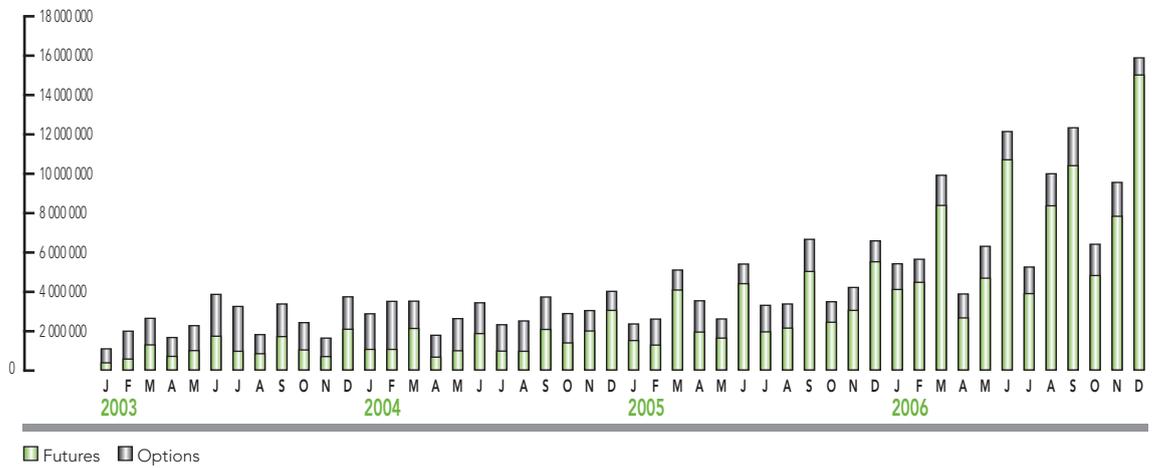
Name of Company	Board	Month
Hospitality Property Fund Limited A	Main	February
Hospitality Property Fund Limited B	Main	February
IFA Hotels and Resorts Limited	AltX	February
Acc-Ross Holdings Limited	AltX	February
WG Wearne Limited	AltX	February
Eland Platinum Holdings Limited	Main	March
Diamond Core Resources Limited	Main	March
Esor Limited	AltX	March
Teal Exploration & Mining Inc	Main	April
Witwatersrand Consolidated Gold Resources Limited	Main	April
PSV Holdings Limited	AltX	April
AfroCentric Investment Corporation Limited	Main	May
Metmar Limited	Main	May
JSE Limited	Main	June
Madison Property Fund Managers Holdings Limited	Main	June
Sanyati Holdings Limited	AltX	June
Taste Holdings Limited	AltX	June
Spectrum Shipping Limited	AltX	June
Zaptronix Limited	AltX	June
Dialogue Group Holdings Limited	AltX	September
Gooderson Leisure Corporation Limited	AltX	September
ApexHi Properties Limited	Main	October
Great Basin Gold Limited	Main	October
Blue Financial Services Limited	AltX	October
Myriad Medical Holdings Limited	AltX	October
IPSA Group Plc	AltX	October
Afrimat Limited	Main	November
Kumba Iron Ore Limited	Main	November
Exxaro Resources Limited	Main	November
GVM Metals Limited	Main	November
Moneyweb Holdings Limited	AltX	November
Workforce Holdings Limited	AltX	November
Celcom Group Limited	AltX	November
Safic Holdings Limited	AltX	November
Silverbridge Holdings Limited	AltX	November
Africa Cellular Towers Limited	AltX	November
SAB&T Ubuntu Holdings Limited	AltX	November
Zeder Investment Limited	Main	December
Jubilee Platinum Plc	Main	December
Tiger Automotive Limited	Main	December
Pamodzi Gold Limited	Main	December
Anooraq Resources Corporation Limited	Main	December
Top Fix Holdings Limited	AltX	December
IFCA Technologies Limited	AltX	December
Imuniti Holdings Limited	AltX	December

SUMMARY OF MARKET INFORMATION – EQUITY DERIVATIVES

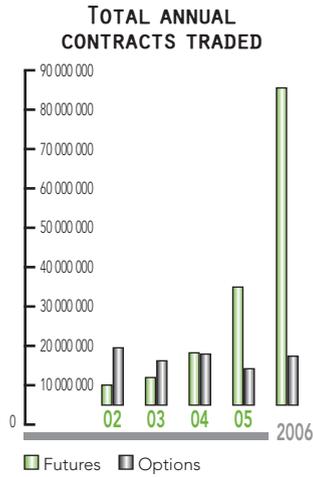
SINGLE STOCK FUTURES CONTRACTS TRADED



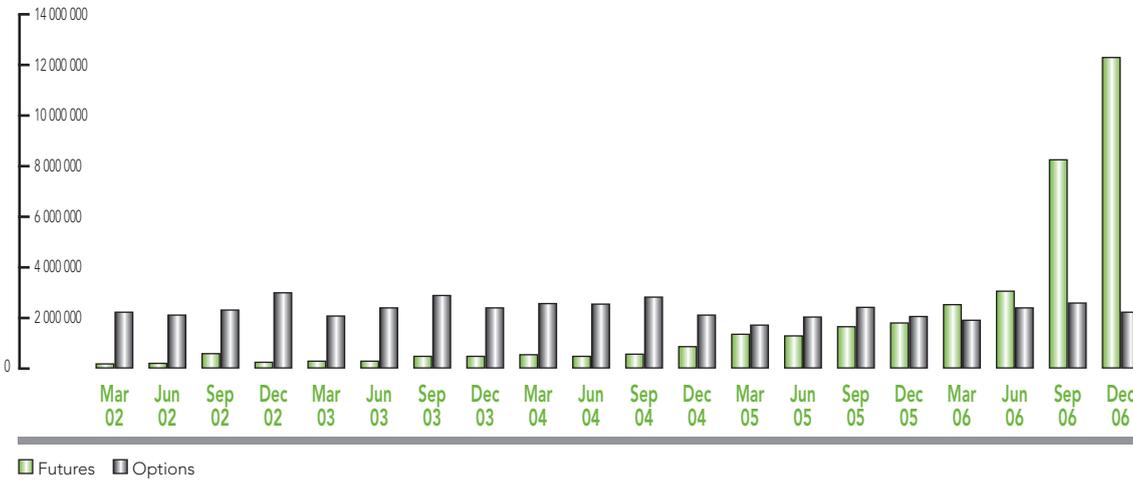
TOTAL MONTHLY CONTRACTS TRADED



SUMMARY OF MARKET INFORMATION – EQUITY DERIVATIVES



QUARTER END OPEN CONTRACTS



↓ 1000 10/2 ↑ 1000 4/5 ↓ 1000 10/2 ↑ 1000 4/5 ↓ 1000 10/2 ↑ 1000 4/5 ↓ 1000 10/2

SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSE SETS INFOMAX futures futures SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSE SETS INFOMAX FTSE Yield-x ALTx



80 ↑ 110 ↑ 130 ↑ 160 ↑ 190 ↑ 200
↑ 130 ↑ 160 ↑ 190 ↑ 220 ↑ 200 ↑ 50
30 ↑ 160 ↑ 190 ↑ 220 ↑ 200 ↑ 50 ↑

SUPPLY/DEMAND

LISTED SECURITIES



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DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2006

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 2006, 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 13 March 2007 and are signed on its behalf by

H J Borkum
Chairman

R M Loubser
Chief Executive Officer

DECLARATION BY SECRETARY FOR THE YEAR ENDED 31 DECEMBER 2006

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Securities Services Act, No. 36 of 2004, and all directives issued by the Financial Services Board. In terms of section 268G (d) of the Companies Act 1973, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

G C Clarke
Group Company Secretary



REPORT OF THE INDEPENDENT AUDITORS

Independent auditor's report to the members of JSE Limited

We have audited the Group annual financial statements and the annual financial statements of JSE Limited, which comprise the balance sheets at 31 December 2006, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 60 to 105.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 judgment, 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 JSE Limited at 31 December 2006, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per V T Yuill
Chartered Accountant (SA)
Registered Auditor
Director
13 March 2007

Johannesburg



DIRECTORS' REPORT

for the year ended 31 December 2006

The directors have pleasure in presenting the annual financial statements of the Group for the year ended 31 December 2006.

Business activities

The JSE is licensed as an exchange under the Securities Services Act, No. 36 of 2004 ("Securities Services Act") 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 Business Review section.

Further information on the business activities of the JSE are set out in the Business Review section.

JSE subsidiaries and strategically important investments

Subsidiaries

JSE Trustees (Pty) Limited

JSE Trustees (Pty) 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 then invest those funds on behalf of investors with banking institutions falling inside prescribed parameters. This ensures investor protection by automatically separating investors' funds from equities members' funds in compliance with section 27 of the Securities Services Act.

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

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

Dormant subsidiaries

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

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



Strategically important investments

Strate Limited ("Strate")

The JSE now owns 44,54% of the ordinary shares in Strate. The JSE's shareholding of 41% at the end of 2005 was increased by 1,77% in December 2006, with an additional 1,77% having been purchased in January 2007. Strate is a central securities depository licensed under the Securities Services Act and is responsible for the electronic settlement of all transactions on the JSE's equities and warrants markets. It is also responsible for the settlement of spot bonds on Yield-X. It also settles transactions from the Bond Exchange of South Africa. Electronic custody of shares ensures the elimination of paper settlement environment risks and the costs of lost, stolen or forged documents. The electronic records of shareholding are subject to extensive controls. By the end of 2001, the settlement of all listed equities on the JSE had migrated to Strate and since then there have been zero failed central order book trades on the JSE.

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 is also the JSE's transfer secretary.

General review of operations

As at 31 December 2006, there were a total of 274 authorised users (2005: 262 authorised users) which can be broken down as follows:

	2006	2005
Equities members	53	49
Trading services providers only	3	2
Trading services providers and investment services providers	33	33
Trading services providers and custody services providers	14	12
Custody services providers only	3	2
Equity derivatives members	112	105
Agricultural products members	79	79
Yield-X members	30	29

Project Orion

The JSE upgrades its operational infrastructure continually to provide world-class services to its customers. It is currently in the process of replacing the majority of its legacy information technology (including the Broker Deal Accounting (BDA) system which is over 20 years old and the derivatives trading and clearing systems) with next generation technology through the implementation of Project Orion. Project Orion will decrease the future operating cost of the JSE and improve the JSE's ability to offer value-added and additional services to its customers.

The first release of Project Orion, Release A, was successfully implemented on 11 December 2006.

As the JSE is heavily reliant on technology and as all technology needs to be kept up to date, the JSE expects to continue to make substantial investments in its information technology infrastructure over time. The nature and extent of such investments are not yet known, but they will be put to the JSE Board for approval once identified and once the relevant business cases have been fully investigated. These investments are not anticipated to be of the same scale as Project Orion.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2006

Replacement Equity Trading System

The JSE renewed its technology agreement with the London Stock Exchange in December 2006 which will result in the JSE replacing the current equity trading system with the new and far superior London Stock Exchange TradElect™ platform. The system allows for improved latency, scalability, recoverability and throughput at a reduced cost. The JSE expects to implement this system in the first half of 2007.

Directors and management

Directors

The directors of the JSE are:

Non-executive directors

H J Borkum	Board Chairman, Chairman of Nominations Committee and member of the Human Resources and Audit Committees
A D Botha	Lead Director, Chairman of Human Resources Committee and member of the Audit and Nominations Committees
M R Johnston	Member of the Audit Committee
S Koseff	Member of the Human Resources Committee
W Y N Luhabe	Member of the Human Resources Committee
A M Mazwai	Member of the Risk Management Committee and member of the Human Resources Committee
N S Nematswerani	Chairman of Audit Committee and member of the Risk Management Committee
N Payne	Chairman of the Risk Management Committee and member of the Audit Committee
G T Serobe	Member of the Audit and Nominations Committees

Executive directors

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

Alternate directors

D Lawrence	Alternate to Mr Koseff
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Resignations from the Board:

9 May 2006 Mr R J Khoza
31 August 2006 Mr A M Horowitz (alternate to Mr Borkum)

In terms of the JSE's Memorandum and Articles of Association, Dr W Y N Luhabe, Messrs A Botha, A M Mazwai and S Koseff retire by rotation. All retiring directors are eligible and available for re-election. A brief curriculum vitae for each director up for re-election appears in the Notice of Annual General Meeting.

Service contracts with directors

The CEO, all executive directors, the Company Secretary and the executive management of the JSE have signed contracts of employment with the JSE. Apart from the CEO, all such contracts have a three-month notice period for resignation or termination of employment. The Chief Executive Officer's 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 note 28 of the annual financial statements. H J Borkum, S Koseff, D Lawrence and A M Mazwai may have indirect interests in the JSE by virtue of holding shares in authorised users, which in turn hold JSE shares. Other than these indirect interests, no other non-executive director has any indirect beneficial or non-beneficial or direct non-beneficial shareholding in the JSE. None of the executive directors has any indirect beneficial or non-beneficial or direct non-beneficial shareholding in the JSE. The beneficial interests of executive directors are set out on page 67.

Financial results

Group attributable earnings for the year ended 31 December 2006 was R141 028 000 (2005: R106 997 000) representing earnings per share of 168,0 cents (2005: 128,3 cents). Headline earnings was 158,3 cents per share (2005: 122,0 cents per share). It should be noted that the JSE maintains the JSE Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes as required under the Securities Services Act. In view of the control that the JSE exercises over these trusts, the JSE is required to consolidate them into the results of the Group in terms of International Financial Reporting Standards. However, as these trusts are legal entities separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of the trusts. (See note 8.5 of the annual financial statements). All values shown have taken into account the 10 for 1 share subdivision which took place prior to listing.

Listing

The JSE listed on 5 June 2006. There were no structural changes to the JSE other than increasing the number of JSE shares in issue by means of the sub-division of shares on a 10:1 basis. This was required to meet the Main Board minimum shares in issue requirement as well as to make the JSE's shares more accessible to retail investors.

Regulatory and supervisory structure

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

Share capital

Full details of the authorised, issued and unissued capital of the JSE are contained in note 17 to the annual financial statements.

Dividend policy

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

The earnings stream of the JSE is likely to be volatile and a dividend payout based on a cover on earnings would likely result in a volatile dividend. For this reason the Board believes that a policy of declaring a dividend of approximately 2,5% of the Group's net asset value calculated with reference to the audited annual financial statements would be a sustainable level at which to declare a dividend. The Board believes this dividend policy will ensure a stable and predictable base from which the annual dividend can grow.

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. It is expected that only one dividend per year will be declared following the approval of the JSE's financial statements.



DIRECTORS' REPORT (continued)
for the year ended 31 December 2006

A maiden cash dividend of 13,6 cents per share was declared on 9 May 2006 and paid to shareholders on 28 June 2006.

A special cash dividend of 68,2 cents per share was declared on 21 November 2006, as a consequence of the repayment of the JSE's preference share investment in Strate. This special cash dividend was paid to shareholders on 18 December 2006.

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

It is proposed that ordinary dividend 2 of 15,6 cents per share be paid in 2007.

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 resolutions were passed during 2006.

1. Approval for the subdivision of shares
2. Amendment of Articles of Association

There were no special resolutions passed during 2005.

Loans by and to JSE

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

Material commitments, lease payments and contingencies

The JSE has a lease agreement with Newpark Towers (Pty) Limited in respect of the premises occupied by the JSE at Exchange Square, Gwen Lane, Sandton. Please refer to note 24.2 for details.

The JSE and the London Stock Exchange have entered into an agreement in terms of which the London Stock Exchange will operate the technology on which the JSE's equities trades are conducted and on which the information in relation to such trades is disseminated.

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

The JSE and Accenture South Africa (Pty) Limited ("Accenture"), have entered into an outsourcing contract and a separate information technology transformation contract which forms part of Project Orion. Project Orion is currently running behind schedule and the JSE has agreed with Accenture to pay further amounts towards the fixed fee. The JSE will not be able to determine the full extent of the delay or the final cost impact until its present discussions with Accenture in this regard have been concluded. Please refer to note 24.2.2 for details.

Post balance sheet events

As at the date of this publication, there has been no material change in the financial or trading position of the JSE since the end of the last financial period.



Staff complement

The staff complement (excluding fixed-term contractors) of the JSE as at 31 December 2006, on a divisional basis, was as follows:

	2006	2005
Agricultural Products	5	5
CEO's Office	3	3
Class of Project	4	4
Clearing & Settlement (including the Settlement Authority)	12	11
Company Secretariat (including Building Facilities Management and the Mail Room)	17	20
Education	9	8
Finance	15	18
Human Resources	7	6
Information Products Sales	6	7
Information Services	12	12
Issuer Services	28	30
Marketing and Business Development	13	10
Operations and Services (including Customer Services and Support and IT)	44	40
Surveillance	20	21
Strategy & Legal Counsel	8	9
Trading	15	13
Government & International Affairs (previously incorporated in Marketing)	3	—
Total	221	217

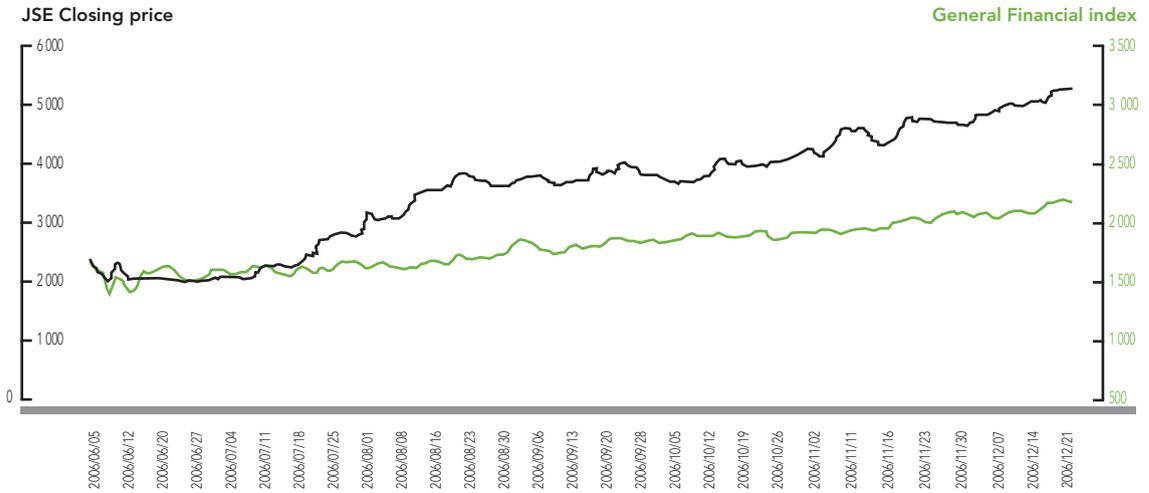


SHAREHOLDER AND ADMINISTRATIVE INFORMATION

JSE's share performance during 2006

No. of shares in issue	84 705 663
Close	R52,50
High	R52,50
Low	R19,50
Weighted average	R34,46
Volume traded	37 560 000
Value traded	R1 296 624 000
Market capitalisation	R4 447 047 308

Share performance



Shareholder diary

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

Analysis of holdings as at 31 December 2006

Public shareholders	3 013	73 009 416	86,2%
Non-public shareholders	160	11 696 247	13,8%
Directors	6	23 614	0,0%
Shareholders with greater than 5% of issued ordinary shares			
Axiom Holdings (Pty) Ltd	1	11 505 537	13,6%

Summary of Group executive directors' interest in JSE shares

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

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

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

[†] Shares received in the form of a dividend in specie

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

Administration

JSE Limited

Registration number 2005/022939/06

Share code: JSE

ISIN No.: ZAE000079711

Registered office	One Exchange Square 2 Gwen Lane Sandown Illovo, Sandton 2196	Transfer Secretary	Strate Limited 9 Fricker Road Illovo, Sandton 2196
Postal address	Private Bag X991174 Sandton 2146	Telephone	011 759 5300
Telephone	011 520 7000	Auditor	KPMG Inc
Email	ir@jse.co.za	Sponsors	Rand Merchant Bank Morgan Stanley
Group Company Secretary	Gary Clarke	Bankers	First National Bank



INCOME STATEMENTS

for the year ended 31 December 2006

	Notes	Group		Exchange		Investor Protection Funds*	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Revenue	5.1	640 377	407 999	654 154	421 050	—	—
Other income	5.2	65 370	25 307	23 627	15 404	41 743	9 906
Personnel expenses	6.1	(162 986)	(117 414)	(162 986)	(117 414)	—	—
Other expenses	6.2	(413 561)	(276 820)	(395 228)	(264 465)	(10 412)	(11 253)
Profit/(loss) before net financing income		129 200	39 072	119 567	54 575	31 331	(1 347)
Interest received	6.3	676 190	409 085	35 483	20 545	3 249	7 667
Interest paid	6.4	(621 450)	(370 246)	(5 875)	(3 544)	—	—
Net financing income		54 740	38 839	29 608	17 001	3 249	7 667
Share of profit of equity accounted investees	11.2	27 364	23 966	—	—	—	—
Profit before tax		211 304	101 877	149 175	71 576	34 580	6 320
Income tax	7.1	(70 254)	5 120	(70 200)	5 124	—	—
Profit for the year		141 050	106 997	78 975	76 700	34 580	6 320
Basic earnings per share (cents)	8.1	168,0	128,3	94,1	92,0	41,2	7,6
Diluted earnings per share (cents)	8.3	167,5	127,9	93,8	91,7	41,1	7,6

* 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. 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 ("IFRS"). However, as these Trusts are legally separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of such Trusts.

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

BALANCE SHEETS
as at 31 December 2006

Notes	Group		Exchange		Investor Protection Funds	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Assets						
Non-current assets						
	517 316	448 457	294 892	350 666	213 919	116 650
Property and equipment	9.3	213 198	227 022	213 198	227 022	—
Investments in equity accounted investees	11.1	54 119	79 342	42 413	95 000	—
Investments in subsidiaries	12.1	—	—	3 201	3 201	—
Other investments	10	213 923	116 654	4	4	116 650
Deferred taxation	19.1	36 076	25 439	36 076	25 439	—
Current assets	10 151 448	6 478 006	855 411	374 186	26 020	64 034
Trade and other receivables	14	115 694	82 888	56 542	48 268	5 235
Government grants		4 285	1 005	4 285	1 005	—
Due from subsidiaries	12.4	—	—	5 334	8 173	—
Due from joint venture	13.4	—	426	—	426	—
Derivative financial instruments	23	1 407	—	1 407	—	—
Margin deposits	15.1	9 502 504	6 031 304	308 588	25 287	—
Collateral deposits	15.2	22 694	5 908	22 694	5 908	—
Cash and cash equivalents	16	504 864	356 475	456 561	285 119	58 799
Total assets	10 668 764	6 926 463	1 150 303	724 852	239 939	180 684
Equity and liabilities						
Share capital and reserves						
	17	833 540	682 604	582 349	522 156	176 494
Non-current liabilities		107 833	77 421	107 833	77 421	—
Provisions	18	47 981	14 884	47 981	14 884	—
Deferred taxation	19.1	11 749	12 799	11 749	12 799	—
Operating lease liability	24.2	47 333	43 933	47 333	43 933	—
Due to SAFEX members	21	770	5 805	770	5 805	—
Current liabilities		9 727 391	6 166 438	460 121	125 275	4 190
Trade and other payables	22	148 872	95 017	75 695	58 763	178
Income tax payable		25 606	7 680	25 428	7 515	—
Operating lease liability	24.2	27 715	24 969	27 715	24 969	—
Due to subsidiaries	12.5	—	—	1	1 273	—
Due to holding company	12.6	—	—	—	—	4 012
Derivative financial instruments	23	—	1 560	—	1 560	—
Margin deposits	15.1	9 502 504	6 031 304	308 588	25 287	—
Collateral deposits	15.2	22 694	5 908	22 694	5 908	—
Total equity and liabilities	10 668 764	6 926 463	1 150 303	724 852	239 939	180 684

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2006

	Notes	Rights R'000	Share Capital R'000	Share Premium R'000	Non- distribu- table Reserve R'000	BBBEE Reserve R'000	Retained Earnings R'000	Total Ex- change and Subsidi- aries R'000	Investor Protec- tion Funds R'000	Total Group R'000
Group										
Balance at 1 January 2005		171 119	—	—	10 058	—	224 082	405 259	153 668	558 927
Rights converted to shares on demutualisation	17	(171 119)	8 340	162 779	—	—	—	—	—	—
Shares acquired for employees	20.2	—	—	—	—	—	174	174	—	174
Income and expenses recognised directly in equity		—	—	—	—	—	—	—	16 506	16 506
Fair value gains on available-for-sale instruments		—	—	—	—	—	—	—	16 506	16 506
Profit for the year		—	—	—	—	—	100 677	100 677	6 320	106 997
Balance at 31 December 2005		—	8 340	162 779	10 058	—	324 933	506 110	176 494	682 604
BBBEE reserve	17	—	—	—	—	50 317	—	50 317	—	50 317
New issue of shares – The JSE Empowerment Fund		—	131	—	—	—	—	131	—	131
Dividends paid		—	—	—	—	—	(69 230)	(69 230)	—	(69 230)
Income and expenses recognised directly in equity		—	—	—	—	—	—	—	28 668	28 668
Fair value gains on available-for-sale instruments		—	—	—	—	—	—	—	28 668	28 668
Profit for the year		—	—	—	—	—	106 470	106 470	34 580	141 050
Balance at 31 December 2006		—	8 471	162 779	10 058	50 317	362 173	593 798	239 742	833 540
Exchange										
Balance at 1 January 2005		171 119	—	—	—	—	274 163	445 282		
Rights converted to shares on demutualisation	17	(171 119)	8 340	162 779	—	—	—	—		
Shares acquired for employees	20.2	—	—	—	—	—	174	174		
Profit for the year		—	—	—	—	—	76 700	76 700		
Balance at 31 December 2005		—	8 340	162 779	—	—	351 037	522 156		
BBBEE reserve	17	—	—	—	—	50 317	—	50 317		
New issue of shares – The JSE Empowerment Fund		—	131	—	—	—	—	131		
Dividends paid		—	—	—	—	—	(69 230)	(69 230)		
Profit for the year		—	—	—	—	—	78 975	78 975		
Balance at 31 December 2006		—	8 471	162 779	—	50 317	360 782	582 349		

CASH FLOW STATEMENTS
for the year ended 31 December 2006

	Notes	Group		Exchange		Investor Protection Funds	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Cash generated/(utilised) by operations	26.1	223 710	36 548	233 625	55 922	10 882	(5 603)
Interest received		652 361	404 553	33 394	20 545	3 249	7 667
Interest paid		(584 259)	(361 886)	(5 573)	(3 544)	—	—
Dividends received		4 402	2 689	—	—	4 402	2 689
Taxation paid		(64 016)	—	(63 975)	—	—	—
Net cash inflow from operating activities		232 198	81 904	197 471	72 923	18 533	4 753
Cash flows from investing activities							
Proceeds on redemption of preference shares		65 000	—	65 000	—	—	—
Investment to maintain operations		(623)	(829)	(623)	(829)	—	—
Replacement of property and equipment		(623)	(857)	(623)	(857)	—	—
Proceeds on disposal of property and equipment		—	28	—	28	—	—
Investment to expand operations		(79 087)	(70 020)	(21 307)	(64 390)	(57 780)	(5 630)
Proceeds on maturity of other investments		45 168	57 898	—	—	45 168	57 896
Additions to other investments		(102 948)	(63 528)	—	—	(102 948)	(63 528)
Purchase of shares in Strate Ltd		(12 413)	—	(12 413)	—	—	—
Proceeds on sale of Itrix Holdings (Pty) Ltd		1 500	—	1 500	—	—	—
Leasehold improvements		(741)	(2 841)	(741)	(2 841)	—	—
Additions to property and equipment		(9 653)	(61 549)	(9 653)	(61 549)	—	—
Net cash (outflow)/inflow from investing activities		(14 710)	(70 849)	43 070	(65 219)	(57 780)	(5 630)
Cash flows from financing activities							
Proceeds from issue of share capital		131	—	131	—	—	—
Dividends paid		(69 230)	—	(69 230)	—	—	—
Net cash outflow from financing activities		(69 099)	—	(69 099)	—	—	—
Net increase/(decrease) in cash and cash equivalents		148 389	11 055	171 442	7 704	(39 247)	(877)
Cash and cash equivalents at beginning of year		356 475	345 420	285 119	277 415	58 799	59 676
Cash and cash equivalents at end of year	16	504 864	356 475	456 561	285 119	19 552	58 799



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1. REPORTING ENTITY

The JSE Limited ("the JSE", the "Company" or the "Exchange") is duly registered and incorporated in South Africa and is licensed as an exchange in terms of the Securities Services Act, No. 36 of 2004. The consolidated financial statements of the Company as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries and controlled special purpose vehicles (collectively referred to as the "Group") and the Group's interest in associates and jointly controlled entities. 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 13 March 2007.

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 stated at fair value as described below:

- derivative financial instruments
- available-for-sale financial assets
- liabilities for cash settled share-based payment arrangements
- cash and cash equivalents

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 are described in the following notes:

- Notes 17 and 20 – measurement of share-based payments
- Note 18 – provisions
- Note 23 – valuation of derivative financial instruments
- Note 24.1 – contingent liabilities

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are those entities over whose financial and operating policies the Group has the ability to exercise control, so as to obtain benefits from their activities. The Group financial statements



incorporate the assets, liabilities and results of the operations of the SAFEX Clearing Company (Pty) Ltd ("SAFCOM"), the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust and JSE Trustees (Pty) Ltd. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the separate financial statements of the Exchange, investments in subsidiaries are carried at cost less accumulative impairment losses.

3.1.2 *Special purpose vehicles*

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

3.1.3 *Associates*

An associate is an enterprise over whose financial and operating policies the Group has the ability to exercise significant influence and which is neither a subsidiary nor a joint venture of the Group. The equity method of accounting for associated companies is adopted in the Group financial statements and applied to its investments in Strate Ltd, Satrix Managers (Pty) Ltd and Indexco (Pty) Ltd. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves 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 associate, 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 associate. In the separate financial statements of the Exchange the associate is accounted for at cost less accumulated impairment losses.

3.1.4 *Joint ventures*

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are accounted for using the equity method. The consolidated financial statements include the Group's equity accounted share of Itrix Holdings (Pty) Ltd using the equity method, from the date that joint control commenced until the date that joint control ceased.

3.1.5 *Transactions eliminated on consolidation*

Intra-group balances, 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 transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at reporting date. Foreign exchange differences on translation are recognised in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised costs 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 available-for-sale equity instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

3.3 Financial instruments

3.3.1 Non-derivative financial instruments

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

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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 the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Investments 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.

Loans and receivables

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3.3.2 Derivative financial instruments

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

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



3.3.3 *Share capital*

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

3.4 **Property and equipment**

3.4.1 *Recognition and measurement*

Items of property and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and impairment losses. Purchased 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 costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

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.

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

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

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

3.5 **Research and development**

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

3.6 **Leased assets**

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. 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2006

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

3.7.2 *Non-financial assets*

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

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

3.8 Employee benefits

3.8.1 *Defined contribution plans*

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

3.8.2 *Short-term employee benefits*

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

3.8.3 *Share-based payment transactions*

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

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

3.8.4 *Leave pay*

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



3.9 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.

3.10 Revenue

Revenue comprises equity derivatives fees, agricultural derivatives fees, Yield-X trading fees, equities trading fees, risk management, equities clearing and settlement fees, Strate ad valorem fees, information sales, membership fees, listing fees, broker deal accounting services and funds management and other. Revenue is recognised at fair value in the year to which it relates.

3.11 Other income

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

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

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

3.12 Lease payments

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

3.13 Finance income

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

3.14 Income tax expense

3.14.1 Current taxation

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

The JSE's exemption from income taxation in terms of section 10(1)(d) of the Income Tax Act, No. 58 of 1962, was removed by National Treasury with effect from 1 July 2005 and consequently the standard company tax rate applies.

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.

3.14.2 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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2006

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

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

3.14.3 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.

3.15 Earnings per share

The Group presents basic 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 Group by the weighted average number of ordinary shares outstanding during the period.

3.16 Diluted earnings per share

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

3.17 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.

3.18 Net asset value

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

3.19 New standard 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 2006, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 Financial instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which became mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to the Group's financial instruments and share capital.
- IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2007 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.
- IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivatives should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which become mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.



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 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4.2 Derivatives

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).

4.3 Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of available-for-sale financial assets is determined by reference to the quoted bid price at the reporting date.

4.4 Share-based payment transactions

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Note	Group		Exchange	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
5. REVENUE AND OTHER INCOME					
5.1 Revenue comprises:					
Equity derivatives fees		80 148	48 802	80 148	48 802
Agricultural derivatives fees		37 376	32 498	37 376	32 498
Equities trading fees		125 036	81 409	125 036	81 409
Yield-X trading fees		276	59	276	59
Risk management, clearing and settlement fees		82 300	50 993	82 300	50 993
Strate ad valorem fees		56 513	—	56 513	—
Information sales		61 945	46 144	61 945	46 144
Membership fees		6 008	5 705	6 008	5 705
Listing fees		68 265	54 950	68 265	54 950
Broker deal accounting services		86 057	64 817	86 057	64 817
Funds management and other		36 453	22 622	50 230	35 673
		640 377	407 999	654 154	421 050
5.2 Other income comprises:					
Bad debts recovered		—	214	—	214
Investor Protection Funds		41 743	9 906	—	—
– dividend income		4 517	2 690	—	—
– profit on sale of available-for-sale assets		10 707	5 216	—	—
– other income		26 519	2 000	—	—
Rental income		4 731	5 423	4 731	5 423
Government grants		6 325	4 846	6 325	4 846
Foreign exchange gain		6 896	3 074	6 896	3 074
Profit on sale of joint venture		1 500	—	1 500	—
Sundry income		4 175	1 844	4 175	1 847
		65 370	25 307	23 627	15 404
6. PROFIT BEFORE TAXATION comprises:					
6.1 Personnel expenses					
Remuneration paid to employees	20	104 742	94 442	104 742	94 442
Contribution to defined contribution plans		6 524	4 981	6 524	4 981
Directors' emoluments		17 951	17 259	17 951	17 259
– executive directors	28.1	15 535	14 896	15 535	14 896
– non-executive directors	28.3	2 416	2 363	2 416	2 363
Long-term incentive scheme	20.6	31 863	—	31 863	—
Remuneration paid other than to employees for technical services		1 906	732	1 906	732
		162 986	117 414	162 986	117 414

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
6. PROFIT BEFORE TAXATION comprises: (continued)				
6.2 Other expenses				
Auditor's remuneration	1 853	2 599	1 700	2 441
– audit fee	1 148	1 328	1 000	1 180
– fees for other services	133	199	126	192
– fees for other assurance services	492	992	492	992
– prior year under-accrual	80	80	82	77
Black shareholders' retention scheme	11 656	—	11 656	—
Consulting fees	7 561	10 687	7 561	10 687
– strategic	2 068	3 629	2 068	3 629
– other	5 493	7 058	5 493	7 058
Depreciation	24 835	26 502	24 835	26 502
– Computer hardware	1 490	2 397	1 490	2 397
– Computer software	17 842	18 199	17 842	18 199
– Furniture and equipment	2 034	2 216	2 034	2 216
– Leased assets	—	241	—	241
– Leasehold improvements	3 457	3 436	3 457	3 436
– Vehicles	12	13	12	13
Impairment loss	3 803	736	3 803	736
Impairment to trade receivables raised	356	—	356	—
JEF shares	38 661	—	38 661	—
JSE Guarantee Fund Trust insurance premium	9 157	7 187	—	—
Legal fees	2 853	2 878	2 853	2 878
Loss on disposal of property and equipment	5	3	5	3
Mainframe operations	41 250	40 561	41 250	40 561
Marketing and advertising	15 768	11 147	15 768	11 147
Operating lease charges	29 089	29 211	29 089	29 211
– building	27 491	27 850	27 491	27 850
– office equipment	1 598	1 361	1 598	1 361
Other administration expenses	49 054	38 115	40 031	33 105
Other computer operations	57 317	59 277	57 317	59 277
Software maintenance	40 029	34 139	40 029	34 139
Strate ad valorem fees	56 513	—	56 513	—
Transaction charges	23 801	13 778	23 801	13 778
	413 561	276 820	395 228	264 465
6.3 Interest received				
Own funds	29 628	17 759	29 628	17 759
Investor Protection Funds	3 249	7 667	—	—
Interest received on margin deposits	641 111	383 007	3 653	2 134
– equities	3 653	2 134	3 653	2 134
– derivatives	637 458	380 873	—	—
Interest received on collateral deposits	2 202	652	2 202	652
	676 190	409 085	35 483	20 545
6.4 Interest paid				
Interest paid on margin deposits	619 085	368 508	3 510	1 806
– equities	3 510	1 806	3 510	1 806
– derivatives	615 575	366 702	—	—
Interest paid on collateral deposits	242	118	242	118
Interest paid – other	2 123	1 620	2 123	1 620
	621 450	370 246	5 875	3 544

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
7. INCOME TAX EXPENSE				
7.1 Taxation	70 254	(5 120)	70 200	(5 124)
Current tax expense				
– current year	73 287	7 519	73 233	7 515
Secondary tax on companies				
– current year	8 654	—	8 654	—
Deferred tax income				
– reversal of deductible temporary differences	(10 637)	(25 438)	(10 637)	(25 438)
Deferred tax expense				
– origination of taxable temporary differences	(1 050)	12 799	(1 050)	12 799
7.2 Reconciliation of effective tax rate				
Current tax rate	29,00%	29,00%	29,00%	29,00%
Adjusted for:				
– non-taxable income	(6,97%)	(17,54%)	(1,12%)	(12,84%)
– non-deductible expenses	10,87%	1,74%	13,38%	2,46%
– secondary tax on companies	4,10%	0,00%	5,80%	0,00%
– share of profit of equity accounted investees	(3,76%)	0,00%	0,00%	0,00%
– change in tax rate	0,00%	(18,28%)	0,00%	(25,78%)
	33,25%	(5,08%)	47,06%	(7,16%)

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

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

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

With the loss of the tax exempt status of JSE Limited, it was necessary to agree with the South African Revenue Services what the tax values of assets and liabilities would be at 1 July 2005. This discussion started in August 2004 and is expected only to be concluded once the 2005 return has been assessed, therefore amounts reflected are based on our estimates.

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
8. EARNINGS AND HEADLINE EARNINGS PER SHARE				
8.1 Basic earnings per share				
The calculation of basic earnings per share at 31 December 2006 of 168,0 (2005: 128,3) cents per share was based on the profit attributable to ordinary shareholders of R141,0 million (2005: R107,0 million) and a weighted average number of ordinary shares of 83 934 476 (2005: 83 402 500) in issue during the period as calculated in Note 8.2.				
Profit for the year	141 050	106 997	78 975	76 700
Basic earnings per share (cents)	168,0	128,3	94,1	92,0

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
8. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)				
8.2 Weighted average number of ordinary shares:				
Rights in issue at 1 January 2005	—	8 340.25	—	8 340.25
Issued ordinary shares at 1 January (after conversion into shares at 1 000 shares per right held)	8 340 250	8 340 250	8 340 250	8 340 250
Subdivision of shares on 5 June 2006: 10 for 1	83 402 500	83 402 500	83 402 500	83 402 500
Issue of 868 775 shares – The JSE Empowerment Fund 7 June 2006	492 703	—	492 703	—
Issue of 434 388 shares – The JSE Empowerment Fund 28 November 2006	39 273	—	39 273	—
Weighted average number of ordinary shares at 31 December 2006	83 934 476	83 402 500	83 934 476	83 402 500
8.3 Diluted earnings per share				
The calculation of diluted earnings per share at 31 December 2006 of 167,5 (2005: 127,9) cents per share was based on the profit attributable to ordinary shareholders of R141,0 million (2005: R107,0 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 84 210 746 (2005: 83 678 770) calculated as follows:				
Profit attributable to ordinary shareholders (basic and diluted)	141 050	106 997	78 975	76 700
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December	83 934 476	83 402 500	83 934 476	83 402 500
Dilutive effect of share options	276 270	276 270	276 270	276 270
Weighted average number of ordinary shares (diluted)	84 210 746	83 678 770	84 210 746	83 678 770
Diluted earnings per share (cents)	167,5	127,9	93,8	91,7
8.4 Headline earnings per share				
The calculation of headline earnings per share at 31 December 2006 of 158,3 (2005: 122,0) cents per share was based on the headline earnings of R132,9 million (2005: R101,8 million) and a weighted average number of ordinary shares of 83 934 476 (2005: 83 402 500) during the period as calculated in Note 8.2.				
Reconciliation of headline earnings:				
Profit for the year	141 050	106 997	78 975	76 700
<i>Adjustments are made to the following:</i>				
Loss on disposal of property and equipment	4	3	4	3
Impairment loss on property and equipment	3 803	—	3 803	—
Profit on sale of joint venture	(1 283)	—	(1 283)	—
Profit on realisation of available-for-sale instruments	(10 707)	(5 213)	—	—
Headline earnings	132 867	101 787	81 499	76 703
Headline earnings per share (cents)	158,3	122,0	97,1	92,0

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

8. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)

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

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

	Group	
	2006 R'000	2005 R'000
Headline earnings per share	28,4	7,6
Diluted earnings per share	41,1	7,6
Net asset value per share	283,0	211,6

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. 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 legally separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of such Trusts.

Computer hardware	Computer software	Software development	Furniture and equipment	Leasehold improvements	Vehicles	Total owned assets	Total leased assets	Total assets
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000

9. PROPERTY AND EQUIPMENT

9.1 Cost

Group and Exchange 2006

Balance at 1 January 2006	28 959	98 384	144 907	23 647	52 355	101	348 353	1 732	350 085
Acquisitions	220	500	12 144	1 756	199	—	14 819	—	14 819
Disposals	(22 606)	(1 610)	—	—	—	—	(24 216)	—	(24 216)
Impairment losses	—	—	(3 803)	—	—	—	(3 803)	—	(3 803)
Transfer to computer hardware	1 732	—	—	—	—	—	1 732	(1 732)	—
Balance at 31 December 2006	8 305	97 274	153 248	25 403	52 554	101	336 885	—	336 885

Group and Exchange 2005

Balance at 1 January 2005	50 943	102 665	98 026	20 141	51 750	101	323 626	1 732	325 358
Acquisitions	2 546	11 700	46 881	3 517	605	—	65 249	—	65 249
Disposals	(24 530)	(15 981)	—	(11)	—	—	(40 522)	—	(40 522)
Balance at 31 December 2005	28 959	98 384	144 907	23 647	52 355	101	348 353	1 732	350 085

	Com- puter hard- ware R'000	Com- puter soft- ware R'000	Software under develop- ment R'000	Furni- ture and equip- ment R'000	Lease- hold improve- ments R'000	Ve- hicles R'000	Total owned assets R'000	Total leased assets R'000	Total assets R'000
9. PROPERTY AND EQUIPMENT (continued)									
9.2 Depreciation and impairment losses									
Group and Exchange 2006									
Balance at 1 January 2006	25 284	67 226	—	10 981	17 808	80	121 379	1 684	123 063
Depreciation charge for the year	1 490	17 842	—	2 034	3 457	12	24 835	—	24 835
Disposals	(22 600)	(1 611)	—	—	—	—	(24 211)	—	(24 211)
Transfer to computer hardware	1 684	—	—	—	—	—	1 684	(1 684)	—
Balance at 31 December 2006	5 858	83 457	—	13 015	21 265	92	123 687	—	123 687
Group and Exchange 2005									
Balance at 1 January 2005	47 392	64 272	—	8 765	14 372	67	134 868	1 443	136 311
Depreciation charge for the year	2 397	18 199	—	2 216	3 436	13	26 261	241	26 502
Disposals	(24 505)	(15 981)	—	—	—	—	(40 486)	—	(40 486)
Impairment losses	—	736	—	—	—	—	736	—	736
Balance at 31 December 2005	25 284	67 226	—	10 981	17 808	80	121 379	1 684	123 063
9.3 Carrying amounts									
Group and Exchange 2006									
At 1 January 2006	3 675	31 158	144 907	12 666	34 547	21	226 974	48	227 022
At 31 December 2006	2 447	13 817	153 248	12 388	31 289	9	213 198	—	213 198
Group and Exchange 2005									
At 1 January 2005	3 551	38 393	98 026	11 376	37 378	34	188 758	289	189 047
At 31 December 2005	3 675	31 158	144 907	12 666	34 547	21	226 974	48	227 022

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
10. OTHER INVESTMENTS				
10.1 Investor Protection Funds financial assets				
10.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds – fair value	5 533	—	—	—
Listed equities – fair value	42 409	11 796	—	—
Unlisted investments – fair value	8 732	—	—	—
	56 674	11 796	—	—
10.1.2 JSE Guarantee Fund Trust				
Bonds – fair value	13 508	14 942	—	—
Listed equities – fair value	117 781	77 290	—	—
Foreign unit trusts – fair value	24 358	11 382	—	—
Unit trusts – fair value	1 598	1 240	—	—
	157 245	104 854	—	—
Total	213 919	116 650	—	—
10.2 Other*				
Emerging Enterprise Zone (Pty) Ltd	1	1	1	1
Open Outcry Investment Holdings Ltd	1	1	1	1
Indexco Ltd, Indexco II Ltd and Indexco III Ltd	1	1	1	1
Stock Exchange Nominees (Pty) Ltd	1	1	1	1
Total	4	4	4	4
Total other investments	213 923	116 654	4	4

* These entities are in the process of being deregistered and fair value is deemed to be equal to cost.

11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

11.1 Carrying amount

Strate Ltd				
– Carrying amount at beginning of year	79 327	55 388	95 000	95 000
– Redemption of preference shares	(65 000)	—	(65 000)	—
– Acquisition of shares	12 413	—	12 413	—
– Share of profit	27 323	23 939	—	—
– Carrying amount at end of year	54 063	79 327	42 413	95 000
Indexco Managers (Pty) Ltd				
– Carrying amount at beginning of year	(2)	(20)	*	*
– Share of profit	6	18	—	—
– Carrying amount at end of year	4	(2)	*	*
Satrix Managers (Pty) Ltd				
– Carrying amount at beginning of year	17	8	*	*
– Share of profit	35	9	—	*
– Carrying amount at end of year	52	17	*	*
Total investments in equity accounted investees	54 119	79 342	42 413	95 000

* Less than R1 000

	Strate Ltd		Indexco Managers (Pty) Ltd		Satrrix Managers (Pty) Ltd		Total	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000
11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)								
11.2 Group share of post acquisition (loss)/profit								
Share of opening accumulated (loss)/profit	(15 673)	(39 612)	(2)	(20)	17	8	(15 658)	(39 624)
Share of profit after tax	27 323	23 939	6	18	35	9	27 364	23 966
Share of closing accumulated profit/(loss)	11 650	(15 673)	4	(2)	52	17	11 706	(15 658)
11.3 Summarised annual financial statements								
Non-current assets	43 276	54 377	316	316	4	11	43 596	54 704
Current assets	129 428	149 821	452	428	766	1 004	130 646	151 253
Total assets	172 704	204 198	768	744	770	1 015	174 242	205 957
Equity	130 304	193 480	(13)	(30)	131	26	130 422	193 476
Non-current liabilities	3 127	1 781	5	5	53	482	3 185	2 268
Current liabilities	39 273	8 937	776	769	586	507	40 635	10 213
Total equity and liabilities	172 704	204 198	768	744	770	1 015	174 242	205 957
Income	206 922	162 863	24	49	4 528	4 070	211 474	166 982
Expenses	(112 797)	(79 263)	—	30	(4 380)	(4 034)	(117 177)	(83 267)
Taxation	(27 301)	(25 212)	(7)	(24)	(43)	(11)	(27 351)	(25 247)
Profit for the year	66 824	58 388	17	55	105	25	66 946	58 468

	Carrying amount	Effective group holding		Number of shares held		Directors' valuation		
	R'000	2006 %	2005 %	2006	2005	2006 R'000	2005 R'000	
11.4 Unlisted associated companies								
Group								
Strate Ltd	54 063	42,77	41,00	4 173	4 000	299 413	95 000	
Indexco Managers (Pty) Ltd	4	33,33	33,33	50	50	4	—	
Satrrix Managers (Pty) Ltd	52	33,33	33,33	50	50	52	17	
	54 119			4 273	4 100	299 469	95 017	
Exchange								
Strate Ltd	42 413	42,77	41,00	4 173	4 000	299 413	95 000	
Indexco Managers (Pty) Ltd	*	33,33	33,33	50	50	4	—	
Satrrix Managers (Pty) Ltd	*	33,33	33,33	50	50	52	17	
	42 413			4 273	4 100	299 469	95 017	

* Less than R1 000

Carrying amount of Strate Ltd

As at 31 December the carrying amount of Strate Ltd was allocated between preference and ordinary shares as follows:

	2006 R'000	2005 R'000
Preference shares	0	65 000
Ordinary shares	54 063	14 327
	54 063	79 327

The carrying amount as at 31 December 2006 is not equal to 42,77% of Strate Limited's net asset value because:

- of previously recognised equity losses totalling R38,8 million
- a portion of the profits stated being recouped to the ordinary shareholding investment during 2005
- the additional 1,7% acquired during 2006 was not held for the entire period of the investment, it was only held for one month.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Issued share capital	Percentage holding		Value of shares held	
		2006 %	2005 %	2006 R'000	2005 R'000
12. SUBSIDIARIES					
12.1 SAFEX Clearing Company (Pty) Ltd					
– ordinary shares	8 300	11	11	1	1
– redeemable convertible preference shares	160	100	100	3 200	3 200
				3 201	3 201
The JSE has full management control over SAFEX Clearing Company (Pty) Ltd.					
12.2 JSE Trustees (Pty) Ltd					
– ordinary shares	7	—	—	*	*
Certain of the directors of the JSE hold these shares as nominees on behalf of the Exchange. The Exchange has control over the operating and decision making activities of this Trust.					
* Less than R1 000					
12.3 Investor Protection Funds					
In terms of section 9.1(e) of the Securities Services Act, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients. In compliance with this requirement, the JSE has a guarantee fund (JSE Guarantee Fund Trust) which covers the equities market, and a fidelity fund (JSE Derivatives Fidelity Fund Trust) which covers the derivatives and Yield-X markets. The two funds are housed within formalised trusts. The funds are administered in terms of their respective trust deeds and sets of rules. Certain JSE directors are trustees.					
				Exchange	
				2006	2005
				R'000	R'000
12.4 Loans due from subsidiaries					
SAFEX Clearing Company (Pty) Ltd				2 339	1 549
JSE Derivatives Fidelity Fund Trust				—	4 012
JSE Trustees (Pty) Ltd				2 995	2 612
				5 334	8 173
12.5 Loans due to subsidiaries					
JSE Guarantee Fund Trust				1	1 273
All subsidiaries are incorporated in South Africa. Loans to and from subsidiaries are interest free, unsecured and have no fixed terms of repayment. These loans will be repaid within three months.					
12.6 Due to holding company					
JSE Derivatives Fidelity Fund Trust				—	4 012

	Group		Exchange	
	2006	2005	2006	2005
	R'000	R'000	R'000	R'000

13. INVESTMENT IN JOINT VENTURE

13.1 Carrying amount

Loan to joint venture	—	426	—	426
Share of profit/(loss)				
– Itrix Holdings (Pty) Ltd	—	—	—	—
Carrying amount at end of year	—	426	—	426

In 2005 the Group entered into a joint venture agreement with a financial services provider relating to the above mentioned entity. The joint venture was incorporated in South Africa. Losses in the joint venture were not guaranteed and therefore losses in excess of the carrying value were not recognised in the Group. The joint venture was sold during 2006 resulting in a profit of R1 499 850 calculated as follows:

	R
Proceeds on sale of joint venture	1 500 000
Contribution by the Exchange	(150)
Profit on sale of joint venture	1 499 850

13.2 Summarised financial statements

	Itrix Holdings (Pty) Ltd	
	2006	2005
	R'000	R'000
Current assets	—	532
Total assets	—	532
Share capital	—	1
Accumulated loss	—	(1 848)
Share capital and reserves	—	(1 847)
Non-current liabilities	—	1 953
Current liabilities	—	426
Total reserves and liabilities	—	532
Revenue	—	435
Operating expenses	—	(2 283)
Loss for the period	—	(1 848)

	Carrying amount		Effective group holdings		Number of shares held
	Group 2006	Exchange 2006	2006 %	2005 %	
	R'000	R'000			

13.3 Unlisted joint ventures

Itrix Holdings (Pty) Ltd	—	—	—	50	50
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Group		Exchange	
	2006	2005	2006	2005
	R'000	R'000	R'000	R'000

13. INVESTMENT IN JOINT VENTURE (continued)

13.4 Due from joint venture

Itrix Holdings (Pty) Ltd	—	426	—	426
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The amount due by the joint venture bore interest at a rate of 60 basis points above JIBAR, and had no fixed terms of repayment.

	Group		Exchange		Investor Protection Funds	
	2006	2005	2006	2005	2006	2005
	R'000	R'000	R'000	R'000	R'000	R'000

14. TRADE AND OTHER RECEIVABLES

Trade receivables	43 690	36 341	43 688	32 206	1	1 899
Prepaid expenses	10 853	6 776	4 940	6 776	5 913	3 325
Interest receivable	53 375	29 467	3 763	1 674	79	—
Other receivables	7 776	10 304	4 151	7 612	475	11
	115 694	82 888	56 542	48 268	6 468	5 235

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 banks.

15.1 Margin deposits

	9 502 504	6 031 304	308 588	25 287	—	—
– equities*	308 588	25 287	308 588	25 287	—	—
– derivatives funds held by SAFEX Clearing Company (Pty) Ltd	9 193 916	6 006 017	—	—	—	—

* The significant increase in the margin deposits for equities was due to uncovered equities transactions arising from the December futures close-out only settling on 2 January 2007.

15.2 Collateral deposits	22 694	5 908	22 694	5 908	—	—
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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 R22,6 million (2005: R5,8 million) have been lodged as security against securities lending transactions with a market value of R21,2 million (2005: R4,7 million).

	Group		Exchange		Investor Protection Funds	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000
16. CASH AND CASH EQUIVALENTS						
Cash on deposits and bank balances comprises:						
Bank balances	216 013	90 545	215 656	89 255	357	1 290
Call deposits	240 905	195 864	240 905	195 864	—	—
SAFEX Clearing Company (Pty) Ltd – call	28 751	12 557	—	—	—	—
JSE Guarantee Fund Trust – call	13 589	15 028	—	—	13 589	15 028
JSE Derivatives Fidelity Fund Trust – call	5 606	42 481	—	—	5 606	42 481
	504 864	356 475	456 561	285 119	19 552	58 799

The effective interest rate on call deposits in 2006 was 7,27% (2005: 6,80%). The deposits had an average maturity of 14 days (2005: 19,59 days).

	Group		Exchange	
	2006	2005	2006	2005
17. SHARE CAPITAL AND RESERVES				
Number of shares in issue				
Rights in issue at 1 January 2005	—	8 340.25	—	8 340.25
Rights converted into shares at 1 000 shares per right held on 1 July 2005	8 340 250	8 340 250	8 340 250	8 340 250
Subdivision of shares on 5 June 2006: 10 for 1	83 402 500	—	83 402 500	—
New shares – The JSE Empowerment Fund first tranche	868 775	—	868 775	—
New shares – The JSE Empowerment Fund second tranche	434 388	—	434 388	—
Shares in issue at 31 December – fully paid	84 705 663	8 340 250	84 705 663	8 340 250

On 9 May 2006, the shareholders in general meeting approved the subdivision of each ordinary share of R1,00 into 10 ordinary shares of 10 cents each resulting in an authorised share capital of 400 000 000 shares, effective 5 June 2006.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to a vote per share at meetings of the Company.

A dividend of 13,6 cents per share was approved by shareholders at the Annual General Meeting held on 9 May 2006, which dividend was paid on 26 June 2006. A special dividend of 68,2 cents per share was paid on 18 December 2006.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
17. SHARE CAPITAL AND RESERVES (continued)				
Share capital and reserves				
Share capital	8 471	8 340	8 471	8 340
Share premium	162 779	162 779	162 779	162 779
Non-distributable reserve (arising on change in Strate Ltd shareholding)	10 058	10 058	—	—
Investor Protection Funds	239 742	176 494	—	—
Fair value reserve ¹	74 249	45 581	—	—
– JSE Derivatives Fidelity Fund Trust	9 776	272	—	—
– JSE Guarantee Fund Trust	64 473	45 309	—	—
Accumulated funds	165 493	130 913	—	—
– JSE Derivatives Fidelity Fund Trust ²	52 623	50 000	—	—
– JSE Guarantee Fund Trust ³	112 870	80 913	—	—
BBBEE reserve ⁴	50 317	—	50 317	—
– The JSE Empowerment Fund shares	38 661	—	38 661	—
– Black Shareholders' Retention Scheme	11 656	—	11 656	—
Retained earnings	362 173	324 933	360 782	351 037
Total	833 540	682 604	582 349	522 156

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 ring-fenced for the purpose of investor protection in the event of a member defaulting in equities trades in certain circumstances.

⁴ Implementation of a Broad-Based Black Economic Empowerment Initiative (BBBEE):

– The JSE Empowerment Fund (JEF) (R38,7 million) was established to provide financial assistance for education initiatives targeted at bringing black people into the financial sector and at demystifying investment in the stock market. 1 737 550 JSE shares were set aside to be issued to JEF at par value for cash. The first and second tranches totalling 1 303 163 JSE shares were issued during the year. The remainder of the JSE shares will be issued in one or more tranches within twelve months of the JSE's listing. The Board of Directors have authority to issue these shares.

– Black Shareholder Retention Scheme ("the Scheme") (R11,7 million): The Scheme was established to encourage Qualifying Black Shareholders to retain their Qualifying Black Shareholding until 1 June 2011. The granting of options will be tranching in amounts determined by the Board over a period of three years – at 5 June 2006, 1 June 2007, and 1 June 2008 respectively, to Qualifying Black Shareholders proportionately to their Qualifying Black Shareholding at those dates. The strike price of the options for each tranche will be 20% of the 30 calendar day value weighted average price (VWAP) immediately prior to and including the effective date of the tranche of options in question. The options will be exercisable during June 2011. The options are not transferable. The Black-Scholes model valuation methodology was used to calculate the impact to the income statement:

30 day VWAP at 5 June 2006	R24,25
Exercise date	1 June 2011
Dividend yield	0,52%
Volatility	35,00%
Risk-free rate	7,81%
Number of options granted during the year	579 183

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

	Personnel related R'000	Other R'000	Total ¹ R'000
18. PROVISIONS			
Group and Exchange 2006			
Balance at 1 January 2006	14 617	267	14 884
Raised during the year	53 029	—	53 029
Utilised during the year	(19 915)	(17)	(19 932)
Balance at 31 December 2006	47 731	250	47 981
2005			
Balance at 1 January 2005	21 037	4 768	25 805
Raised during the year	19 238	592	19 830
Utilised during the year	(25 658)	(5 093)	(30 751)
Balance at 31 December 2005	14 617	267	14 884

¹ Personnel related provisions include the employee scheme (refer to note 20.6 for further details), deferred compensation and leave pay. These provisions are considered to be non-current.

	Assets		Liabilities		Net	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000

19. DEFERRED TAX ASSETS AND LIABILITIES

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

Group and Exchange

Property and equipment	—	—	(9 073)	(10 840)	(9 073)	(10 840)
Lease liability	21 764	19 982	—	—	21 764	19 982
Government grants	—	292	(1 243)	—	(1 243)	292
Provisions	13 916	4 316	—	—	13 916	4 316
Impairment losses	157	230	—	—	157	230
Prepayments	—	—	(1 433)	(1 959)	(1 433)	(1 959)
Share incentive scheme	137	321	—	—	137	321
Income received in advance	102	298	—	—	102	298
Total	36 076	25 439	(11 749)	(12 799)	24 327	12 640

	Balance 31 December 2005 R'000	Recognised in income R'000	Balance 31 December 2006 R'000
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19.2 Movement in temporary differences during the year

Group and Exchange

Property and equipment	(10 840)	1 767	(9 073)
Lease liability	19 982	1 782	21 764
Government grants	292	(1 535)	(1 243)
Provisions	4 316	9 600	13 916
Provision for impairment losses	230	(73)	157
Prepayments	(1 959)	526	(1 433)
Share incentive scheme	321	(184)	137
Income received in advance	298	(196)	102
Total	12 640	11 687	24 327



NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

20. EMPLOYEE BENEFITS

20.1 Retirement benefits

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

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

20.2 Shares acquired for employees

During 2005 the Board awarded extraordinary bonuses to the staff and executive committee. As part of this bonus, every JSE staff member who, at 31 December 2005 had been employed for not less than 12 months, was given 100 shares in JSE Limited with effect from 31 December 2006. Those staff members who were employed for more than 6 months but less than 12 months received a prorated number of shares. Prior to listing JSE Limited shares were subdivided 10:1.

20.3 Additional bonus

In light of the exceptional financial results, a cash bonus equivalent to R5,5 million (2005: R4,5 million) was paid to the executive directors and senior executives in December 2006 as part of the R12,7 million (2005: R12,0 million) additional bonus paid to staff. A further R0,4 million was paid to selected staff members as part of the long-term incentive scheme.

20.4 Deferred compensation

In terms of company policy, deferred compensation depends on satisfactory personal and company performance. 50% of the amount is payable on or before December of the year in which it is earned and the payment of the remainder is deferred for 6 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, payable in one tranche in December of the year in which it is earned.

20.5 Other

The investigation into the potential shortfall in the pension fund annuities which began during 2002 continues. The resolution of the shortfall 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 of the Pension Funds Act has been obtained and identification and assessment of the appropriate choice of vehicle for each pensioner is nearing completion.



20.6 Long-term incentive 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 employees' 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.

In the event that the vesting price is below the base price, participants will not receive a cash bonus from the Employee Scheme, and will not be required to make any payment to the Scheme. The Board has only issued one tranche of Participation Interests under the Employee Scheme. These Participation Interests were awarded with effect from 1 January 2006 and vest over a five year period. The first tranche comprising 2 500 000 participatory interests is redeemable as follows: 50% on 31 December 2008, 25% on 31 December 2009 and 25% on 31 December 2010. The strike price of each Participation Interest will be the 30 calendar day VWAP for the JSE shares immediately prior to and including 22 November 2005, being the date on which the JSE Board ratified the Human Resources Committee's decision to make an award. No further Participation Interests were issued during 2006.

Based on Black-Scholes valuation methodology, the following assumptions were used to calculate the income statement impact.

Base price for 30 days prior to 22 November 2005	R8,31
Share price at 31 December 2006	R52,50
Total number of Participation Interests in issue	2 500 000
Vesting date:	
50% of Participation Interests vest on 31 December 2008	1 250 000
25% of Participation Interests vest on 31 December 2009	625 000
25% of Participation Interests vest on 31 December 2010	625 000
Volatility	25%
Dividend yield	0,52%
Risk-free rate	8,48%

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

	Group		Exchange		Investor Protection Funds	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 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. During the course of the year certain of these claims were resolved and consequently certain of the retained monies was released.						
Non-current liability	770	5 805	770	5 805	—	—
	770	5 805	770	5 805	—	—
22. TRADE AND OTHER PAYABLES						
Trade payables	75 383	58 044	75 040	57 735	197	178
Interest payable	73 136	35 945	302	—	—	—
Income received in advance	353	1 028	353	1 028	—	—
	148 872	95 017	75 695	58 763	197	178
23. DERIVATIVE FINANCIAL INSTRUMENTS						
Fair value						
– assets	1 407	—	1 407	—	—	—
– liabilities	—	(1 560)	—	(1 560)	—	—
	1 407	(1 560)	1 407	(1 560)	—	—

Forward exchange contracts are entered into to economically hedge anticipated foreign currency commitments.

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 equity market trades in the event that one member fails to settle. This risk is mitigated through various mechanisms, being the member firms' deposits and bank guarantees (R3,7 million), the JSE Guarantee Fund Trust and the JSE's own trade monitoring system. The JSE retains reserves to meet these contingent liabilities.

24.1.2 The JSE is currently engaged in arbitration with a former supplier for alleged breach of contract by the JSE. The case was split between merits and quantum. The JSE lost on merits and the quantum has not yet been established. The JSE expects the quantum to fall in the range nil to R25,0 million.

24.1.3 The JSE is one of 25 defendants who have been served with a summons relating to losses realised by a pension fund in the amount of approximately R1,4 billion. This is in the early stages of the legal process and an exception has been filed by the JSE. Senior Counsel opinion on this matter is that the claim is unfounded. The JSE is defending the claim.

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% per annum.

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Total future minimum lease payments under non-cancellable operating lease:				
Not later than one year	27 715	24 969	27 715	24 969
Between one and five years	139 381	129 192	139 381	129 192
Later than five years	177 620	215 525	177 620	215 525
	344 716	369 686	344 716	369 686

24.2.2 The JSE is party to agreements for the development of software totalling approximately R215,2 million (2005: R206,2 million) over the next two years, of which R146,8 million (2005: R144,9 million) has been settled.

The IT transformation project is currently running behind schedule and the JSE is in discussions with the service provider regarding payment of further amounts towards the fixed fee for resolution of scope items. If the JSE unduly delays the implementation of the project, the JSE may have to pay further amounts but a delay caused by the JSE is considered unlikely.

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 R361,6 million (2005: R249,1 million) for the year. These transactions are conducted on an arm's length basis.

Provision for doubtful debts in respect of related parties as at 31 December 2006 was Rnil (2005: Rnil).

The associated companies, subsidiaries and joint ventures of the Group are identified in notes 11, 12 and 13 respectively.

The directors are listed in the Corporate Governance report.

Normal trading terms apply to the amounts due to the JSE.

25.2 Material related party transactions

Strate ad valorem fees	– see notes 5.1 and 6.2
Loans to and from related parties	– see notes 11 and 12
Directors' emoluments	– see note 28.1
Other key personnel	– see note 28.2
The JSE provides secretarial services to the Group entities for no consideration.	

	Group		Exchange		Investor Protection Funds	
	2006	2005	2006	2005	2006	2005
	R'000	R'000	R'000	R'000	R'000	R'000

26. NOTES TO THE CASH FLOW STATEMENT

26.1 Cash generated by operations

Profit for the year before tax	211 304	106 997	149 175	76 700	34 580	6 320
Adjustment for non-cash and separately disclosable items:						
– depreciation	24 835	26 502	24 835	26 502	—	—
– impairment of software development costs	3 803	736	3 803	736	—	—
– BBBEE expenses	50 317	—	50 317	—	—	—
– shares acquired for employees	—	174	—	174	—	—
– long-term incentive scheme	380	—	380	—	—	—
– attributable profit of equity accounted investees	(27 364)	(23 966)	—	—	—	—
– interest paid	621 450	370 246	5 875	3 544	—	—
– interest received	(676 190)	(409 085)	(35 483)	(20 545)	(3 249)	(7 667)
– dividend income	(4 517)	(2 689)	—	—	(4 517)	(2 689)
– profit on sale of Itrix Holdings (Pty) Ltd	(1 500)	—	(1 500)	—	—	—
– loss on sale of property and equipment	5	3	5	3	—	—
– realised gain on disposal of investment securities	(10 707)	(5 213)	—	—	(10 707)	(5 213)
Surplus/(deficit) from operations before working capital changes	191 816	63 705	197 407	87 114	16 107	(9 249)
– (Increase)/decrease in trade and other receivables	(12 931)	(33 828)	(11 786)	(36 780)	(1 233)	3 123
– Increase/(decrease) in trade and other payables and provisions	44 825	6 671	48 004	5 588	(3 992)	523
Cash generated/(utilised) from operating activities	223 710	36 548	233 625	55 922	10 882	(5 063)

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

		Direct beneficial ownership in the JSE No. 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
28. DIRECTORS' AND EXECUTIVES' REMUNERATION							
28.1 Executive directors							
2006							
R M Loubser	Chief Executive Officer	1 000	2 193	3 242	472	62	5 969
N F Newton-King	Deputy Chief Executive Officer	3 400	1 392	1 005	117	54	2 568
L V Parsons	Chief Operating Officer	2 000	1 173	1 135	312	44	2 664
J H Burke	Director: Issuer Services	1 000	1 310	822	110	45	2 287
G Rothschild	Director: Government and International Affairs	1 000	1 178	736	89	44	2 047
		8 400	7 246	6 940	1 100	249	15 535
2005							
R M Loubser	Chief Executive Officer	1 000	2 158	3 133	434	55	5 780
N F Newton-King	Deputy Chief Executive Officer	1 000	1 324	1 041	111	50	2 526
L V Parsons	Chief Operating Officer	1 000	1 144	966	297	51	2 458
J H Burke	Director: Issuer Services	1 000	1 246	770	105	44	2 165
G Rothschild	Director: Marketing	1 000	1 126	718	84	39	1 967
		5 000	6 998	6 628	1 031	239	14 896
28.2 Other key executives							
2006							
G C Clarke	Exchange Secretary	1 000	888	568	76	49	1 581
D J Davidson	Director: Clearing and Settlement	1 000	1 178	753	114	49	2 094
M Dlamini	Senior General Manager: Education	200	734	325	54	13	1 126
F M Evans	Chief Financial Officer	1 000	1 013	718	83	18	1 832
A Forssman	Senior General Manager: Information Products Sales	2 000	764	486	42	60	1 352
R Gravelet-Blondin	Senior General Manager: Agricultural Products	1 000	822	566	116	72	1 576
N Greenhill	Senior General Manager: Marketing and Business Development (appointed 1 July 2006)	1 000	280	284	18	53	635
J Immelman	Senior General Manager: Information Services	7 000	798	499	49	44	1 390
A Thomson	Director: Trading	1 286	1 009	861	87	242	2 199
M Tlhabane	Senior General Manager: Human Resources	1 000	779	499	89	22	1 389
W F Urmson	Director: Surveillance	1 000	1 195	823	198	74	2 290
		17 486	9 460	6 382	926	696	17 464

		Direct beneficial ownership in the JSE No. of shares	Basic salary R'000	Bonus paid R'000	Defined contribution pension payments R'000	UIF, medical aid and travel allowance R'000	Total R'000
28. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)							
28.2 Other key executives (continued)							
2005							
G C Clarke	Exchange Secretary	1 000	842	539	72	51	1 504
D J Davidson	Director: Clearing and Settlement	1 000	1 117	721	109	52	1 999
M Dlamini	Senior General Manager: Education (appointed 1 December 2005)	—	61	—	4	2	67
F M Evans	Chief Financial Officer	1 000	964	580	80	19	1 643
A Forssman	Senior General Manager: Information Products Sales	1 000	765	491	40	20	1 316
R Gravelet-Blondin	Senior General Manager: Agricultural Products	1 000	812	529	110	42	1 493
J Immelman	Senior General Manager: Information Services	1 000	754	463	47	47	1 311
A Thomson	Director: Equities and Derivatives Trading	1 000	1 151	719	82	39	1 991
M Tlhabane	Senior General Manager: Human Resources	1 000	731	475	85	31	1 322
W F Urmson	Director: Surveillance	1 000	1 192	791	189	15	2 187
		9 000	8 389	5 308	818	318	14 833

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

Executive directors	R11,6 million (2005: Rnil)
Other key executives	R12,6 million (2005: Rnil)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

		Direct beneficial ownership in the JSE No. of shares	Other services R'000	Retainer fee R'000	Meetings R'000	Total R'000
28. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)						
28.3 Non-executive directors						
2006						
H J Borkum	Board Chairman, Chairman of Nominations Committee	15 000	—	480	112	592
A D Botha	Chairman of Human Resources Committee	—	—	115	112	227
M R Johnston		—	53	85	112	250
R J Khoza	(resigned 9 May 2006)	—	—	29	28	57
S Koseff		—	—	85	42	127
D Lawrence	(alternate to S Koseff)	—	—	—	56	56
W Luhabe		214	—	85	84	169
A Mazwai		—	—	85	98	183
N S Nematswerani	Chairman of Audit Committee	—	—	125	168	293
N Payne	Chairman of Risk Management Committee	—	—	125	154	279
G T Serobe		—	—	85	98	183
		15 214	53	1 299	1 064	2 416
2005						
P A Barnard	(resigned 8 March 2005)	—	—	15	12	27
H J Borkum	Board Chairman, Chairman of Nominations Committee	15 000	—	323	120	443
A D Botha	Chairman of Human Resources Committee	—	—	97	120	217
A Horowitz*	(alternate to H J Borkum)	—	—	—	38	38
M R Johnston		—	89	67	120	276
R J Khoza		—	—	67	64	131
S Koseff		—	—	67	40	107
D Lawrence	(alternate to S Koseff) (appointed 24 May 2005)	—	—	—	28	28
W Luhabe		—	—	67	66	133
A Mazwai		—	—	67	108	175
N S Nematswerani	Chairman of Audit Committee	—	—	97	160	257
N Payne	Chairman of Risk Management Committee	—	—	97	146	243
G T Serobe		—	—	67	106	173
N Smith	(resigned 31 August 2005)	—	—	49	66	115
		15 000	89	1 080	1 194	2 363

* A Horowitz (alternate to H J Borkum) resigned on 31 August 2006. No meetings were attended by him in 2006.

29. FINANCIAL INSTRUMENTS AND 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.

29.2 Currency risk

The JSE's activities are primarily conducted in South African Rand. The Group incurs currency risk as a result of purchases and borrowings in foreign currencies. The currencies in which the Group primarily deals are UK Pounds and US Dollars. Forward exchange contracts ("FECs") are used as a means of reducing exposure to fluctuations in foreign exchange rates on payables when appropriate. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by the opposite effects on the items being hedged. In order to hedge the asset, for foreign currency received, the Customer Foreign Currency account has been established which effectively hedges the receivables currency risk.

	Rand R'000	US Dollar R'000	GB Pounds R'000	Total R'000
Group 2006				
Assets	10 655 189	13 277	298	10 668 764
Property and equipment	213 198	—	—	213 198
Investments	268 042	—	—	268 042
Member firms' deposits at banks	9 525 198	—	—	9 525 198
Trade and other receivables	153 831	3 631	—	157 462
Cash and cash equivalents	494 920	9 646	298	504 864
Liabilities	(9 829 768)	—	(5 456)	(9 835 224)
Trade and other payables	(304 570)	—	(5 456)	(310 026)
Member firms' deposits at banks	(9 525 198)	—	—	(9 525 198)
Net assets and liabilities	825 421	13 277	(5 158)	833 540
Net exposure		13 277	(5 158)	

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.2 Currency risk (continued)

	Rand R'000	US Dollar R'000	GB Pounds R'000	Total R'000
Group 2005				
Assets	6 910 198	13 418	2 847	6 926 463
Property and equipment	227 022	—	—	227 022
Investments	195 996	—	—	195 996
Member firms' deposits at banks	6 037 212	—	—	6 037 212
Trade and other receivables	107 628	2 130	—	109 758
Cash and cash equivalents	342 340	11 288	2 847	356 475
Liabilities	(6 239 948)	—	(3 911)	(6 243 859)
Trade and other payables	(202 736)	—	(3 911)	(206 647)
Member firms' deposits at banks	(6 037 212)	—	—	(6 037 212)
Net assets and liabilities	670 250	13 418	(1 064)	682 604
Net exposure		13 418	(1 064)	

These monetary items were uncovered at 31 December and were converted at spot at the following rates:

Bank buying rates	Bank selling rates
USD – 6.8579 (2005: 6.1613)	USD – 7.1327 (2005: 6.4288)
GBP – 13.3216 (2005; 10.6008)	GBP – 14.0698 (2005: 11.0724)

29.3 Interest rate risk

Interest rate risk is the risk of the JSE being exposed to gains or losses on fluctuations on interest rates where assets or liabilities are linked to fixed interest rates. This risk is managed by the JSE ensuring that assets and liabilities are linked only to floating interest rates. The following table analyses the interest rate risk profile for assets and liabilities at year end:

	Fixed rate R'000	Floating rate R'000	Non- interest sensitive R'000	Total R'000
Group 2006				
Assets	72 416	10 030 062	566 286	10 668 764
Property and equipment	—	—	213 198	213 198
Investments	19 041	—	249 001	268 042
Member firms' deposits at banks	—	9 525 198	—	9 525 198
Trade and other receivables	53 375	—	104 087	157 462
Cash and cash equivalents	—	504 864	—	504 864
Liabilities	—	(9 525 198)	(310 026)	(9 835 224)
Trade and other payables	—	—	(310 026)	(310 026)
Member firms' deposits at banks	—	(9 525 198)	—	(9 525 198)
Net interest rate risk mismatch	72 416	504 864	256 260	833 540
Share capital and reserves				833 540

Floating rate assets yield interest at call rates.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.3 Interest rate risk

	Fixed rate R'000	Floating rate R'000	Non-interest sensitive R'000	Total R'000
Group 2005				
Assets	44 820	6 393 687	487 956	6 926 463
Property and equipment	—	—	227 022	227 022
Investments	14 942	—	181 054	195 996
Member firms' deposits at banks	—	6 037 212	—	6 037 212
Trade and other receivables	29 878	—	79 880	109 758
Cash and cash equivalents	—	356 475	—	356 475
Liabilities	—	(6 037 212)	(206 647)	(6 243 859)
Trade and other payables	—	—	(206 647)	(206 647)
Member firms' deposits at banks	—	(6 037 212)	—	(6 037 212)
Net interest rate risk mismatch	44 820	356 475	281 309	682 604
Share capital and reserves				682 604

Floating rate assets yield interest at call rates.

29.4 Liquidity risk

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

	Up to 3 months Total R'000	3 to 12 months Total R'000	1 to 5 years Total R'000	Non-liquid Total R'000	Total R'000
Group 2006					
Assets	10 344 769	—	—	323 995	10 668 784
Property and equipment	—	—	—	213 198	213 198
Investments	157 245	—	—	110 797	268 042
Member firms' deposits at banks	9 525 198	—	—	—	9 525 198
Trade and other receivables	157 462	—	—	—	157 462
Cash and cash equivalents	504 864	—	—	—	504 864
Liabilities	(9 699 676)	(27 715)	(107 833)	—	(9 835 224)
Trade and other payables	(174 478)	(27 715)	(107 833)	—	(310 026)
Member firms' deposits at banks	(9 525 198)	—	—	—	(9 525 198)
Net maturity mismatch	645 093	(27 715)	(107 833)	323 995	833 540
Share capital and reserves					833 540

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.4 Liquidity risk (continued)

	Up to 3 months Total R'000	3 to 12 months Total R'000	1 to 5 years Total R'000	Non- liquid Total R'000	Total R'000
Group 2005					
Assets	6 608 299	—	—	318 164	6 926 463
Property and equipment	—	—	—	227 022	227 022
Investments	104 854	—	—	91 142	195 996
Member firms' deposits at banks	6 037 212	—	—	—	6 037 212
Trade and other receivables	109 758	—	—	—	109 758
Cash and cash equivalents	356 475	—	—	—	356 475
Liabilities	(6 141 469)	(24 969)	(77 421)	—	(6 243 859)
Trade and other payables	(104 257)	(24 969)	(77 421)	—	(206 647)
Member firms' deposits at banks	(6 037 212)	—	—	—	(6 037 212)
Net maturity mismatch	466 830	(24 969)	(77 421)	318 164	682 604
Share capital and reserves					682 604

29.5 Credit risk

Credit risk on the JSE's own funds is minimised through ensuring funds are only placed with A1 and A1+ rated banking institutions. Exposure to credit risk on accounts receivable balances is monitored as part of the JSE Finance Department's daily procedures. At balance sheet date there were no significant concentrations of credit risk. 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.

30. MINIMUM LEASE PAYMENTS EXPECTED FROM SUB-LEASES

	Group		Exchange	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Total future minimum lease receipts				
Not later than one year	1 351	926	1 351	926
Between one and five years	3 097	3 689	3 097	3 689
	4 448	4 615	4 448	4 615

31. DIVIDENDS PAID AND PROPOSED

The proposed dividend for 2007 has not been provided for and there are no tax consequences in the 2006 annual financial statements.

	Proposed 2007 R'000	Paid 2006 R'000
Ordinary dividend No 1 of 13,6 cents per share	—	11 461
Special dividend of 68,2 cents per share	—	57 769
Ordinary dividend No 2 of 15,6 cents per share	13 214	—
Secondary Tax on Companies	1 652	8 654
	14 866	77 884

APPENDIX TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

Funds under management

JSE Trustees (Pty) Ltd

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

	Year ended 31 December 2006 R'000	Year ended 31 December 2005 R'000
Assets under administration		
Interest receivable	83 184	51 601
Fixed deposits	7 789 000	5 640 000
Current and call accounts	6 594 538	5 550 383
Total assets under administration	14 466 722	11 241 984

In terms of rule 2.100.7 of the JSE Rules, the Group acts as an agent on behalf of members, who in turn, shall act as agents on behalf of their clients. Funds so deposited or invested must neither form part of the assets of the Company nor of any member acting on behalf of a client.



NOTICE OF ANNUAL GENERAL MEETING

JSE Limited

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

Notice is hereby given that the second Annual General Meeting of shareholders of JSE Limited, will be held at 17:30 on Tuesday, 24 April 2007 at One Exchange Square, 2 Gwen Lane, Sandown, for the purpose of –

Ordinary business

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

1. that the annual Group financial statements for the year ended 31 December 2006, and the report of the directors and the auditors thereon, be adopted;
2. to re-elect Dr W Y N Luhabe, who retires by rotation, but being eligible, offers herself for re-election;

Wendy Luhabe

Age

Years as JSE Board member

Nationality

Business address

Experience

Non-Executive Director

49

3

South African

98 7th Avenue, Melville, 2092

Qualifications

B.Com, University of Lesotho, Lesotho

Vocational history

Dr Luhabe spent 10 years in various marketing roles in South Africa and overseas. 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 m Venture Capital Fund for women-owned enterprises, a South African first.

Current directorships and positions

Chairman of the International Marketing Council

Trustee of Industrial Development Corporation of South Africa

International Trustee of the Duke of Edinburgh's International Foundation of Young People

Chairman of Women Private Equity Fund (One)

Trustee of the JSE Derivatives Fidelity Fund Trust

Trustee of the JSE Guarantee Fund Trust

Trustee of International Marketing Council

Chancellor of the University of Johannesburg

Director of:

JSE Limited

Cycad Financial Holdings Limited

Glenhove Fund Managers (Pty) Limited

Vendome SA



3. to re-elect Mr A Botha, who retires by rotation, but being eligible, offers himself for re-election;

Anton Botha

Age 53
 Years as JSE Board member 6
 Nationality South African
 Business address 17 Termo Avenue, Techno Park, Stellenbosch, 7000

Experience

Lead Non-Executive Director

Qualifications

B.Com (Marketing), University of Pretoria, South Africa
 B.Proc, University of South Africa, South Africa
 B.Com (Hons) (Investment Management),
 Rand Afrikaanse University, South Africa
 Stanford Executive Program, Stanford University, USA

Vocational history

Mr Botha spent the majority of his career as chief executive of Genbel Investments Limited, an investment trust and Genbel Securities Limited, an investment broking firm. Both companies were listed on the JSE until they were taken over by Sanlam Limited in 2000 and 2001 respectively.

Since 2001, Mr Botha has been involved as a shareholder and director of Aka Resources (Pty) Limited, a black empowerment investor in the South African mining and energy sectors, and Imalivest (Pty) Limited, an investor and securities trading company.

Throughout his career, he has served as a non-executive director on the boards of various, mining, industrial and financial companies in South Africa, Europe and the United States of America. He also served on the boards of various organisations in organised business in South Africa, notably past president of Afrikaanse Handelsinstituut, Business Unity SA and the Investment Analysts Society of Southern Africa (past Chairman).

Current directorships and positions

Chairman of Human Resources Committee of JSE
 Member of the Audit and Nominations Committees of the JSE

Director of:

JSE Limited
 Aka Resources (Pty) Limited
 Anbré Portefeulje (Edms) Beperk
 Bostco (Edms) Beperk
 Imalivest (Pty) Limited
 Keylaunch Limited (UK)
 Morilla Energy Operations Limited (UK)
 Operations D'Énergie de Moria SARL (Mali)
 Sanlam Capital Markets Limited
 (previously Gensec Bank Limited – past chairman)
 Sanlam Investment Management (Pty) Ltd
 Sanlam Life Insurance Limited
 Sanlam Limited
 University of Pretoria
 Vukile Property Fund Limited (Chairman)



NOTICE OF ANNUAL GENERAL MEETING (continued)

4. to re-elect Mr A Mazwai, who retires by rotation, but being eligible, offers himself for re-election;

Andile Mancoba Mazwai Non-Executive Director
 Age 35
 Years as JSE Board member 2
 Nationality South African
 Business address 2nd Floor Barnard Jacobs Mellet House, 5 Sturdee Avenue, Rosebank
 Experience

Qualifications

B.Com (Hons) University of Cape Town

Vocational history

1998 – 2001 Mr Mazwai began his stockbroking career with Barnard Jacobs Mellet Securities as an equity-sales trader.

2001 – 2003 Mr Mazwai founded Mazwai Securities in October 2001. The business was a specialist research house on the market impact of government economic policy, including telecommunication and mining regulation, as well as monetary and fiscal policy. The client base was institutional investors, for whom it traded in equities on the JSE Securities Exchange and gilts on the Bond Exchange of South Africa. Amongst its accolades, Mazwai Securities was a co-manager in the listing of Telkom, and the firm was rated in two categories for its research in the annual Financial Mail Survey of stockbrokers, 2003.

Currently In August 2003, Mr Mazwai merged Mazwai Securities with Barnard Jacob Mellet in a Black Economic Empowerment transaction. The salient terms were that the Mazwai Consortium bought 10% of BJM Holdings, the JSE listed company. Mr Mazwai assumes the role of CEO of BJM Securities, South Africa's largest independent stockbroker.

Current directorships and positions

CEO of BJM Securities (Pty) Limited
 Non-executive director: JSE Limited
 Member: JSE Listings Advisory Committee
 Member: JSE Trading Advisory Committee
 Director: Directorate of Market Abuse (FSB)
 Non-executive director and member:
 South African Institute of Stockbrokers
 Non-executive director: HKLM
 Governor: Kearsney College
 Trustee: JSE Empowerment Fund Trust



5. to re-elect Mr S Koseff, who retires by rotation, but being eligible, offers himself for re-election;

Stephen Koseff Non-Executive Director
 Age 54
 Years as JSE Board member 6
 Nationality South African
 Business address Investec Bank Limited, 100 Grayston Drive, Sandton, 2196
 Experience **Qualifications**
 B.Com – University of the Witwatersrand
 CTA – University of the Witwatersrand
 CA(SA) – PAAB Board Examination
 H.DipBDP – University of the Witwatersrand
 MBA – University of the Witwatersrand
Vocational history
 Schwartz & Fine, later to become part of Arthur Anderson Inc
 Professional Assistant in the accountancy practice of
 Alex Baillie Koseff and Wheeler
 Investec Bank Limited
 1980 – 1983 Chief Accounting Officer
 1983 – 1985 General Manager – Banking
 1985 – 1986 General Manager – Treasury
 1986 – 1988 General Manager – Merchant Bank
 1988 – 1996 Managing Director
 1996 – to date Chief Executive Officer
Current directorships and positions
 Bidvest Group Limited
 JSE Limited
 Investec Bank Limited
 Investec Bank (UK) Limited
 Investec Limited
 Investec plc
 The Banking Association of South Africa
 Member of the Institute of Chartered Accountants
Previous directorships
 Former member of Financial Markets Advisory Board
 Former Chairman of Merchant Bankers' Association
 Former MBA Representative on JSE Research Committee

The Board recommends the re-election of these directors;

6. the re-appointment of KPMG Inc. as the Company's auditors for the ensuing year be confirmed, and that the auditors' remuneration be left to the discretion of the Board; and
 7. a final dividend of 15,6 cents per share as proposed by the directors be approved.

Special business

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

8. that with effect from 1 May 2007, the Chairman of the Human Resources Committee's retainer fee be increased from R115 000 to R135 000 per annum to bring the retainer in line with that of the Chairmen of the Audit and Risk Management Committees;
 9. that with effect from 1 May 2007, the Chairman of the Nominations Committee's retainer fee be increased from R115 000 to R135 000 per annum to bring the retainer in line with that of the Chairmen of the Audit and Risk Management Committees;

NOTICE OF ANNUAL GENERAL MEETING (continued)

10. that with effect from 1 May 2007, the retainer fee of the Chairmen of the Board, the Audit Committee and the Risk Management Committee be increased by eight per cent to R518 000, R135 000 and R135 000 per annum respectively.
11. that with effect from 1 May 2007, the retainer fee of directors be increased by eight per cent to R15 200 per meeting;

Control of authorised but unissued shares

12. that 5% (five per cent) of the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company 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 Companies Act (No. 61 of 1973) as amended ("the Act"), the Articles of Association of the Company and the JSE Listings Requirements, where applicable;

Approval to issue shares or options for cash

13. that the directors of the Company be and are hereby authorised by way of a general authority, to issue, or issue options over, all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Act, the Articles of Association of the Company, the JSE Listings Requirements, where applicable, and the following limitations, namely that –
 - 13.1 the shares and options which are the subject of the issue for cash must be of a class already in issue or in the case of options in respect of a class of securities already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
 - 13.2 any such issue of shares or options will only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties, unless the Financial Services Board otherwise agrees;
 - 13.3 the number of shares or options issued for cash shall not in the aggregate in any one financial year exceed 5% (five per cent) of the Company's issued share capital of ordinary shares. The number of ordinary shares or options which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to date of application) may be included as though they were shares in issue at the date of application;
 - 13.4 this authority is valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
 - 13.5 a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue of shares or options representing in the aggregate, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of equity securities in issue prior to that issue; and
 - 13.6 in determining the price at which an issue of shares or options may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue of shares or options is determined or agreed by the directors of the Company.

This resolution is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy and entitled to vote, at the Annual General Meeting.

General payment to shareholders

14. 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 and the JSE Listings Requirements, in such amounts and in such form as the directors may in their discretion from time to time determine, subject to the Articles of Association and the following limitations, namely that: that as contemplated in section 90 of the Act, the directors of the Company shall be entitled to pay, by way of a general payment from the Company's share capital or share premium, in lieu of a dividend, an amount equal to the amount which the directors of the Company would have declared and paid out of profits in respect of the Company's interim and

final dividend for the year ending 31 December 2007, subject to the provisions of the Companies Act and the Listings Requirements and the following limitations:

- 14.1 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;
- 14.2 that any general payment(s) may not exceed 20% of the Company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year; and
- 14.3 that any general payment be made pro rata to all shareholders.

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 annual general meeting:

- the Company and the Group are able to repay their debts in the ordinary course of business;
- the consolidated 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 their consolidated liabilities;
- 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; and
- the Sponsor of the Company provides a letter to the Registrar of Securities Services on the adequacy of working capital in terms of section 2.124 of the JSE Listings Requirements.

The directors of the Company intend to utilise the authority in terms of this Ordinary Resolution Number 14 in order to make payment to shareholders by way of a general payment, in lieu of dividend, by way of a general payment from the Company's share capital or share premium.

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

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

JSE Black Shareholders' Retention Scheme

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

15.1 to make provision for the JSE to have discretion to accept the late submission of information, where appropriate –

6.4 An Option shall lapse immediately:

6.4.5 in respect of the entire Qualifying Black Shareholding, in the event that the Option Holder fails to provide to the JSE, on a Business Day during each calendar month of June during which that Option Holder holds an Option and if any Option is being exercised, prior to the date of such exercise, a certificate satisfactory to the JSE confirming and warranting to the JSE (i) the Black status of that Option Holder and (ii) that that Option Holder held that Option Holder's Qualifying Black Shareholding continuously since the date of the award of the first tranche of Options or, in the event of clause 6.3.4.2 being applicable, from the Acquisition Date, up to 1 June of the relevant month prior to 2011 or up to the date of exercise in 2011. **The Board may in its sole and absolute discretion accept the late submission of a certificate;**

15.2 regulate the position of deceased Option Holders:

6.9 Deceased Option Holders

6.9.1 Notwithstanding anything to the contrary in this Scheme, an Option Holder shall be deemed to include any Entity which –

6.9.1.1 is an heir (whether testamentary or intestate) of a deceased Option Holder (the "Heir"); and



NOTICE OF ANNUAL GENERAL MEETING (continued)

6.9.1.2 **satisfies the Board within a reasonable time of the Option Holder's death, that it is Black.**

6.9.2 **In such event the Board may in its sole and absolute discretion –**

6.9.2.1 **reinstate any lapsed Option upon such terms and conditions as it considers reasonable and/or desirable; and**

6.9.2.2 **condone and ratify retrospectively any delayed or late or incomplete or failed compliance by the Heir in its capacity as the Option Holder, with any requirement of this Scheme.**

6.9.3 **The Heir will be deemed to be the Option Holder with effect from the Option Holder's date of death and will be deemed to have all the deceased Option Holder's qualifications."**

Special Resolution 1

General approval to repurchase shares

16. that the directors be authorised to facilitate the acquisition by the Company, or a subsidiary of the Company, from time to time, of the issued shares of the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, 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 number 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 only if:

- 16.1 the repurchase of securities is being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- 16.2 the Company is authorised thereto by its Articles of Association;
- 16.3 the Company is authorised by shareholders in terms of a special resolution of the Company in general meeting, which authority shall only be valid until the next Annual General Meeting, provided it shall not extend beyond 15 months from the date of passing of the special resolution;
- 16.4 the repurchase shall not, in the aggregate, in any one financial year exceed 210% of the Company's issued share capital of that class as at the beginning of the financial year;
- 16.5 at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- 16.6 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;
- 16.7 the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements;
- 16.8 repurchases are not made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the repurchase; and
- 16.9 a paid press announcement containing full details of such repurchase(s) acquisition is published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date of the Annual General Meeting prior to the acquisition.



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

- the Company and the Group are able to repay their debts in the ordinary course of business;
- the consolidated 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 their consolidated liabilities;
- 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; and
- 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.

The reason for and effect for Special Resolution 1 is to authorise the Company and/or its subsidiary 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 number 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 number 1.

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

Special Resolution 2 Amendment to the Articles of Association of the JSE

17. 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 in 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 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 pursuance 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 Special Resolution 2 is to limit the resignation and rotation of directors to non-executive directors. The reason for the resolution is to ensure that executive directors are appointed by the CEO based on their knowledge, experience and expertise, and removed by the CEO, if appropriate.

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

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

- Management and Directors – pages 20, 21, 24 and 25;
- Major shareholders of the Company – page 66;
- Directors' interests in securities – page 66; and
- Share capital of the Company – page 66.



NOTICE OF ANNUAL GENERAL MEETING (continued)

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 twelve months, a material effect on the financial position of the Group other than those disclosed on page 96.

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 affairs or 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, for the attention of Carol Otto, Strate Limited, First Floor, 9 Fricker Road, Illovo Boulevard, Illovo, Sandton or posted to P O Box 78608, Sandton 2146, by no later than 17:30 on Monday, 23 April 2007. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

An electronic online proxy voting facility is available to shareholders. In order for shareholders to use the electronic online proxy voting facility, which is free of charge, it is necessary to register for the service via the following website – <http://www.jse.co.za>. Registration is also free of charge. Such voting must be completed by no later than 17:30 on Monday, 23 April 2007.

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

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

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

By order of the Board

Gary Clarke
Group Company Secretary



FORM OF PROXY

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

FOR USE AT THE SECOND ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE JSE LIMITED TO BE HELD AT THE JSE BUILDING, ONE EXCHANGE SQUARE, SANDOWN ON TUESDAY, 24 APRIL 2007 AT 17:30.

I/We _____
 (Name in block letters)
 of _____
 (Address)
 being the holder/s of _____ JSE shares, hereby appoint (see note 1 overleaf):

1. _____
 of _____ or failing him

2. _____
 of _____ or failing him

3. 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 Tuesday, 24 April 2007 at 17:30.

I/We desire to vote as follows:

	For	Against	Abstain
Ordinary resolutions –			
1. Adoption of annual financial statements			
2. To re-elect Dr W Y N Luhabe as a director			
3. To re-elect Mr A Botha as a director			
4. To re-elect Mr A Mazwai as a director			
5. To re-elect Mr S Koseff as a director			
6. Re-appointment of KPMG Inc. as auditors			
7. Approval of a final dividend of 15,6 cents per share			
8. With effect from 1 May 2007 the Chairman of the Human Resources Committee's retainer fee be increased from R115 000 to R135 000 per annum			
9. With effect from 1 May 2007 the Chairman of the Nominations Committee's retainer fee be increased from R115 000 to R135 000 per annum			
10. With effect from 1 May 2007 the Chairman of the Board's retainer and the Chairmen of the Audit Committee's and the Risk Management Committee's retainers be increased to R518 000, R135 000 and R135 000, respectively			
11. With effect from 1 May 2007 the directors' retainers be increased to R15 200 per meeting			
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 issue shares or options for cash on the basis set out in the Notice of Annual General Meeting			
14. That the Directors be authorised to make general payments to shareholders on the basis set out in the Notice of Annual General Meeting			
15. That the rules of the Black Shareholders Retention Scheme be amended on the basis set out in the Notice of Annual General Meeting			
16. Special Resolution 1 That the Directors of the Company be authorised to allot or to facilitate the general repurchase by the Company, or a subsidiary of the Company, of the issued shares of the Company			
17. Special Resolution 2 That the Articles of Association be amended as set out in Special Resolution 2 of the Notice of Annual General Meeting			

Signed at _____ on _____ 2007

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

Assisted by _____

(Where applicable)
 Please read the notes to the proxy overleaf



NOTES

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the Chairman of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, Strate Limited, First Floor, 9 Fricker Road, Illovo Boulevard, Illovo, Sandton or posted to P O Box 78608, Sandton 2146, to reach them by no later than 24 hours before the meeting (excluding Saturdays, Sundays and public holidays).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the Annual General Meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The Chairman of the Annual General Meeting shall be entitled to decline or accept the authority of a person signing the proxy form:
 - a. under a power of attorney; or
 - b. on behalf of a company
unless his power of attorney or authority is deposited at the offices of the Company or that of the transfer secretaries not later than 48 hours before the meeting.

Z SRI INDEX SENS JSE SETS INFOMAX futures futures SATRIX SAFEX TALX INFOWIZ SRI INDEX SENS JSE SETS INFOMAX FTSE Yield x ALT* ekijabats* f. SAFEX SAFEX ITALX INFOWIZ SRI INDEX SENS JSE



SUPPLY/DEMAND

LISTED SECURITIES