

ANNUAL RESULTS

**SUMMARISED CONSOLIDATED ANNUAL RESULTS AND CASH AND SPECIAL
DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2015**

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SUMMARISED CONSOLIDATED ANNUAL RESULTS

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SUMMARISED CONSOLIDATED ANNUAL RESULTS AND CASH AND SPECIAL DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2015

Responsibility for annual results

The preparation of these annual results has been supervised by the chief financial officer, Aarti Takoordeen CA(SA) in terms of section 29(1)(e) of the Companies Act. This report is extracted from the audited information, but is not itself audited. The directors take full responsibility for the preparation of this report and warrant that the financial information has been correctly extracted from the underlying audited annual financial statements.

COMMENTARY

The JSE Limited (“the JSE” or “the Group”) delivered an excellent financial performance in 2015. This is principally attributable to double-digit revenue growth across all operating divisions, driven by significantly higher market activity, which was well handled by the increasingly robust technology in which we continue to invest. Group earnings after tax for 2015 increased by 42% to R899 million (2014: R634 million), with operating revenue growing by 20% to R2.1 billion (2014: R1.8 billion).

Group earnings before interest and tax (EBIT) increased by 45% (2014: 22%) to R1 billion (2014: R704 million). The earnings per share (EPS) and headline earnings per share (HEPS) statistics, at 1 051.0 cents (up 42%) and 1 026.3 cents (up 40%) respectively, reflect the Group's well established commercial momentum.

Revenue

With regard to operating revenue, good contributions were made by:

- The Primary Market, where there was a 20% increase in revenue to R161 million (2014: R134 million) as a result of increased listings activity and annual Equity listing fees being brought in line with global peers;
- The Equity Market, where billable value traded grew by 26%, resulting in a 25% increase in cash equities trading revenue to R501 million (2014: R402 million);
- BDA, where revenue grew by 16% to R311 million (2014: R268 million) as a result of a 33% growth in the number of Equity Market transactions. This was offset by rebates of R22 million paid in the first half of 2015 and enabled a price reduction of 20% from September 2015;
- The Equities Derivatives Market, where value traded increased by 11%, resulting in an 18% increase in revenue to R173 million (2014: R147 million);
- The Currency Derivatives Market, where revenue increased by 48% to R34 million (2014: R23 million);
- The Interest Rate Market, where bond nominal value traded increased by 21%, resulting in a 14% increase in revenue to R50 million (2014: R44 million);
- The Commodities Derivatives Market, where the increased number and value of contracts traded resulted in a 33% increase in revenue to R73 million (2014: R55 million);
- Post-Trade Services, where clearing and settlement revenue related to equity trading grew by 19% to R357 million (2014: R299 million). The billing model was moved to a value-based model in the second half of 2014; and
- Market Data, where revenue grew by 16% (R31 million) to R226 million (2014: R195 million) owing to new business. Revenue from colocation contributed R19 million, up from R9 million, completing the first year of this product offering. Colocation accounted for 26% of the total value traded during the period.

Other income

Included in other income are forex gains of R83 million (2014: R19 million) related to the revaluation of the USD bank account and foreign receivables.

Continued cost containment

The Group's total operating expenses increased by 11% (2014: 5.5%) to R1.26 billion (2014: R1.14 billion), including a deliberate increase in general expenses of R291 million (14%). Included in operating expenses is R37 million (2014: R17 million) of project related operating expenditure (opex) to deliver our key strategic technology initiatives. This leaves business-as-usual (BAU) expense growth of 9% for 2015.

Technology costs increased by 16% to R235 million (2014: R202 million). This was mainly owing to planned and preventative maintenance on key technology assets.

COMMENTARY (CONTINUED)

Personnel costs increased by 6% to R496 million (2014: R467 million). This is made up as follows:

- Gross remuneration per employee increased by 7%. However, average headcount was 5% lower (excluding 17 learners appointed in August 2015), declining from 494 to 472. This resulted in a net 2 percentage point increase in the payroll bill. Headcount at year-end was 506 (2014: 485);
- The discretionary bonus pool increased by R19 million to R82 million (2014: R63 million) owing to higher profits and represents a further 4 percentage point increase;
- A tertiary education bursary fund for children of JSE staff who are not of a senior level. This amounted to R4 million (2014: R0 million) and increased personnel costs by 1 percentage point;
- The accounting impact for LTIS increased by R3 million to R30 million (2014: R27 million), contributing 1 percentage point to the total growth; and
- Remuneration capitalised to projects increased by R8 million to R18 million (2014: R10 million) as work on strategic projects accelerated. This decreased personnel cost growth by 2 percentage points.

Depreciation was largely flat at R100 million (2014: R99 million), as a result of increased colocation and T+3 Phase 2 amortisation, which was offset by fully depreciated assets.

General expenses increased by 14% to R291 million (2014: R256 million) largely owing to deliberate marketing costs (the launch of the TFSA, Eris interest rate swap futures, and the hosting of the ASEA Conference) and placement costs for senior staff.

Robust balance sheet

We generated R888 million (2014: R768 million) and ended the year with a robust balance sheet, including R1.9 billion (2014: R1.6 billion) in cash.

We remain committed to our Group external capital expenditure, with R159 million (2014: R116 million) committed to our strategic initiatives. All currently planned investments and capital requirements for 2016 can be funded from the Group's own resources.

The Board believes that the JSE is appropriately capitalised, given the nature of the risks we currently face and given the uncertain nature of future regulatory capital requirements.

Changes to directorate during the period under review

In 2015, the following changes to our Board of Directors took place:

21 May 2015 (AGM):

- Sam Nematswerani retired as a Board member and as chairman of the Audit Committee, having been a director for 9 years and 10 months. We thank Sam for his sage advice over many years of service to the JSE.

1 July 2015:

- Suresh Kana was appointed to the Board as an independent non-executive director after he retired as senior partner of PwC Africa. He was also appointed to serve on the Audit Committee. Suresh will retire at the next annual general meeting as required by the Companies Act, but is available for election/re-election.

14 September 2015:

- Dr Leila Fourie, executive director responsible for the JSE's Post-Trade and Information Services (PTIS), has indicated that she will be leaving the JSE in mid-2016.

Declaration of ordinary and special dividend

The Board has decided to declare both an ordinary and a special dividend for the year ended December 2015 at 520 cents and 105 cents per ordinary share respectively. This is reflective of the strong growth in earnings and is consistent with our dividend philosophy – in terms of which we aim for steady growth in the ordinary dividend over time, and to provide an additional return to shareholders via special dividends to the extent that the annual financial performance and the Group's capital position so permits. Accordingly, notice is hereby given that the directors have declared the following:

Dividend	Annual gross amount	Withholding tax %	Net amount
Ordinary	5.20	15	4.42
Special	1.05	15	0.8925
	6.25	15	5.31

The dividend has been declared from retained earnings. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the Company at the close of business 18 March 2016.

In compliance with the Companies Act, the directors of the JSE confirm that the Company will satisfy the solvency and liquidity test immediately after completion of the dividend distribution. In compliance with the requirements of Strate, the following salient dates for the payment of the ordinary and special dividend are applicable:

Dividend paid in year	2016	2015
In respect of financial year ended	31 Dec	31 Dec
Gross dividend per share	625 cents	480 cents
Rand value	R543 million	R417 million
Declaration date	Thur, 25 February 2016	Thur, 5 March 2015
Last date to trade JSE shares cum dividend	Fri, 11 March 2016	Fri, 5 June 2015
JSE shares commence trading ex-dividend	Mon, 14 March 2016	Mon, 8 June 2015
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	Fri, 18 March 2016	Fri, 12 June 2015
Date of payment of dividend	Tue, 22 March 2016	Mon, 15 June 2015

Share certificates may not be dematerialised or rematerialised from Monday, 14 March 2016, to 18 March 2016, both days inclusive. On 22 March 2016, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not use this facility, cheques dated 22 March 2016 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on 22 March 2016. The issued share capital of the Company as at the declaration date was 86 877 600. The tax number of the Company is 9313008840.

Notice of annual general meeting

Notice is hereby given that the eleventh annual general meeting (AGM) of shareholders of the JSE will be held at 15:30 on Thursday, 26 May 2016, at the registered office of the Company, One Exchange Square, 2 Gwen Lane, Sandown, to transact the business as stated in the AGM notice forming part of the annual financial statements. The AGM notice includes the proxy form.

Only persons physically present at the meeting or represented by a valid proxy will be entitled to cast a vote on any matter put to a vote of shareholders.

Salient dates 2016 AGM

Record date to determine which shareholders are entitled to receive the notice of AGM	Friday, 4 March
Last day to trade in order to be eligible to attend and vote at the annual general meeting	Friday, 13 May
Record date to determine which shareholders are entitled to attend and vote at the AGM	Friday, 20 May
Forms of proxy for the annual general meeting to be lodged by 15:30 on*	Tuesday, 24 May

* Any proxies not lodged by this time must be handed to the chairperson of the AGM immediately prior to the AGM.

Prospects

The JSE is a largely fixed-cost business. Costs are tightly controlled and the necessary capital investments are made in areas that will enhance the Group's sustainability. Our revenues are variable and largely driven by activity on the various markets that we operate. For this reason, the Board makes no projections regarding the Group's financial performance in 2016.

Notwithstanding the difficult economic environment in which we will be operating, we are clear about our 2016 priorities and hence the issues that we need to tackle in order to achieve our strategy. This sets us up for a demanding number of years of investment and delivery which, while impacting our income statement in the short term, are necessary to ensure our long-term sustainability.

Appreciation

2015 has been a hard year, but our focus on reviewing our business model and delivering as we planned to do have energised us to face the competitive threats and opportunities we anticipate. These will, we believe, be critical elements in establishing our long-term sustainability.

We would like to thank all our stakeholders for their interaction with the JSE team. We have worked hard to build a more collaborative relationship and we look forward to continuing our work in this regard in 2016.

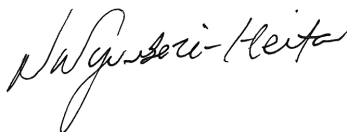
We would like to thank all our colleagues at the JSE, and particularly the members of Exco. It is such a pleasure to work alongside this team.

Having celebrated 23 colleagues, each with more than 25 years of service, this year we are reminded of the extraordinary passion and commitment the JSE team brings to this business every day.

COMMENTARY (CONTINUED)

Approval of financial statements

The consolidated and separate annual financial statements of the JSE Limited, as identified in the first paragraph, were approved by the Board of Directors on 25 February 2016 and signed by:



N Nyembezi-Heita
Chairman



NF Newton-King
Chief Executive Officer

Audit opinion

KPMG Inc., the Group's independent auditor, has audited the consolidated annual financial statements of the JSE Limited from which the consolidated results contained in this report have been derived, and has expressed an unmodified audit opinion on the consolidated annual financial statements. The summarised consolidated financial results comprise the statements of financial position at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and selected explanatory notes. A copy of the auditor's report is available for inspection at the JSE's registered office.

The auditor's report does not necessarily report on all of the information contained in the annual results and cash dividend declaration. Shareholders are therefore advised to obtain a copy of the auditor's report together with the accompanying financial information from the JSE's registered office.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	Group	
		2015 R'000	2014 R'000
Revenue	8	2 133 548	1 778 629
Other income		145 887	61 240
Personnel expenses	9	(495 759)	(466 786)
Other expenses	10	(760 920)	(669 290)
Profit from operating activities		1 022 756	703 793
Finance income		2 133 136	1 539 449
Finance costs		(1 967 342)	(1 412 589)
Net finance income		165 794	126 860
Share of profit of equity-accounted investee (net of income tax)		46 568	36 955
Profit before income tax		1 235 118	867 608
Income tax expense	11	(335 640)	(233 269)
Profit for the year		899 478	634 339
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets		24 191	27 143
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(20 644)	(6 379)
Income tax on other comprehensive income	11	–	–
Other comprehensive income for the year, net of income tax		3 547	20 764
Total comprehensive income for the year		903 025	655 103
Earnings per share			
Basic earnings per share (cents)	12.1	1 051.0	742.4
Diluted earnings per share (cents)	12.2	1 040.3	734.1
Other earnings			
Headline earnings per share (cents)	12.3	1 026.3	735.0
Diluted headline earnings per share (cents)	12.4	1 015.8	726.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Group	
		2015 R'000	2014 R'000
ASSETS			
Non-current assets		1 115 895	969 883
Property and equipment		165 073	161 836
Intangible assets	13	358 700	283 111
Investment in equity-accounted investee		187 030	159 284
Other investments		312 564	292 750
Loan to the JSE Empowerment Fund Trust		25 271	13 924
Deferred taxation		67 257	58 978
Current assets		37 462 906	28 241 085
Trade and other receivables		466 930	336 546
Income tax receivable		594	605
JSE Clear Derivatives Default Fund collateral deposit		500 000	500 000
Margin deposits		34 447 066	25 676 434
Collateral deposits		140 687	96 262
Cash and cash equivalents		1 907 629	1 631 238
Total assets		38 578 801	29 210 968
EQUITY AND LIABILITIES			
Total equity		2 956 152	2 473 994
Share capital		8 553	8 541
Share premium		57 954	63 348
Reserves		478 360	449 488
Retained earnings		2 411 285	1 952 617
Non-current liabilities		126 464	120 522
Borrowings		–	13 977
Employee benefits		10 845	5 761
Due to Safex members		1 347	1 347
Deferred taxation		13 620	9 077
Operating lease liability		87 435	74 358
Deferred income		13 217	16 002
Current liabilities		35 496 185	26 616 452
Trade and other payables		339 561	295 200
Income tax payable		32 713	32 377
Employee benefits		136 158	116 179
JSE Clear Derivatives Default Fund collateral contribution		400 000	400 000
Margin deposits		34 447 066	25 676 434
Collateral deposits		140 687	96 262
Total equity and liabilities		38 578 801	29 210 968

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Group	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	Share-based payment reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014	8 533	84 671	93 204	386 335	44 740	431 075	1 664 187	2 188 466
Profit for the year	–	–	–	–	–	–	634 339	634 339
Other comprehensive income	–	–	–	20 764	–	20 764	–	20 764
Total comprehensive income for the year	–	–	–	20 764	–	20 764	634 339	655 103
LTIS Allocation 1 – shares vested	35	11 365	11 400	–	(11 400)	(11 400)	–	–
LTIS Allocation 2 – shares vested	16	10 442	10 458	–	(10 458)	(10 458)	–	–
Distribution from the BESA Guarantee Fund Trust ¹	–	–	–	(3 280)	–	(3 280)	3 280	–
Dividends paid to owners	–	–	–	–	–	–	(347 457)	(347 457)
Equity-settled share-based payment	–	–	–	–	21 055	21 055	–	21 055
Reserves arising on acquisition of Strate (Pty) Limited transferred	–	–	–	(10 058)	–	(10 058)	10 058	–
Transfer of profit from investor protection funds	–	–	–	11 790	–	11 790	(11 790)	–
Treasury shares	(43)	(42 974)	(43 017)	–	–	–	–	(43 017)
Treasury shares – share issue costs	–	(156)	(156)	–	–	–	–	(156)
Total contributions by and distributions to owners of the Company recognised directly in equity	8	(21 323)	(21 315)	(1 548)	(803)	(2 351)	(345 909)	(369 575)
Balance at 31 December 2014	8 541	63 348	71 889	405 551	43 937	449 488	1 952 617	2 473 994
Profit for the year	–	–	–	–	–	–	899 478	899 478
Other comprehensive income	–	–	–	3 547	–	3 547	–	3 547
Total comprehensive income for the year	–	–	–	3 547	–	3 547	899 478	903 025
LTIS Allocation 2 – shares vested	16	8 441	8 457	–	(8 457)	(8 457)	–	–
LTIS Allocation 3 – shares vested	15	12 162	12 177	–	(12 177)	(12 177)	–	–
Distribution from the BESA Guarantee Fund Trust ¹	–	–	–	(3 591)	–	(3 591)	3 591	–
Dividends paid to owners	–	–	–	–	–	–	(416 516)	(416 516)
Equity-settled share-based payment	–	–	–	–	21 665	21 665	–	21 665
Transfer of profit from investor protection funds	–	–	–	27 885	–	27 885	(27 885)	–
Treasury shares	(19)	(25 783)	(25 802)	–	–	–	–	(25 802)
Treasury shares – share issue costs	–	(214)	(214)	–	–	–	–	(214)
Total contributions by and distributions to owners of the Company recognised directly in equity	12	(5 394)	(5 382)	24 294	1 031	25 325	(440 810)	(420 867)
Balance at 31 December 2015	8 553	57 954	66 507	433 392	44 968	478 360	2 411 285	2 956 152

¹ The BESA Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R3.6 million (December 2014: R3.3 million) before intercompany adjustments was transferred to the JSE Limited for the defrayment of market regulatory expenditure.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Group	
	2015 R'000	2014 R'000
Cash flows from operating activities		
Cash generated by operations	1 058 178	850 171
Interest received	2 081 875	1 477 111
Interest paid	(1 919 176)	(1 358 914)
Dividends received	6 455	5 001
Taxation paid	(339 029)	(204 866)
Net cash generated by operating activities	888 303	768 503
Cash flows from investing activities		
Proceeds on sale of other investments	74 090	35 284
Acquisition of other investments	(69 712)	(51 533)
Contributions for JSE Clear Derivatives Default Fund	–	16 870
Dividends from equity-accounted investee	18 823	19 779
Proceeds from disposal of property and equipment	759	295
Leasehold improvements	(893)	(6 370)
Acquisition of intangible assets	(123 594)	(65 741)
Acquisition of property and equipment	(54 875)	(59 093)
Net cash used in investing activities	(155 402)	(110 509)
Cash flows from financing activities		
Proceeds from sale of treasury shares	13 969	–
Contributions paid to JSE Clear Derivatives Default Fund	–	(10 000)
Loan repaid	(13 977)	(5 078)
Acquisition of treasury shares	(39 986)	(43 173)
Dividends paid	(416 516)	(347 457)
Net cash used in financing activities	(456 510)	(405 708)
Net increase in cash and cash equivalents	276 391	252 286
Cash and cash equivalents at 1 January	1 631 238	1 378 952
Cash and cash equivalents at 31 December 2015	1 907 629	1 631 238

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Reporting entity

JSE Limited (the "JSE" or the "Company") is a company domiciled in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012. The JSE has the following main lines of business: primary market services, trading, clearing and settlement services and market data sales. The address of the Company's registered office is One Exchange Square, 2 Gwen Lane, Sandown. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries and controlled structured entities (collectively referred to as the "Group" and individually as "Group entities") and reflect the Group's interest in associates.

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

2. Basis of preparation

Statement of compliance

The consolidated financial statements and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), including IAS 34, the SAICA financial reporting guides as issued by the Accounting Practice Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 2008.

3. Changes in accounting policies

All accounting policies applied by the Group in these consolidated financial statements are in terms of IFRS and are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

4. Comparative figures

Unless otherwise indicated, comparative figures refer to the 12 months ended December 2014.

5. Use of estimates and judgements

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

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

6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

7. Operating segment

Reorganisation of operating segments

During the period under review and following the organisational restructure in 2014, management refined the manner in which operational segments are reported. In order to align to the internal reporting structure of the Group, several changes have been made to the disclosure of operating segments.

The most significant changes are as follows:

- previously disclosed as 'Cash equities' have now been split into individual segments: namely Back-Office Services (BDA), Equity Market fees, Primary Market fees (which represent/comprise listing fees for the Equity Market products) [2015: R145 million; 2014: R115 million], membership fees and Post-Trade Services.
- previously disclosed as 'Equity and currency derivatives' have now been split into individual segments, namely equity derivative fees and currency derivative fees.
- previously disclosed as 'Interest Rate Market' has now been split into individual segments: namely Interest Rate Market fees and Primary Market fees (which reflect listing fees for the Interest Rate Market products) [2015: R19 million; 2014: R16 million].
- previously disclosed as 'Other' have been separately disclosed into individual segments of funds under management and Strate ad valorem fees related to the Cash Equities Market.

In addition to the changes detailed above, comparatives have been restated and operating segments have been grouped into the following operational divisions:

- Capital Markets
- Post-trade and Information Services
- Trading and Market Services

Operating segments have been disclosed in note 8.1

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

	Group	
	2015 R'000	2014 R'000
8. Operating segments and revenue		
8.1 Revenue comprises:		
Capital Markets		
Equity Market fees	501 190	402 292
Equity derivatives fees	173 434	147 078
Currency derivatives fees	34 009	23 392
Interest Rate Market fees	50 240	43 810
Commodity derivatives fees	73 069	55 191
Primary Market fees	160 644	134 213
Post-Trade and Information Services		
Post-Trade Services	356 677	299 265
Market Data fees	244 937	203 852
Trading and Market Services		
Back-Office Services (BDA)	310 717	268 096
Funds under management	86 415	76 186
Trading Services	19 944	24 153
Total revenue excluding Strate ad valorem fees	2 011 276	1 677 528
Strate ad valorem fees – cash equities	122 272	101 101
	2 133 548	1 778 629

9. Personnel expenses

Remuneration paid	465 464	444 716
Gross amount paid	483 091	455 038
Less: Capitalised to intangible assets	(17 627)	(10 322)
Long-term incentive schemes	30 295	22 070
	495 759	466 786

10. Other expenses

	Group	
	2015 R'000	2014 R'000
Other expenses	526 340	467 203
Technology costs	234 580	202 087
	760 920	669 290

11. Income tax expense

The Group's consolidated effective tax rate for the year ended 31 December 2015 was 27% (2014: 27%).

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

	Group	
	2015 R'000	2014 R'000
12. Earnings and headline earnings per share		
12.1 Basic earnings per share		
Profit for the year attributable to ordinary shareholders	899 478	634 339
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	86 877 600	86 877 600
Effect of own shares held (JSE LTIS 2010)	(1 297 984)	(1 435 563)
Weighted average number of ordinary shares at 31 December	85 579 616	85 442 037
Basic earnings per share (cents)	1 051.0	742.4
12.2 Diluted earnings per share		
Profit for the year attributable to ordinary shareholders	899 478	634 339
Weighted average number of ordinary shares (diluted):		
Weighted average number of ordinary shares at 31 December (basic)	85 579 616	85 442 037
Effect of LTIS share scheme	885 896	965 962
Weighted average number of ordinary shares (diluted)	86 465 512	86 407 999
Diluted earnings per share (cents)	1 040.3	734.1
The average market value of the Exchange's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.		
12.3 Headline earnings per share		
Reconciliation of headline earnings:		
Profit for the year attributable to ordinary shareholders	899 478	634 339
Adjustments are made to the following:		
Profit or loss on disposal of property and equipment	(536)	37
– Gross amount	(745)	51
– Taxation effect	209	(14)
Net realised gain on disposal of available-for-sale financial assets (no taxation effect)	(20 644)	(6 379)
Headline earnings	878 298	627 997
Headline earnings per share (cents)	1 026.3	735.0
12.4 Diluted headline earnings per share		
Diluted headline earnings per share (cents)	1 015.8	734.1

13. Intangible assets

Included in the intangible assets of R359 million (2014: R283 million), are newly developed intangible assets of R137 million (2014: R97 million), mainly in respect of T+3, client relationship management and integrated trading and clearing.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

14. Share-based payments

(i) Vesting of Allocation 2 Tranche 2 shares during the period under review

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

Tranche 1: 50% of the total award, which vested on 1 May 2014

Tranche 2: 50% of the total award, vesting on May 2015 (during the period under review)

Tranche 2 – fully vested

All available Tranche 2 retention shares (110 450 shares) vested for those participants still in the employ of the JSE on 1 May 2015.

In respect of Tranche 2 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 78% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 May 2015. The remainder of the Tranche 2 corporate performance shares (being 8 679 shares) was forfeited by participants.

The vesting of Tranche 1 was completed in 2014. As at 31 December 2015, details of Tranche 2 were as follows:

	Retention shares	Corporate performance shares	Total shares
Original number of Tranche 2 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(34 300)	(15 250)	(49 550)
Tranche 2 shares forfeited for missing performance targets	–	(8 679)	(8 679)
Accelerated for good leavers	(14 000)	(7 293)	(21 293)
Tranche 2 shares vested on 1 May 2015	(110 450)	(23 478)	(133 928)
Tranche 2 shares outstanding	–	–	–

(ii) Vesting of Allocation 3 Tranche 1 shares during the period under review

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

Tranche 1: 50% of the total award, which vested on 30 June 2015

Tranche 2: 50% of the total award, vesting on 30 June 2016

Tranche 1 – fully vested

116 533 personal performance shares vested for those participants still in the employ of the JSE on 1 June 2015, with 1 017 shares being forfeited for missing personal performance targets.

In respect of Tranche 1 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 78.07% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 June 2015. The remainder of the Tranche 1 corporate performance shares (being 10 713 shares) was forfeited by participants.

As at 31 December 2015, details of Allocation 3 Tranche 1 were as follows:

	Retention shares	Corporate performance shares	Total shares
Original number of Tranche 1 shares awarded in June 2012	131 800	51 500	183 300
Forfeited by leavers to date	(14 250)	(2 650)	(16 900)
Tranche 1 shares forfeited for missing performance targets	(1 017)	(10 713)	(11 730)
Tranche 1 shares vested on 1 June 2015	(116 533)	(38 137)	(154 670)
Tranche 1 shares outstanding	–	–	–

(iii) Grant of Allocation 6 under LTIS 2010 during the period under review

At the annual general meeting held on 21 May 2015, shareholders approved two special resolutions authorising the acquisition of shares for the purposes of awards under the LTIS 2010 scheme as well as the provision of financial assistance to the JSE LTIS 2010 Trust for a period of two years, for the purpose of acquiring such JSE ordinary shares in the open market for allocation to selected employees in accordance with the rules of LTIS 2010. In accordance with the terms of these resolutions, the Board approved a fresh annual allocation of shares (Allocation 6) to selected employees for the 2015 year, and these individual allocations were all accepted by scheme participants by 1 June 2015. Allocation 6 comprised a total of 302 340 JSE ordinary shares and these shares were acquired in the open market by 29 May 2015, at a volume-weighted average price (including all execution costs) of R131.54 per ordinary share. These shares are held in trust and are restricted until all vesting conditions are fulfilled, whereupon the shares vest.

Included in the total number of shares granted of 302 340, a total of 160 620 corporate performance shares has been granted to members of the JSE's Executive Committee. No personal performance shares were allocated under Allocation 6.

Information on Allocation 6 is as follows:

	Corporate performance shares
Share price at grant date (rands per share)	131.54
Total number of shares granted	302 340
Dividend yield	3%
Grant date	1 June 2015
Vesting profile:	
50% of the shares awarded vest on 31 May 2018	151 170
50% of the shares awarded vest on 31 May 2019	151 170

Fair value charge to profit and loss.

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

	2015	2014
Allocation 1 (granted in May 2010)	–	R0.7m
Allocation 2 (granted in May 2011)	R0.7m	R1.1m
Allocation 3 (granted in June 2012)	R5.3m	R5.0m
Allocation 4 (granted in May 2013)	R6.6m	R8.0m
Allocation 5 (granted in May 2014)	R5.5m	R6.2m
Allocation 6 (granted in June 2015)	R3.1m	–
	R21.2m	R21.0m

15. Contingent liabilities and commitments

15.1 Contingent liabilities

15.1.1 The JSE has a contingent liability in respect of a guarantee of R0.7 million (2014: R0,7 million) issued to the Financial Services Board.

15.1.2 During the year under review, a matter involving Pinnacle Point Holdings (Pty) Ltd (PPG) and other plaintiffs, for which a contingent liability was disclosed in prior years, has been disposed as a result of withdrawal of action against the JSE.

15.2 Commitments

There were no changes to the commitment as disclosed in the annual financial statements for 31 December 2014 except for the change below: In order to fulfil the liquidity risk management obligations of JSE Clear (Pty) Ltd as a qualified central counterparty, in compliance with CPSS-IOSCO4, the Group entered into additional commitment to the value of R500 million with a local commercial bank. The commitment is renewable on an annual basis. This brings the Group's total liquidity facility to R2 billion.

Fair value estimation

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

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

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

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2015				
Assets				
Other investments				
– Equity securities (available-for-sale)	154 775	129 098	–	283 873
– Debt investments (available-for-sale)	28 690	–	–	28 690
Total assets	183 465	129 098	–	312 563
2014				
Assets				
Other investments				
– Equity securities (available-for-sale)	186 885	80 567	–	267 452
– Debt investments (available-for-sale)	25 297	–	–	25 297
Total assets	212 182	80 567	–	292 749

The carrying values approximate the fair value.

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

25 February 2016

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