

JSE LIMITED AUDITED ABRIDGED RESULTS FOR THE TWELVE MONTHS ENDED
31 DECEMBER 2010 AND CASH DIVIDEND DECLARATION

COMMENTARY

OVERVIEW OF 2010

The JSE had a fair year in challenging conditions in 2010, as the Exchange focused on making progress on operational projects while responding to global changes in the exchange industry and the opportunities and challenges these could hold for issuers and investors.

After a period of uncertainty towards the start of the year, the JSE's main equity index, the FTSE/JSE All Share Index (ALSI), rose 16.1% year on year, reaching a high of 32 227 on 30 December. The South African Volatility Index (SAVI), a forecast of equity market risk in South Africa, rose in the last quarter of 2010, implying higher market volatility and thus risk. However, SAVI levels were significantly lower than the highs reached during the global financial crisis in 2008/9.

Foreign investors continued to increase their holdings in JSE equities (2010 net inflow: R36.4 billion; 2009: R75.3 billion) and grew their net investment in the interest rate market to R58.6 billion.

Financial performance

The operational performance of each of our markets has enabled the JSE to grow operating revenue by 9% to R1 255 million (2009: R1 156 million), with the main growth coming from the equities market, but contributions also made by information products sales and commodity derivatives. The interest rate market contributed 12 months of revenue in 2010 against six months the previous year when it was acquired from BESA.

Other income climbed 24% to R50 million (2009: R41 million), primarily a result of the profit on realising portfolio investments in the Investor Protection Funds.

JSE operating costs before net finance income rose by 8% to R879 million (2009: R810 million), as a result of:

- the hiring of 20 people to our staff complement, primarily to enable us to complete our large IT projects;
- impairment to software under development of R33 million, relating to development costs in the back office system and to the upgrade of SENS which is now not expected to deliver the anticipated value;
- onerous lease costs of R1.9 million, attributable to the lease over Melrose Arch entered into by the Bond Exchange South Africa (BESA), and which were expensed during the course of 2010.

The result is a 10% rise in operating profit for 2010 to R426 million from R386 million in 2009.

Net interest earned fell by 16% to R87 million.

Group headline earnings per share fell from 456 cents to 436 cents.

Capital expenditure

Capital expenditure of R157 million in 2010 related mainly to:

- the last phase of the JSE's technology replacement project, including the back office system (BDA), surveillance and clearing, and settlement systems to be delivered this year. Most of the cost of this project was incurred between 2007 and 2010.
- the JSE's new data centres.

The bulk of the depreciation for these will be taken through the income statement from 2011.

Capital structure and dividend policy

The JSE has no long-term borrowings and R1 046 million in cash reserves (2009: R921 million). The Exchange analyses its capital requirements in three categories:

- first, to ensure a smoothly operating stock exchange, the JSE sets aside sufficient cash to fund four months of operations;
- second, as the JSE guarantees all central order book equities trades, it sets aside sufficient cash to meet its obligations assuming the failure of a JSE equities member (broker);
- third, the JSE must be in a position to maintain infrastructure and meet capital needs for expansion, so we set aside a portion of cash to fund these types of expenses; and
- fourth, the Investor Protection Funds contribute R112 million of total (2009: R116 million).

On the basis of this assessment, the Board has determined how much cash we need to retain, and revisits this regularly.

Cash dividend declaration

The directors of JSE are proposing to declare ordinary dividend number 7 of 210 cents per share to be approved at the Annual General Meeting of shareholders to be held on Thursday, 28 April 2011. This equates to 2.1 times cover and is consistent with the stated dividend policy to pay between 1.5 and 2.5 cover.

The salient dates for the payment of the dividend are as follows:

To be released on SENS on	Tuesday, 15 March 2011
Last date to trade JSE shares <i>cum</i> dividend	Friday, 20 May 2011
JSE shares trade <i>ex</i> dividend	Monday, 23 May 2011
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	Friday, 27 May 2011
Date of payment of dividend	Monday, 30 May 2011

Share certificates may not be dematerialised or rematerialised from Monday 23 May 2011 to Friday, 27 May 2011, both days inclusive.

Operating overview

It is becoming clearer that, in a globally competitive environment, markets with strong regulation, solid infrastructure and thriving institutions will be better positioned to attract sustainable capital flows. The recognition by the World Economic Forum (WEF) Global Competitiveness Report 2010 – 2011 that South Africa's securities exchange regulation is the best in the world reflects our transformation from a single product equity exchange to a well-regulated, fully horizontally and vertically integrated exchange, now recognised as one of the world's leading exchanges.

In future, we aim to be recognised as the South African exchange providing the leading fully integrated financial market for African securities as well as an effective gateway to international products and markets for African investors.

To this end and as indicated more fully below, in 2011 the JSE's main focus will be on the delivery of several key projects:

- finally bedding down our major technology initiatives and moving closer to being able to up the ante again in the technology-dependent services we are able to offer across all our markets. This includes offering lower execution speeds and a greater choice of ways to access our services;

- completing the work to enable the successful implementation of our new equities trading system in 2012 in Johannesburg supplied by Millennium IT, which is a company wholly owned by the LSE;
- building consensus on the growth of our spot and derivatives interest rate markets; and
- growing the client and product range in all our market segments, concentrating particularly on how to bring over-the-counter (OTC) trade on-market and on how to encourage more foreign activity on the JSE.

Cross-border activity in the exchange sector continues. We believe the JSE needs to be linked into the global financial markets so that it can not only continue to attract foreign investment, but also provide local clients with the best possible access to foreign investment opportunities.

This type of access can be obtained in a number of different ways, which include product diversification and the provision of value-added services. We are concentrating on these areas.

Also important is identifying strategic relationships with leading global exchanges to enable us to deliver on our strategy. The Exchange's agreement with the CME Group, the world's largest derivatives exchange, is a case in point. Through this linkage, the JSE is able to offer cash settled ZAR-denominated commodity derivatives referencing CME prices to local investors, though there is no equity cross-holding between the exchanges.

On the African continent, the JSE has focused its efforts on the following:

- the Africa Board. As part of the Main Board in the equities market, this Board enables issuers from the continent (outside of South Africa) to take advantage of increased profile and capital raising opportunities through a dual listing on the JSE. In this regard, we are delighted with the efforts of the Africa Board Advisory Committee, which comprises prominent African business people, to assist with the Africa Board strategy. In 2011, the JSE will continue to promote the Africa Board and to develop and list associated products such as African exchange traded funds, African debt and African depository receipts. In this vein, we welcome the suggestion in the recent Treasury consultation paper on prudential regulation that African issuers should be treated as domestic issuers for prudential purposes;
- building deeper relationships with some of the continent's capital markets, which are seeking new ways of growing and wish to tap into the JSE's experience in that regard;
- progressing with the design of the Africa hub to allow customers to route orders to African exchanges using a single technological hub.


Prospects


While much has changed at the JSE during the past decade, there is significant work to be done given the winds of change sweeping the financial services industry worldwide. The JSE's objectives for 2011 have been discussed above.

Though the Board is focused on delivering on the objectives identified above, revenue projections are not possible in the stock exchange industry, given the dependence on trading volumes in all of our markets.

At time of writing, the JSE's markets continue to emulate 2010's performance with similar transaction levels being maintained. This does not imply that the trends will necessarily continue throughout 2011.

Indications are that 2011 will be a tough year in financial markets. By delivering on the projects outlined during this review, and by staying close to all clients, the JSE will deliver the best possible performance to the benefit of its users and investors.


HJ Borkum


RM Loubser

CHANGES TO BOARD

The JSE Board has been relatively unchanged for the past decade. However, there comes a time in every institution when people wish to move on.


The first change to the Board is the decision of our CEO, Russell Loubser to stand down as CEO with effect from 31 December 2011. Russell joined the JSE as CEO in 1997 and has been responsible for significant and highly successful innovations. This is not the time to praise or thank Russell for his enormous contribution as he still has nine months left before leaving the JSE. The time for farewells will come later.

I am delighted to announce that the Board has appointed Nicky Newton-King as CEO with effect from 1 January 2012. Nicky has been Russell's deputy for the past 8 years. This appointment is well deserved and will ensure an orderly transition.

Other changes are that non-executive directors Gloria Serobe and Wendy Luhabe have indicated that they do not wish to make themselves available for re-election at our AGM in April 2011. After having served 10 and eight years on the Board respectively they have both made significant contributions to the JSE's affairs and I thank them most sincerely.

Jonathan Berman who joined the Board as an alternate director following the BESA merger, resigned during the course of the year due to his other business commitments.

Lastly, in terms of accepted practice, it has been decided to shrink the number of executive directors on our Board. Leanne Parsons and John Burke who are senior and highly respected executives of the JSE will both stand down as executive directors at our AGM in April. I am pleased to announce that they will continue to contribute to the Board as alternate directors.


Humphrey Borkum

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Group		Exchange		Investor Protection Funds*	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	1 255 148	1 155 756	1 278 487	1 177 181	0	0
Other income	50 267	40 547	38 436	43 449	36 082	13 165
Personnel expenses	(338 098)	(318 632)	(338 098)	(318 632)	0	0
Other expenses	(541 087)	(491 774)	(514 240)	(448 001)	(15 334)	(13 142)
Profit before net finance income	426 230	385 897	464 585	453 997	20 748	23
Finance income	1 027 947	1 325 473	55 392	77 236	8 886	7 518
Finance costs	(940 957)	(1 221 347)	(7 556)	(11 835)	0	0
Net finance income	86 990	104 126	47 836	65 401	8 886	7 518
Share of profit of equity accounted investees (net of tax)	26 446	27 937	0	0	0	0
Profit before income tax	539 666	517 960	512 421	519 398	29 634	7 541
Income tax expense	(161 659)	(152 359)	(161 607)	(152 053)	0	0
Profit for the year	378 007	365 601	350 814	367 345	29 634	7 541
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	29 660	38 187	0	0	29 660	38 187
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(31 893)	(9 087)	0	0	(31 893)	(9 087)
Income tax on other comprehensive income	0	0	0	0	0	0
Other comprehensive (loss)/income for the year, net of income tax	(2 233)	29 100	0	0	(2 233)	29 100
Total comprehensive income for the year	375 774	394 701	350 814	367 345	27 401	36 641
Profit attributable to:						
Owners of the Exchange	378 007	367 244	350 814	367 345	29 634	7 541
Non-controlling interests	0	(1 643)	0	0	0	0
Profit for the year	378 007	365 601	350 814	367 345	29 634	7 541
Total comprehensive income attributable to:						
Owners of the Exchange	375 774	396 344	350 814	367 345	27 401	36 641
Non-controlling interests	0	(1 643)	0	0	0	0
Total comprehensive income for the year	375 774	394 701	350 814	367 345	27 401	36 641
Earnings per share						
Basic earnings per share (cents)	445.5	431.3	413.5	431.5	34.9	8.9
Diluted earnings per share (cents)	438.4	425.2	406.9	425.3	34.4	8.7

* Investor Protection Funds comprises the JSE Guarantee Fund Trust, JSE Derivatives Fidelity Fund Trust and BESA Guarantee Fund Trust (the "Trusts").

The JSE maintains these Trusts for investor protection purposes as required under the Securities Services Act, No. 36 of 2004. The JSE is required to consolidate the Trusts 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 these Trusts. For enhanced understanding, the Trusts have been shown separately (before intercompany adjustments), although, for compliance with IFRS, the results form part of the Group financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

	Group		Exchange		Investor Protection Funds	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets						
Non-current assets	943 010	874 301	894 850	806 741	218 032	239 536
Property and equipment	113 272	87 301	113 272	87 301	0	0
Intangible assets	423 039	382 749	422 729	382 400	0	0
Investments in equity accounted investees	95 017	92 874	21 416	21 416	0	0
Investments in subsidiaries	0	0	243 783	243 783	0	0
Other investments	218 034	239 538	2	2	218 032	239 536
Derivative financial instruments	3 015	1 451	3 015	1 451	0	0
Due from the JSE Empowerment Fund Trust	13 910	0	13 910	0	0	0
Deferred taxation	76 723	70 388	76 723	70 388	0	0
Current assets	16 223 384	15 702 377	1 119 078	969 317	116 075	122 584
Trade and other receivables	187 379	210 918	126 327	118 863	4 035	4 274
Income tax receivable	61 783	29 641	61 032	28 992	0	0
Due from group entities	0	0	9 097	8 184	0	2 200
Margin deposits	14 923 444	14 540 905	10 382	23 685	0	0
Collateral deposits	4 447	116	4 447	116	0	0
Cash and cash equivalents	1 046 330	920 797	907 794	789 477	112 040	116 110
Total assets	17 166 393	16 576 678	2 013 928	1 776 058	334 107	362 120
Equity and liabilities						
Total equity	1 791 104	1 604 724	1 449 012	1 287 592	331 847	357 888
Non-current liabilities	170 630	195 258	220 521	195 149	0	0
Finance lease	1 279	3 333	1 279	3 333	0	0
Employee benefits	46 105	64 625	46 105	64 625	0	0
Deferred taxation	4 757	5 587	4 648	5 478	0	0
Operating lease liability	65 562	70 529	65 562	70 529	0	0
Deferred Income	51 847	50 165	101 847	50 165	0	0
Due to SAFEX members	1 080	1 019	1 080	1 019	0	0
Current liabilities	15 204 659	14 776 696	344 395	293 317	2 260	4 232
Trade and other payables	174 155	159 762	102 658	65 964	581	3 061
Employee benefits	94 113	70 571	94 113	70 571	0	0
Operating lease liability	8 500	5 342	8 500	5 342	0	0
Due to group entities	0	0	124 295	127 639	1 679	1 171
Margin deposits	14 923 444	14 540 905	10 382	23 685	0	0
Collateral deposits	4 447	116	4 447	116	0	0
Total equity and liabilities	17 166 393	16 576 678	2 013 928	1 776 058	334 107	362 120

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

	Share capital R'000	Share premium R'000	Non- distributable reserve R'000
Group			
Balance at 31 December 2008	8 514	162 779	10 058
Total comprehensive income for the year			
Profit or loss for the year	0	0	0
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	0	0	0
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	0	0	0
Total other comprehensive income	0	0	0
Total comprehensive income for the year	0	0	0
Transactions with owners of the Exchange, recognised directly in equity			
Contributions by and distributions to owners of the Exchange			
Share options lapsed reclassified to retained earnings	0	0	0
Dividends paid to owners of the Exchange	0	0	0
Total contributions by and distributions to owners of the Exchange	0	0	0
Changes in ownership interests in subsidiaries that do not result in a loss of control			
Non-controlling interest in BESA Group	0	0	0
Acquisition of non-controlling interest in BESA Group	0	0	0
Transfer to the BESA Guarantee Fund Trust	0	0	0
Total transactions with owners of the Exchange	0	0	0
Balance at 31 December 2009	8 514	162 779	10 058
Total comprehensive income for the year			
Profit for the year	0	0	0
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	0	0	0
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	0	0	0
Total other comprehensive income	0	0	0
Total comprehensive income for the year	0	0	0
Transactions with owners of the Exchange, recognised directly in equity			
Contributions by and distributions to owners of the Exchange			
Share options lapsed reclassified to retained earnings	0	0	0
Dividends paid to owners of the Exchange	0	0	0
Distribution from the BESA Guarantee Fund Trust ¹	0	0	0
Distribution from the JSE Guarantee Fund Trust ²	0	0	0
Treasury shares	(48)	(32 056)	0
Treasury shares – share issue costs	0	(65)	0
Equity settled share based payment	0	0	0
Total contributions by and distributions to owners of the Exchange	(48)	(32 121)	0
Total transactions with owners of the Exchange	(48)	(32 121)	0
Balance at 31 December 2010	8 466	130 658	10 058

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 R5,3m was transferred to the JSE Limited for the defrayment of market regulatory expenditure.

2 This represents the monies distributed by the JSE Guarantee Fund Trust for the specific purpose of funding the establishment of the JSE's Disaster Recovery site.

Attributable to owners of the Exchange

BBBEE reserve R'000	JSE LTIS 2010 reserve R'000	Retained earnings R'000	Total Exchange and subsidiaries R'000	Non- controlling interests R'000	Investor Protection Funds R'000	Total equity R'000
165 503	0	799 141	1 145 995	0	227 497	1 373 492
0	0	358 060	358 060		7 541	365 601
0	0	0	0	0	38 187	38 187
0	0	0	0	0	(9 087)	(9 087)
0	0	0	0	0	29 100	29 100
0	0	358 060	358 060	0	36 641	394 701
(5 311)	0	5 311	0		0	0
0	0	(163 469)	(163 469)	0	0	(163 469)
(5 311)	0	(158 158)	(163 469)	0		(163 469)
0	0	0	0	1 643		1 643
0	0	0	0	(1 643)	0	(1 643)
0	0	(95 676)	(95 676)	0	95 676	0
(5 311)	0	(253 834)	(259 145)	0	95 676	(163 469)
160 192	0	903 367	1 244 910	0	359 814	1 604 724
0	0	348 373	348 373	0	29 634	378 007
0	0	0	0	0	29 660	29 660
0	0	0	0	0	(31 893)	(31 893)
0	0	0	0	0	(2 233)	(2 233)
0	0	348 373	348 373	0	27 401	375 774
(311)	0	311	0	0	0	0
0	0	(163 469)	(163 469)	0	0	(163 469)
0	0	5 368	5 368	0	(5 368)	0
0	0	50 000	50 000	0	(50 000)	0
0	0	0	(32 104)	0	0	(32 104)
0	0	0	(65)	0	0	(65)
0	6 244	0	6 244	0	0	6 244
(311)	6 244	(107 790)	(134 026)	0	(55 368)	(189 394)
(311)	6 244	(107 790)	(134 026)	0	(55 368)	(189 394)
159 881	6 244	1 143 950	1 459 257	0	331 847	1 791 104

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

for the year ended 31 December 2010

Exchange	Share capital R'000	Share premium R'000	BBBEE reserve R'000	Retained earnings R'000	JSE LTIS 2010 reserve R'000	Total Exchange R'000
Balance at 31 December 2008	8 514	162 779	165 503	746 920	0	1 083 716
Total comprehensive income for the year						
Profit for the year	0	0	0	367 345	0	367 345
Other comprehensive income						
Total other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	367 345	0	367 345
Transactions with owners of the Exchange, recognised directly in equity						
Contributions by and distributions to owners of the Exchange						
Share options lapsed transferred to retained earnings	0	0	(5 311)	5 311	0	0
Dividends paid to equity holders	0	0	0	(163 469)	0	(163 469)
Total contributions by and distributions to owners of the Exchange	0	0	(5 311)	(158 158)	0	(163 469)
Changes in ownership interests in subsidiaries that do not result in a loss of control						
Total transactions with owners of the Exchange	0	0	(5 311)	(158 158)	0	(163 469)
Balance at 31 December 2009	8 514	162 779	160 192	956 107	0	1 287 592
Total comprehensive income for the year						
Profit for the year	0	0	0	350 814	0	350 814
Other comprehensive income						
Total other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	350 814	0	350 814
Transactions with owners of the Exchange, recognised directly in equity						
Contributions by and distributions to owners of the Exchange						
Share options lapsed transferred to retained earnings	0	0	(311)	311	0	0
Dividends to owners of the Exchange	0	0	0	(163 469)	0	(163 469)
Treasury shares	(48)	(32 056)	0	0	0	(32 104)
Treasury shares - share issue costs	0	(65)	0	0	0	(65)
Equity settled share based payment	0	0	0	0	6 244	6 244
Total contributions by and distributions to owners of the Exchange	(48)	(32 121)	(311)	(163 158)	6 244	(189 394)
Changes in ownership interests in subsidiaries that do not result in a loss of control						
Total transactions with owners of the Exchange	(48)	(32 121)	(311)	(163 158)	6 244	(189 394)
Balance at 31 December 2010	8 466	130 658	159 881	1 143 763	6 244	1 449 012

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2010

	Group		Exchange		Investor Protection Funds	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flows from operating activities						
Cash generated by (used in) operations	529 238	467 318	566 653	527 936	(14 562)	(10 632)
Interest received	1 048 586	1 353 964	55 802	77 806	8 724	7 268
Interest paid	(960 943)	(1 284 943)	(7 738)	(16 440)	0	0
Dividends received	4 045	3 922	0	0	4 045	3 922
Taxation paid	(200 966)	(185 701)	(200 811)	(185 126)	0	0
Net cash inflow/(outflow) from operating activities	419 960	354 560	413 906	404 176	(1 793)	558
Cash flows from investing activities						
Proceeds from sale of other investments	102 170	81 888	0	0	102 170	81 888
Acquisition of other investments	(51 007)	(91 329)	0	0	(51 007)	(91 329)
Acquisition of shares in Bond Exchange of South Africa, net of cash acquired	0	(98 346)	0	(203 818)	0	0
Cash acquired from BESA Guarantee Fund Trust	0	0	0	0	0	96 342
Loan to JSE Empowerment Fund Trust	(14 695)	0	(14 695)	0	0	0
Dividends from equity accounted investees	24 303	17 710	24 303	17 710	0	0
Proceeds from disposal of property and equipment	46	447	46	447	0	0
Leasehold improvements	(8 787)	(3 181)	(8 787)	(3 181)	0	0
Acquisition of intangible assets	(99 311)	(89 730)	(99 311)	(89 730)	0	0
Acquisition of property and equipment	(48 712)	(27 080)	(48 712)	(27 080)	0	0
Net cash (used in)/from investing activities	(95 993)	(209 621)	(147 156)	(305 652)	51 163	86 901
Cash flows from financing activities						
Distribution from/(by) Investor Protection Funds	0	(2 015)	50 000	0	(53 440)	(2 015)
Repayment of loan to OMX Technology AB	0	(5 000)	0	0	0	0
Purchase of Treasury shares	(32 168)	0	(32 168)	0	0	0
Dividends paid	(163 469)	(163 469)	(163 469)	(163 469)	0	0
Net cash used in financing activities	(195 637)	(170 484)	(145 637)	(163 469)	(53 440)	(2 015)
Net increase (decrease) in cash and cash equivalents	128 330	(25 545)	121 113	(64 945)	(4 070)	85 444
Cash and cash equivalents at 1 January	920 796	946 341	789 477	854 422	116 110	30 666
Effect of exchange rate fluctuations on cash held	(2 796)	0	(2 796)	0	0	0
Cash and cash equivalents at 31 December	1 046 330	920 796	907 794	789 477	112 040	116 110

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

Basis of preparation and accounting policies

JSE Limited (the "Company") is a company domiciled in the Republic of South Africa. The consolidated abridged annual financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in associates and jointly controlled entities.

The JSE Limited's principal accounting policies applied by the Group in its consolidated abridged annual financial statements for the year ended 31 December 2010 are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2009. The JSE Limited's abridged consolidated annual financial statements for the year ended 31 December 2010, have been prepared in terms of the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting and the AC 500 series pronouncements as issued by the Accounting Practices Board (APB).

Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation as reported in the consolidated financial statements as at and for the year ended 31 December 2010.

The consolidated financial statements and the separate financial statements were authorised for issue by the Board of Directors on 15 March 2011.

Special purpose entities[#]

The JSE Guarantee Fund Trust, JSE Derivatives Fidelity Fund Trust and BESA Guarantee Fund Trust are special purpose entities (SPE's) set up for investor protection. The Group does not have any direct or indirect shareholding in these entities, however, based on the evaluation of the substance of the relationship with the Group and the SPE's risks and rewards, the Group controls the financial and operating policies of these entities and the results are thus consolidated. SPE's controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE's or their assets.

Distributions from special purpose entities[#]

During the year surplus assets amounting to R50.0 million were distributed by the JSE Guarantee Fund Trust to the JSE for the establishment of the JSE's disaster recovery site. The transfer of the funds were formally approved by the Financial Services Board. The funds received are recognised in deferred income in the JSE separate financial statements and will be released to profit or loss on a systematic basis over the useful life of the assets. As at 31 December 2010 the JSE has capitalised costs of R29.0 million in respect of the establishment of the disaster recovery site.

Operating segments[#]

The Group has five reportable segments, as stated below. The business units offer different products and services, and are managed separately because they require different technology and marketing strategies. Management has determined the operating segments based on the monthly reports reviewed by the Executive Committee (Exco). Exco reviews the revenue streams as set out below. Financial and personnel resources are allocated according to the needs of the various divisions in order to apply the strategy and operating plans agreed to during the budgeting process. Costs in the JSE are managed holistically across the Exchange and variances against budget are closely monitored. Information Technology and other corporate overheads are not generally allocated to a particular segment.

Information about reportable segments

	Equity ¹ division R'000	Equity derivatives R'000	Commodity derivatives R'000	Interest rate ² market R'000	Information sales R'000	Other ³ R'000	Total R'000
For the year ended 31 December 2010							
External revenues	772 885	116 077	47 827	47 745	116 727	153 887	1 255 148
For the year ended 31 December 2009							
External revenues	720 695	116 175	41 241	21 412	108 773	147 460	1 155 756

¹ Comprises equities trading fees, risk management, clearing and settlement fees, back-office services (BDA), issuer services and membership fees.

² The interest rate market revenue was remeasured in the current year to include R12.6 million (2009: R5.0 million) which relates to the listing fees for the bond market.

³ Comprises funds management and Strate ad valorem fees.

EARNINGS AND HEADLINE EARNINGS PER SHARE[#]

Basic earnings per share

The calculation of basic earnings per share at 31 December 2010 of 445.5 (2009: 431.3) cents per share was based on profit for the year attributable to ordinary shareholders of R378.0 million (2009: R367.2 million) and a weighted average number of ordinary shares of 84 843 695 (2009: 85 140 050), calculated as follows:

	Group		Exchange	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Profit for the year attributable to ordinary shareholders	378 007	367 244	350 814	367 345
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	85 140 050	85 140 050	85 140 050	85 140 050
Effect of own shares held (JSE LTIS 2010)	(296 355)	0	(296 355)	0
Weighted average number of ordinary shares at 31 December	84 843 695	85 140 050	84 843 695	85 140 050
Basic earnings per share (cents)	445.5	431.3	413.5	431.5

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2010 of 438.4 (2009: 425.2) cents per share was based on the profit for the year attributable to ordinary shareholders of R378.0 million (2009: R367.2 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 215 531 (2009: 86 369 696), calculated as follows:

Profit for the year attributable to ordinary shareholders	378 007	367 244	350 814	367 345
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	84 843 695	85 140 050	84 843 695	85 140 050
Effect of share options in issue	1 371 836	1 229 646	1 371 836	1 229 646
Weighted average number of ordinary shares (diluted)	86 215 531	86 369 696	86 215 531	86 369 696
Diluted earnings per share (cents)	438.4	425.2	406.9	425.3

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.

Headline earnings per share

The calculation of headline earnings per share at 31 December 2010 of 436.1 (2009: 456.1) cents per share was based on headline earnings attributable to ordinary shareholders of R370.0 million (2009: R388.4 million) and a weighted average number of ordinary shares of 84 843 695 (2009: 85 140 050) during the year.

Reconciliation of headline earnings:

Profit for the year attributable to ordinary shareholders	378 007	367 244	350 814	367 345
Adjustments, net of tax ¹ , are made to the following:				
Loss on sale of property and equipment	12	107	12	107
Impairment of goodwill	0	158	0	0
Impairment of monies due from related entities	0	329	55	1 844
Impairment of intangible assets	23 889	27 286	23 889	5 773
Impairment of available-for-sale equity securities	0	2 113	0	0
Remeasurement included in equity accounted earnings of associates	0	200	0	0
Profit on realisation of available-for-sale instruments	(31 893)	(9 087)	0	0
Headline earnings	370 015	388 351	374 770	375 069
Headline earnings per share (cents)	436.1	456.1	441.7	440.5

¹ Taxation effect of headline adjustments was R9.3 million (2009: R2.3 million)

Diluted headline earnings per share

The calculation of diluted headline earnings per share at 31 December 2010 of 429.2 (2009: 449.6) cents per share was based on headline earnings for the year of R370.0 million (2009: R388.4 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 215 531 (2009: 86 369 696).

Diluted headline earnings per share (cents)	429.2	449.6	434.7	434.3
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Impairment loss[#]

Software under development

During the year, a special review of the capitalised software development costs was conducted. Certain elements totaling R33.2 million (2009: R8.0 million) were identified as not being able to deliver value and were therefore impaired. Furthermore, management prepared a value in use impairment calculation for assessing the overall impairment of total costs. Based on this calculation, no further impairment was required as the net present value of the cash generating unit was calculated to be greater than the capitalised carrying value of the software under development.

Audit Opinion

KPMG Inc, the company's independent auditors, has audited the consolidated annual financial statements of JSE Limited from which the abridged consolidated results contained in this report have been derived, and has expressed an unmodified audit opinion on the consolidated annual financial statements. The abridged consolidated financial results comprise the statements of financial position at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes. The selected explanatory notes have been marked with a #. Their audit report is available inspection at the company's registered office.



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