

INTERIM RESULTS

**JSE LIMITED UNREVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

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JSE LIMITED UNREVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended June 2016

The condensed consolidated interim financial statements have been prepared in accordance with all the applicable requirements of the Companies Act, 2008, under the supervision of the Chief Financial Officer, Aarti Takoordeen CA(SA). A review has not been performed by the Group Auditors; instead they performed agreed upon procedures on the Long-Term Incentive Schemes, since the Audit Committee regarded this type of engagement as more appropriate. There are no material findings as a result of the work performed by the Group Auditors. The directors take full responsibility for the preparation of this report.

Commentary

JSE Limited (the “JSE”, the “Company” or the “Group”) delivered a robust performance for the first half of 2016, driven by strong growth from almost all business areas. Group earnings after tax increased by 19% to R513 million (H1 2015: R430 million), with operating revenue growing by 17% (H1 2015: 16%) to R1.2 billion (H1 2015: R1 billion). This growth is net of substantial cuts in Equity Market trading fees and related BDA fees, resulting from a consistent focus on transaction fee reductions to drive use of our markets. Group earnings before interest and tax (EBIT) are up by 17% to R567 million (H1 2015: R484 million). The earnings per share (EPS) increased by 19% to 599.7c (H1 2015: 503.9c) and headline earnings per share (HEPS) increased by 19% to 585.1c (H1 2015: 490.3c).

A highlight of the first half was the achievement of readiness to move to three-day settlement (T+3) for the Equity Market. This project went live on 11 July 2016, following extensive collaboration between the JSE, market participants and regulators. This market is now more closely aligned to global standards, helping to make South Africa more attractive to foreign investors.

The following areas made strong contributions to revenue during the first half of 2016:

- Capital markets: Markets were volatile during the first half of 2016 following local concerns and global economic uncertainty. This impacted:
 - The Cash Equities and Equity Derivatives markets, which grew by R55 million and R8 million respectively because of an increase in billable value traded of 31% and 11% respectively. Cash equities revenue growth is net of the impact of a reduction in report-only trade fees amounting to R11 million;
 - The Currency Derivatives Market, which grew by R3 million owing to a 12% increase in number of contracts traded; and
 - The Interest Rate Market, which grew by R6 million owing to growth in bond value traded of 38%.
- Trading and market services: BDA contributed R151 million off the back of an 18% increase in the number of trades. This growth (R1 million) is net of fee cuts amounting to R39 million.
- Post-Trade and Information Services:
 - Post-trade services revenue rose to R212 million as a result of the 29% growth in value traded in the Equity Market; and
 - Market Data revenue, including colocation rose, by 32% to R150 million. Colocation revenue rose by 26% to R10 million. Market Data revenue was also boosted by forex gains (R23 million) and pricing impact (R7 million).
- Funds under management increased revenue to R46 million owing to an increase in margin deposits.

The Group’s Primary Markets area bore the brunt of the uncertain economy, with a decline in initial and additional listings fees, resulting in a 2% fall in revenue. There were six new Equity Market listings in the first half (H1 2015: 9) – including the very significant listing of AB InBev, which had a positive impact on the Equity Market in secondary trading activity.

Cost control

The JSE continues to maintain positive operating leverage, with total expenses growing 12% (H1 2015: 12%) to R636 million (H1 2015: R567 million). Included in the cost growth is 8% or R42 million (H1 2015: 10% or R52 million) growth of business-as-usual costs, with the remainder of the cost growth of R35 million (H1 2015: R8 million) representing project operating expenses.

Personnel expenses rose by 17% or R36 million (H1 2015: 8% or R16 million) to R246 million (H1 2015: R210 million) as a result of:

- Cost-to-company and deferred compensation, which rose by R32 million or about 17%, largely driven by an 8% increase in the average salary per employee as well as a rise in average headcount from 470 to 498. This contributed a 15 point increase to the payroll bill, including retention payments;
- The LTIS accounting impact, which rose by R3 million to R25 million (H1 2015: R22 million), contributing 2 percentage points;
- Remuneration capitalised to projects, which rose by R2 million to R11 million, (H1 2015: R9 million) as work on strategic projects accelerated, decreasing personnel costs by 1 percentage point; and
- Leave pay, which rose by R1 million to R3 million (H1 2015: R2 million) adding 1 percentage point.

Technology costs rose by 20% or R22 million (H1 2015: 19% or R18 million) to R133 million (H1 2015: R111 million) largely owing to spend on contractors, which rose by R13 million or 81% to R29 million (H1 2015: R16 million), contributing 12 percentage points to the growth.

Depreciation declined by R4 million to R47 million (H1 2015: rose by R2 million to R51 million).

General expenses rose by 8% to R210 million (H1 2015: R196 million) largely owing to:

- The JSE’s black broker enterprise development initiative, aimed at encouraging the growth of these members. Disbursements in enterprise development contributions amounted to R3 million (H1 2015: Rnil);
- Membership fees rose by R3 million (H1 2015: rose by R1 million) owing to timing differences and forex impact; and
- Strate expenses rose by R7 million or 11% from R64 million to R71 million on the back of higher volumes.

Strong balance sheet

The Group cash balance is strong at R1.8 billion after paying a dividend of R534 million during the period (H1 2015: R417 million).

Group external capital expenditure was R61 million on our various strategic initiatives and R16 million on improving existing systems. This includes improved functionality on the project to integrate the JSE's trading and clearing systems. All currently planned investments and capital requirements for 2016 can be funded from the Group's own resources.

Strategic and operating performance

We continue to focus on strengthening the foundational elements of our business (people, technology and regulation), diversifying revenues, and driving enhanced capital and cost efficiencies. We are particularly focused on driving high-growth areas, and on 1 July 2016 we restructured the business to enable an enhanced focus on two such areas – the Post-Trade Services and Information Services divisions.

Our focus for the second half of 2016 remains on projects that are designed to strengthen the delivery of the JSE's strategic vision. In particular:

- We are progressing the integration of the JSE's trading and clearing systems for all JSE products (ITaC), which will enable a central point of risk management, margin offset and cross-collateralisation. This first phase of the project, which includes significant enhancements to the equity market functionality, will be delivered late in the third quarter of 2016. The next phase, focused on equity derivatives and currencies, is targeted for implementation in 2017;
- We are investigating alternative Equity Market risk and settlement models to bring the JSE Equity Market closer to global equity market norms;
- We have started developing an exchange-traded platform (ETP) for government bonds with National Treasury and market participants;
- We are monitoring the implementation of the twin peaks model of financial sector regulation for South Africa, given its impact on the JSE and JSE Clear in terms of the Financial Markets Act (FMA);
- We are increasingly focused on selling JSE products and services outside of South Africa;
- We continue to work on improving our customer service.
- We are reviewing our approach to all areas of transformation.

Board changes

Shareholders will know that, in 2015, we announced the intention of Dr Leila Fourie, executive director responsible for Post-Trade and Information Services, to resign in mid-2016. Dr Fourie resigned effective 18 July 2016. The Board has no current plans to appoint an executive director in the place of Dr Fourie.

The Post-Trade Services division is now headed by Dr Alicia Greenwood.

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.

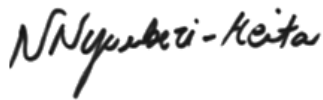
We are, however, clear about our 2016 priorities. Hence, we are clear as to which issues we need to tackle in order to achieve our strategy. A demanding number of years of investment and delivery lie ahead as we continue to focus on ensuring our long-term growth.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Approval of financial statements

The unreviewed condensed consolidated interim financial statements were approved by the Board of directors on 12 August 2016 and are signed on its behalf by



N Nyembezi-Heita
Chairman



NF Newton-King
Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2016

	Notes	Group		
		Six months ended 30 June		Year ended 31 December
		2016 R'000	2015 (reviewed) R'000	2015 (audited) R'000
Revenue	8	1 176 410	1 007 530	2 133 548
Other income		26 624	43 407	145 887
Personnel expenses	9	(245 727)	(210 000)	(495 759)
Other expenses	10	(389 899)	(357 161)	(760 920)
Profit from operating activities		567 408	483 776	1 022 756
Finance income		1 533 488	975 821	2 133 136
Finance costs		(1 436 146)	(896 585)	(1 967 342)
Net finance income		97 342	79 236	165 794
Share of profit of equity-accounted investee (net of income tax)		24 817	22 370	46 568
Profit before income tax		689 567	585 382	1 235 118
Income tax expense	11	(176 917)	(154 859)	(335 640)
Profit for the period		512 650	430 523	899 478
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		(4 422)	17 054	24 191
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(12 432)	(11 468)	(20 644)
Other comprehensive income for the period, net of income tax		(16 854)	5 586	3 547
Total comprehensive income for the period		495 796	436 109	903 025
Earnings per share				
Basic earnings per share (cents)	12.1	599.7	503.9	1 051.0
Diluted earnings per share (cents)	12.2	594.9	499.4	1 040.3
Other earnings				
Headline earnings per share (cents)	12.3	585.1	490.3	1 026.3
Diluted headline earnings per share (cents)	12.4	580.4	485.9	1 015.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

		Group		
		As at 30 June		As at 31 December
		2016	2015	2015
		R'000	(reviewed) R'000	(audited) R'000
	Notes			
Assets				
Non-current assets		1 136 382	993 708	1 115 895
Property and equipment		156 021	151 992	165 073
Intangible assets	13	408 877	310 739	358 700
Investment in equity-accounted investee		188 902	162 832	187 030
Other investments	18	302 792	304 615	312 564
Loan to the JSE Empowerment Fund Trust		25 794	14 301	25 271
Deferred taxation		53 996	49 229	67 257
Current assets		43 592 342	35 574 587	37 462 906
Trade and other receivables		564 623	412 505	466 930
Income tax receivable		529	600	594
JSE Clear Derivatives Default Fund collateral deposit		500 000	500 000	500 000
Margin deposits		40 771 648	33 108 028	34 447 066
Collateral deposits		85	3 695	140 687
Cash and cash equivalents		1 755 457	1 549 759	1 907 629
Total assets		44 728 724	36 568 295	38 578 801
Equity and liabilities				
Total equity		2 862 463	2 503 861	2 956 152
Share capital		8 566	8 571	8 553
Share premium		12 974	80 278	57 954
Reserves	15	473 094	462 083	478 360
Retained earnings		2 367 829	1 952 929	2 411 285
Non-current liabilities		127 962	114 252	126 464
Employee benefits		8 883	9 948	10 845
Due to Safex members		1 347	1 347	1 347
Deferred taxation		11 371	7 178	13 620
Operating lease liability		92 949	81 447	87 435
Deferred income		13 412	14 332	13 217
Current liabilities		41 738 299	33 950 182	35 496 185
Trade and other payables		494 704	346 964	339 561
Income tax payable		4 718	35 194	32 713
Employee benefits		67 144	56 301	136 158
JSE Clear Derivatives Default Fund collateral contribution		400 000	400 000	400 000
Margin deposits		40 771 648	33 108 028	34 447 066
Collateral deposits		85	3 695	140 687
Total equity and liabilities		44 728 724	36 568 295	38 578 801

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

Group	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	Share-based payments reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2015	8 541	63 348	71 889	405 551	43 937	449 488	1 952 617	2 473 994
Profit for the period	–	–	–	–	–	–	430 523	430 523
Other comprehensive income	–	–	–	5 586	–	5 586	–	5 586
Total comprehensive income for the period	–	–	–	5 586	–	5 586	430 523	436 109
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	–	–	–	(1 723)	–	(1 723)	1 723	–
Dividends paid to owners	–	–	–	–	–	–	(416 516)	(416 516)
Equity-settled share-based payments	–	–	–	–	13 948	13 948	–	13 948
Transfer of profit from investor protection funds	–	–	–	15 418	–	15 418	(15 418)	–
Treasury shares	(1)	(3 470)	(3 471)	–	–	–	–	(3 471)
Treasury shares – share issue costs	–	(203)	(203)	–	–	–	–	(203)
Total contributions by and distributions to owners of the Company recognised directly in equity	30	16 930	16 960	13 695	(6 686)	7 009	(430 211)	(406 242)
Balance at 30 June 2015	8 571	80 278	88 849	424 832	37 251	462 083	1 952 929	2 503 861
Profit for the period	–	–	–	–	–	–	468 955	468 955
Other comprehensive income	–	–	–	(2 039)	–	(2 039)	–	(2 039)
Total comprehensive income for the period	–	–	–	(2 039)	–	(2 039)	468 955	466 916
Distribution from the BESA Guarantee Fund Trust ¹	–	–	–	(1 868)	–	(1 868)	1 868	–
Equity-settled share-based payments	–	–	–	–	7 717	7 717	–	7 717
Transfer of profit from investor protection funds	–	–	–	12 467	–	12 467	(12 467)	–
Treasury shares	(18)	(22 313)	(22 331)	–	–	–	–	(22 331)
Treasury shares – share issue costs	–	(11)	(11)	–	–	–	–	(11)
Total contributions by and distributions to owners of the Company recognised directly in equity	(18)	(22 324)	(22 342)	10 599	7 717	18 316	(10 599)	(14 625)
Balance at 31 December 2015	8 553	57 954	66 507	433 392	44 968	478 360	2 411 285	2 956 152
Profit for the period	–	–	–	–	–	–	512 650	512 650
Other comprehensive income	–	–	–	(16 854)	–	(16 854)	–	(16 854)
Total comprehensive income for the period	–	–	–	(16 854)	–	(16 854)	512 650	495 796
LTIS Allocation 3 – shares vested	15	10 273	10 288	–	–	–	–	10 288
LTIS Allocation 4 – shares vested	20	16 248	16 268	–	–	–	–	16 268
Distribution from the BESA Guarantee Fund Trust ¹	–	–	–	(2 154)	–	(2 154)	2 154	–
Dividends paid to owners	–	–	–	–	–	–	(542 658)	(542 658)
Equity-settled share-based payments	–	–	–	–	(1 860)	(1 860)	–	(1 860)
Transfer of profit from investor protection funds	–	–	–	15 602	–	15 602	(15 602)	–
Treasury shares	(22)	(71 044)	(71 066)	–	–	–	–	(71 066)
Treasury shares – share issue costs	–	(457)	(457)	–	–	–	–	(457)
Total contributions by and distributions to owners of the Company recognised directly in equity	13	(44 980)	(44 967)	13 448	(1 860)	11 588	(556 106)	(589 485)
Balance at 30 June 2016	8 566	12 974	21 540	429 986	43 108	473 094	2 367 829	2 862 463
Note	16	16		15	15			

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, R2.1 million (December 2015: R3.6 million) (June 2015: R1.7 million) before intercompany adjustments was transferred to the JSE Limited for the defrayment of market regulatory expenditure.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2016

	Group		
	Six months ended 30 June	Year ended 31 December	
	2016 R'000	2015 (reviewed) R'000	2015 (audited) R'000
Cash flows from operating activities			
Cash generated by operations	587 104	455 050	1 058 178
Interest received	1 498 165	956 799	2 081 875
Interest paid	(1 370 776)	(873 415)	(1 919 176)
Dividends received	1 634	3 115	6 455
Taxation paid	(193 835)	(144 187)	(339 029)
Net cash generated by operating activities	522 292	397 362	888 303
Cash flows from investing activities			
Proceeds on sale of other investments	48 885	27 336	74 090
Acquisition of other investments	(43 535)	(22 145)	(69 712)
Dividends from equity-accounted investee	22 945	18 823	18 823
Proceeds from disposal of property and equipment	265	602	759
Leasehold improvements	(1 615)	(893)	(893)
Acquisition of intangible assets	(73 080)	(52 105)	(123 594)
Acquisition of property and equipment	(14 147)	(16 292)	(54 875)
Net cash used in investing activities	(60 282)	(44 674)	(155 402)
Cash flows from financing activities			
Proceeds from sale of treasury shares	41 229	36 198	13 969
Loan repaid	–	(13 977)	(13 977)
Acquisition of treasury shares	(112 753)	(39 872)	(39 986)
Dividends paid	(542 658)	(416 516)	(416 516)
Net cash used in financing activities	(614 182)	(434 167)	(456 510)
Net (decrease)/increase in cash and cash equivalents	(152 172)	(81 479)	276 391
Cash and cash equivalents at 1 January	1 907 629	1 631 238	1 631 238
Cash and cash equivalents at end of period	1 755 457	1 549 759	1 907 629

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2016

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 condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2016 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.

2. Statement of compliance

The condensed Group consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") IAS 34 Interim Financial reporting, the SAICA financial reporting guides as issued by the Accounting Practice Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, 2008.

3. Accounting policies

All accounting policies applied by the Group in these condensed consolidated interim 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 six months ended 30 June 2015 and the year ended 31 December 2015.

5. Use of estimates and judgements

Judgements and estimates are consistent with those in the consolidated financial statements as at and for the year ended 31 December 2015.

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. New standards and interpretations not yet adopted

There are a number of forthcoming new standards and interpretations or amendments to standards and interpretations, which have been issued by the International Accounting Standards Board (IASB) prior to the publication of these financial statements, but are effective only in future accounting periods, as listed below:

IFRS 9 – Financial Instruments – effective date: 1 January 2018

The amendments affect the classification, measurement and derecognition of financial assets and financial liabilities. The amendment will be adopted by the Group for its financial reporting period ending after the date the statement comes into effect. The Group does not expect a significant impact from the adoption of this statement.

IFRS 15 Revenue from Contracts with Customers – effective date: 1 January 2018

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The Group does not expect a significant impact from the adoption of this statement. The amendment will be adopted by the Group for its financial reporting period ending after the date the statement comes into effect.

	Six months ended 30 June	Year ended 31 December	
	2016 R'000	2015 ¹ (reviewed) R'000	2015 (audited) R'000
8. Operating segments and revenue			
Revenue comprises:			
Capital Markets			
Equity Market fees	289 465	234 751	501 190
Equity derivatives fees	90 464	82 507	173 434
Currency derivatives fees	18 836	15 393	34 009
Interest Rate Market fees	31 620	25 123	50 240
Commodity derivatives fees	34 518	33 644	73 069
Primary Market fees	76 030	77 961	160 644
Post-Trade and Information Services			
Post-Trade Services	212 171	165 889	356 677
Market Data fees	149 512	113 403	244 937
Trading and Market Services			
Back-Office Services (BDA)	151 092	150 179	310 717
Funds under management	46 281	41 526	86 415
Trading Services	12 046	9 512	19 944
Total revenue excluding Strate ad valorem fees	1 112 035	949 888	2 011 276
Strate ad valorem fees – cash equities	64 375	57 642	122 272
	1 176 410	1 007 530	2 133 548
¹ June 2015 figures have been restated in line with the reorganization of operational segments as disclosed in the Group's consolidated financial statements as at and for the year ended 31 December 2015.			
9. Personnel expenses			
Remuneration paid	231 122	197 032	483 091
Long-term incentive schemes	25 135	21 681	30 295
Total personnel expenses	256 257	218 713	513 386
Less: Capitalised to intangible assets	(10 530)	(8 713)	(17 627)
	245 727	210 000	495 759

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2016

	Six months ended 30 June		Year ended 31 December
	2016 R'000	2015 (reviewed) R'000	2015 (audited) R'000
10. Other expenses			
Other expenses	(319 391)	(293 587)	(626 808)
Strate ad valorem fees	(70 508)	(63 574)	(134 112)
	(389 899)	(357 161)	(760 920)

11. Income tax expense

The Group's consolidated effective tax rate for the six months ended 30 June 2016 was 27% (for the six months ended June 2015: 26%; for the year ended 31 December 2015: 27%).

	Six months ended 30 June		Year ended 31 December
	2016 R'000	2015 (reviewed) R'000	2015 (audited) R'000
12. Earnings and headline earnings per share			
12.1 Basic earnings per share			
Profit for the year attributable to ordinary shareholders	512 650	430 523	899 478
Weighted average number of ordinary shares:			
Issued ordinary shares at 1 January	86 877 600	86 877 600	86 877 600
Effect of own shares held (JSE LTIS 2010)	(1 394 319)	(1 445 455)	(1 297 984)
Weighted average number of ordinary shares at 30 June/31 December	85 483 281	85 432 145	85 579 616
Basic earnings per share (cents)	599.7	503.9	1 051.0
12.2 Diluted earnings per share			
Profit for the year attributable to ordinary shareholders	512 650	430 523	899 478
Weighted average number of ordinary shares (diluted):			
Weighted average number of ordinary shares at 30 June/31 December (basic)	85 483 281	85 432 145	85 579 616
Effect of Long-Term Incentive Scheme	696 265	767 796	885 896
Weighted average number of ordinary shares (diluted)	86 179 546	86 199 941	86 465 512
Diluted earnings per share (cents)	594.9	499.4	1 040.3
The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices using a volume-weighted average price for the six month period.			
12.3 Headline earnings per share			
Reconciliation of headline earnings:			
Profit for the year attributable to ordinary shareholders	512 650	430 523	899 478
Adjustments are made to the following:			
Profit or loss on disposal of property and equipment	(43)	(176)	(536)
– Gross amount	(60)	(244)	(745)
– Taxation effect	17	68	209
Net realised gain on disposal of available-for-sale financial assets (no taxation effect)	(12 433)	(11 468)	(20 644)
Headline earnings	500 174	418 879	878 298
Headline earnings per share (cents)	585.1	490.3	1 026.3
12.4 Diluted headline earnings per share			
Diluted headline earnings per share (cents)	580.4	485.9	1 015.8

13. Intangible assets

Included in the intangible assets of R409 million (June 2015: R311 million) (December 2015: R359 million) is work in progress of R201 million (June 2015: R44 million) (December 2015: R140 million), mainly in respect of T+3 and integrated trading and clearing.

14. Financial instruments

The carrying amount of all significant financial instruments approximates the fair value.

15. Reserves

	Six months ended 30 June		Year ended 31 December
	2016 R'000	2015 (reviewed) R'000	2015 (audited) R'000
Investor protection funds ¹	429 986	424 832	433 392
– BESA Guarantee Fund Trust	108 382	106 350	107 306
– JSE Derivatives Fidelity Fund Trust	167 707	164 354	168 646
– JSE Guarantee Fund Trust	153 897	154 128	157 440
Non-distributable reserves	429 986	424 832	433 392
JSE LTIS 2010 reserve ²	43 108	37 251	44 968
	473 094	462 083	478 360

¹ These funds were established for the purpose of investor protection in the event of a member defaulting in the Equity, Equity Derivatives and Bond Markets.

² This reserve relates to the portion of the LTIS 2010 Long-Term Incentive Scheme that has been expensed to date.

16. Share-based payments

Vesting of Allocation 3 Tranche 2 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, vesting was completed in 2015.

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

All available Tranche 2 retention shares (114 350 shares) vested for those participants still in the employ of the JSE on 1 May 2016.

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 80% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 May 2016. The remainder of the Tranche 2 corporate performance shares (being 9 770 shares) was forfeited by participants.

As at 30 June 2016, details of Tranche 2 were as follows:

Tranche 2 – fully vested	Personal performance shares	Corporate performance shares	Total shares
Original number of Tranche 2 shares awarded in June 2012	131 800	51 500	183 300
Forfeited by leavers to date	(17 450)	(2 650)	(20 100)
Tranche 2 shares forfeited for missing performance targets	–	(9 770)	(9 770)
Accelerated for good leavers	(7 300)	(5 360)	(12 660)
Tranche 2 shares vested on 1 June 2016	(107 050)	(33 720)	(140 770)
Tranche 2 shares outstanding	–	–	–

Vesting of Allocation 4 Tranche 1 shares during the period under review

The fourth award ("Allocation 4") under LTIS 2010 was granted in May 2013 with the following vesting profile:

Tranche 1: 50% of the total award, vesting was completed during the current period.

Tranche 2: 50% of the total award, vesting on 1 June 2017

150 450 Personal performance shares vested for those participants still in the employ of the JSE on 1 June 2016.

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 86.54% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 June 2016. The remainder of the Tranche 1 corporate performance shares (being 8 211 shares) was forfeited by participants.

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for the six months ended 30 June 2016

16. Share-based payments (continued)

As at 30 June 2016, details of Allocation 4 Tranche 1 were as follows:

	Personal performance shares	Corporate performance shares	Total shares
Tranche 1 – fully vested			
Original number of Tranche 1 shares awarded in June 2012	164 250	64 300	228 550
Forfeited by leavers to date	(13 800)	(3 250)	(17 050)
Tranche 1 shares forfeited for missing performance targets	–	(8 211)	(8 211)
Accelerated for good leavers	(3 250)	(3 246)	(6 496)
Tranche 1 shares vested on 1 June 2016	(147 200)	(49 593)	(196 793)
Tranche 1 shares outstanding	–	–	–

Grant of Allocation 7 under LTIS 2010 during the period under review

At the annual general meeting held on 26 May 2016, 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 7”) to selected employees for the 2016 year, and these individual allocations were all accepted by scheme participants by 4 March 2016. Allocation 7 comprised a total of 342 090 JSE ordinary shares and these shares were acquired in the open market by 10 March 2016, at a volume-weighted average price (including all execution costs) of R148.57 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 342 090, a total of 167 530 corporate performance shares has been granted to members of the JSE’s Executive Committee. No personal performance shares were allocated under Allocation 7.

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:

	Six months ended 30 June	
	2016	2015 (reviewed)
	R’000	R’000
Allocation #2 (granted in May 2011)	–	589
Allocation #3 (granted in June 2012)	1 071	4 325
Allocation #4 (granted in May 2013)	5 012	4 020
Allocation #5 (granted in May 2014)	3 980	4 184
Allocation #6 (granted in June 2015)	4 513	630
Allocation #7 ³	–	–
	14 576	13 748

³ As at 30 June 2016, the grant date as defined in IFRS 2 had not been determined as the vesting conditions are in the process of being finalised. Once all vesting conditions have been finalised and communicated to all affected parties, the relevant income statement charge will be recognised.

17. Contingent liabilities and commitments

17.1 Contingent liabilities

There were no material changes to the contingent liabilities as disclosed in the annual financial statements for 31 December 2015.

17.2 Commitments

There were no material changes to the commitments as disclosed in the annual financial statements for 31 December 2015.

18. 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).

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
30 June 2016				
Available-for-sale financial assets	163 170	139 622	–	302 792
31 December 2015				
Available-for-sale financial assets	183 465	129 098	–	312 563

Sandton

12 August 2016

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