



15 February 2016

TW

Chairman of the Audit Committee

Johannesburg  
Stock Exchange

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c/o The Company secretary

Dear Sir/ Madam

#### **JSE PROACTIVE MONITORING PROCESS**

Please find attached the JSE's latest report on its process of monitoring financial statements for compliance with IFRS. This is our fifth report to the market. This report and those from previous years are available on the JSE website (<https://www.jse.co.za/current-companies/issuer-regulation/accounting-matters>).

The report is a very useful tool and will assist issuers in further improving financial reporting and avoiding areas that were encountered by others. Although all aspects of the report are important the JSE would like to highlight a few items:

1. Whilst many issuers have taken account of the reports we are concerned that we continue to find problems with the same standards every year. Some of the repeat problem areas involve standards that should be very familiar to IFRS reporters and errors of this nature should not be re-occurring;
2. We accept that an issuer may be exposed to a specific standard for the first time due to a unique transaction. Nevertheless, this report (and those of previous years) is available to issuers to consider when they encounter these types of transactions;
3. The report highlights that some issuers are experiencing challenges with the new IFRS standards. Issuers are therefore encouraged to take special precautions with all new standards when preparing financial statements; and
4. Some issuers do not appear to take the problem of de-cluttering their financial statements seriously. Including immaterial information detracts from the usefulness of financial statements. The JSE will be focusing more on this issue going forward.

Given all of the above, we request that this report be tabled at a meeting of your audit committee for their consideration.

**Executive Directors:** NF Newton-King (CEO), A Takoodeen (CFO), Dr L Fourie **Non-Executive Directors:** N Nyembezi-Heita (Chairman), AD Botha, Dr. M Jordaan, DM Lawrence, AM Mazwai, Dr. MA Matooane, NP Mnxasana, NG Payne, Dr SP Kana **Alternate Directors:** JH Burke, LV Parsons  
**Group Company Secretary:** GA Brookes

Yours faithfully

A handwritten signature in black ink, appearing to be 'A F Visser', written over a large, light-colored circular scribble.

**A F VISSER: GENERAL MANAGER  
ISSUER REGULATION**

Cc Sponsors/ Designated advisors