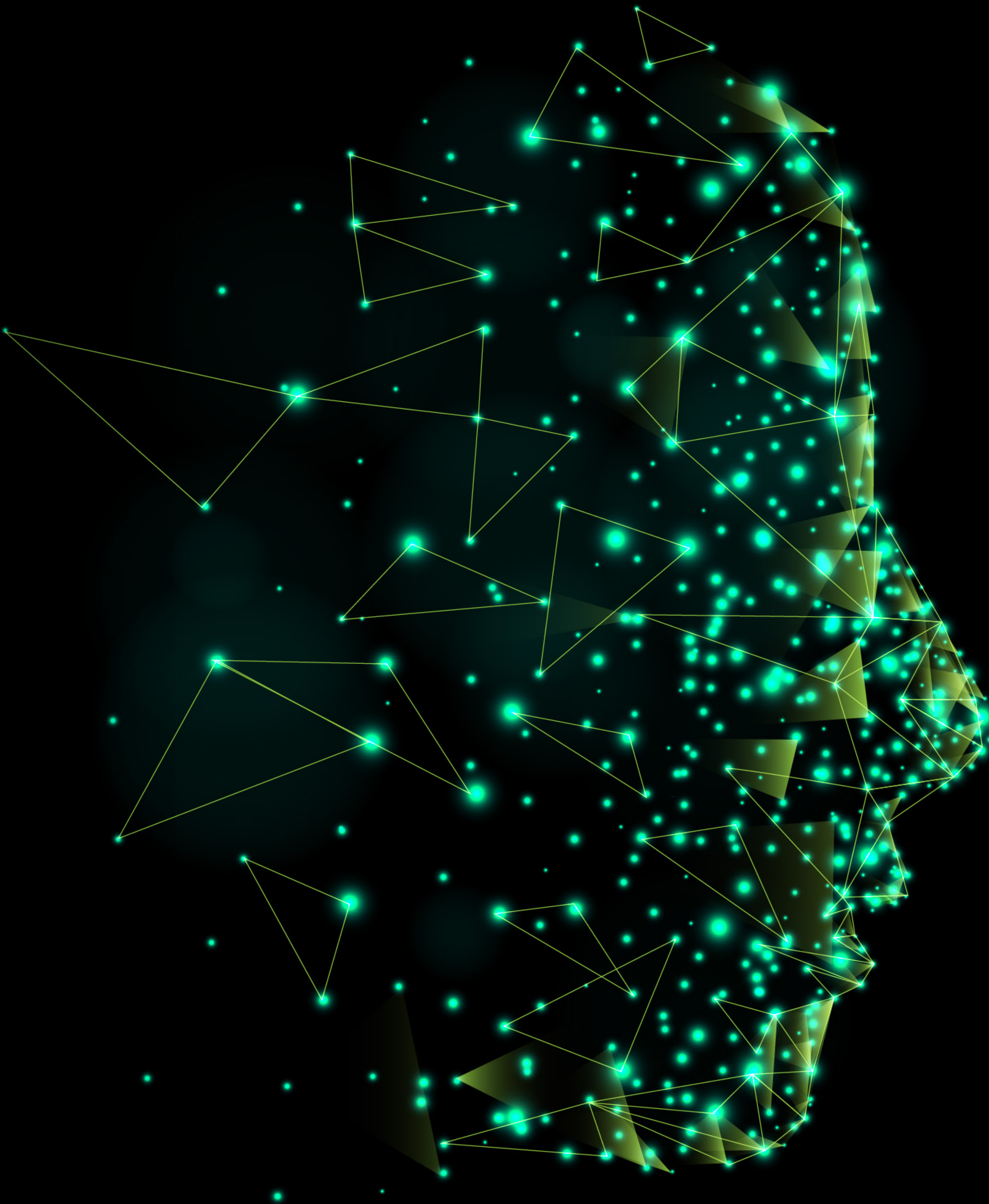


JSE LIMITED

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

Page reference for additional reading in this report

Reference to online data at www.jse.co.za

Indicates the relevant King IV principle

REPORTING SUITE

Our full reporting suite is available at ir.jse.co.za/results/annual-reports and comprises the following reports:

Integrated annual report

Sets out how the JSE creates value in the context of our business model, strategy, operating context, governance and operational performance.

Annual financial statements

Sets out our financial results, with the Group Audit Committee (GAC) report, directors' report and annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

Social value report (Reporting on social value creation)

Sets out details of our journey towards delivering on our sustainability mandate and our impact on society, structured according to six areas of value creation.

Remuneration report (Rewarding value creation)

Sets out the JSE's remuneration philosophy and policy, and how it was implemented in 2018.

This report is subject to two non-binding advisory votes at our AGM.

Group legal structure

Sets out the legal structure of the Group.

Notice of annual general meeting and proxy form

Set out the notice of the JSE's AGM of shareholders to be held on Wednesday, 22 May 2019, together with the summarised report containing the required financial disclosures.

ABOUT THIS REPORT

DECLARATION IN TERMS OF THE COMPANIES ACT, 71 OF 2008 (COMPANIES ACT)

The preparation of these financial statements has been supervised by the Chief Financial Officer, Aarti Takoordeen, CA(SA), in terms of sections 29 and 30 of the Companies Act. The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

JSE DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 December 2018

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of the JSE Limited, comprising the statements of financial position at 31 December 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have assessed the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL 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 28 February 2019 and signed by:

N Nyembezi
Chairman

NF Newton-King
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

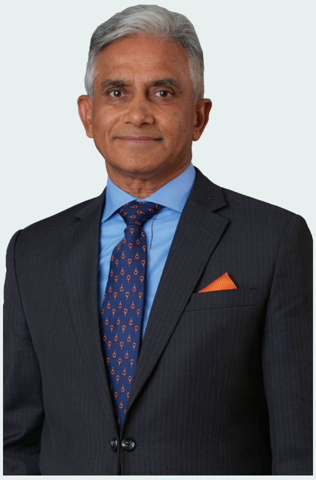
for the year ended 31 December 2018

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, and all directives issued by the Financial Services Conduct Authority. In terms of section 88 of the Companies Act, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

GA Brookes
Group Company Secretary

GROUP AUDIT COMMITTEE REPORT

Prepared by the chairman of the Group Audit Committee, Dr Suresh Kana



Dr SP Kana
Group Audit Committee Chairman

COMMITTEE COMPOSITION

The Group Audit Committee (the committee) is constituted as a statutory committee under section 94(7) of the Companies Act. Three meetings were held, in accordance with the requirements of the committee's terms of reference.

In terms of the Companies Act, at the annual general meeting (AGM) of the Company, shareholders are required to approve audit committee members. The members who were approved by shareholders at the 2018 AGM and who serve until the next AGM in May 2019 are:

		Meeting attendance	
Member	**Appointed to committee**	**Number**	**%**
Dr SP Kana (Chairman)	17/05/2018	3/3	100
F Daniels	1/10/2018	1/1	100
FN Khanyile	1/11/2018	1/1	100
Dr MA Matooane	17/05/2018	2/2	100

Independence of committee: 100%

Committee members retired or resigned during the year

		Meeting attendance	
Member	**Effective date**	**Number**	**%**
AD Botha	17/05/2018	1/1	100
NP Mnxasana	17/05/2018	1/1	100
NG Payne	3/08/2018	2/2	100

Other invitees	Meeting attendance	%
FSCA representative	3/3	100
Investment advisors	3/3	100
Internal audit	3/3	100
External auditors	3/3	100

Below is a summary of the committee's statutory and governance mandate. It provides an oversight role underpinned by the JSE's combined assurance model, following King IV principle of good governance:

Finance function	External auditor and external audit	Internal financial control/ Internal audit	Financial statements/ Integrated report	Complaints
Consider the appropriateness and expertise of the CFO	Nominate independent auditor for appointment by shareholders	Responsible for appointment, performance and assessment of the internal audit function	Review all financial reports	Review complaints regarding: Accounting practices and internal audit
Consider the appropriateness and expertise of senior members of the finance team	Determine terms of engagement and fees	Approve internal audit annual plan	Report on how duties are discharged	Content or audit of financial statements
Annual review of the finance function	Approve nature and extent of non-audit services	Make submissions to Board regarding internal financial control	Submissions to the Board regarding accounting policies, records and reporting	Internal financial controls
Review and approval of annual budgets and forecasts		Undertake formal annual assessment of internal audit performance	Have regard for factors and risks affecting integrity of integrated annual report	Any related matters
	Companies Act Sections 90-92; 94	Companies Act Section 94	Companies Act Section 94	Companies Act Section 94
King Principles	King Principles	King Principles	King Principles	King Principles

Oversight role
underpinned by combined assurance model

Primary roles and responsibilities	Composition and meeting procedures
The committee's composition, purpose and duties are set out in the committee's charter summarised below. • The committee acts in accordance with its statutory duties, the delegated authority of the Board as recorded in its terms of reference, and within the guidelines of King IV. • The committee must prepare a report describing how it carried out its functions as specified in section 94(7) of the Companies Act, and this report serves that purpose. • The committee has power to investigate any activity within the scope of its terms of reference. • The committee has an independent role with accountability to both the Board and shareholders. • The committee, in the fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or the Group Company Secretary to provide it with information. The committee has unrestricted access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities. • The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. • The committee works closely with the Group Risk Management Committee	• The committee is suitably skilled to perform the role required. The collective skills of the committee include an understanding of financial and sustainable reporting, internal financial controls, the internal audit function, the external audit process, corporate law, risk management, IT governance as it relates to integrated reporting, and the governance processes of the Company. However, it is not expected that each member should possess all the required qualifications, skills and experience. The Chairman of the Board is not a member of the committee.

APPOINTMENT OF GROUP AUDIT COMMITTEE MEMBERS

The Board is satisfied that for the 2018 year:

- the committee, acting as a collective, was adequately skilled to perform its role having regard to the size and circumstances of the Company;
- individual members of the committee held appropriate financial and related qualifications, skills and financial expertise to discharge their responsibilities; and
- individual members of the committee were not involved in day-to-day management of the Company.

The following directors have been nominated to the committee, subject to shareholder approval at the AGM to be held on Wednesday, 22 May 2019.

- Dr SP Kana (independent Chairman);
- ZBM Bassa (independent non-executive director);
- F Daniels (independent non-executive director); and
- FN Khanyile (independent non-executive director).

The Board is satisfied that the proposed appointment to the Group Audit Committee of the four independent non-executive directors set out above will meet the requirements of the Companies Act, and is therefore recommending their appointment for the ensuing year.

The election of members of the Group Audit Committee at the AGM will take place by way of separate resolutions to be considered by shareholders. The text of these ordinary resolutions is set out in the Notice of AGM distributed separately to shareholders and available at ir.jse.co.za/results/annual-reports.

FEEDBACK FROM THE GROUP AUDIT COMMITTEE

In line with the Companies Act and the King Code on Corporate Governance, the Group Audit Committee presents its report for the financial year ended 31 December 2018. The committee has discharged all its responsibilities and carried out all the functions assigned to it, and these activities are set out in the remainder of this report.

Responsibilities in terms of the Companies Act/Terms of reference	How discharged
In respect of the finance function:	
Annually assess and confirm the appropriateness of the expertise and experience of the Chief Financial Officer (CFO) and the appropriateness of the expertise, resources and experience of the senior members of management responsible for the finance function.	The Company employs a full-time CFO who is also an executive director of the JSE. The CFO holds a CA(SA) qualification and has extensive senior executive experience in finance across various industries. The performance, effectiveness and resourcing of the Company's finance function was assessed as part of the annual Board effectiveness review for the year ended December 2018, which review was undertaken by an independent service provider. The Group Audit Committee considered the results of this effectiveness review as it pertained to the committee and to the Company's finance function, and is satisfied as to the quality and effectiveness of the finance function and the level of resourcing within the finance division.
Responsible for the appointment and dismissal of the CFO.	Not applicable for the year under review.
In respect of the external auditor and the external audit:	
Nominate for appointment as auditor of the Company a registered auditor who, in the opinion of the committee, is independent of the Company and determined their terms of engagement and fee.	At the 13 February 2019 meeting the committee: 1. Reviewed and confirmed the independence of the external auditors Ernst & Young Inc. 2. Recommended Ernst & Young Inc for appointment by shareholders at the 2019 AGM for the ensuing year in accordance with the Company's policy on audit firm rotation.
	The fee proposed by Ernst & Young Inc for the independent audit in 2018 was negotiated by executive management and reviewed by the Group Audit Committee. This audit fee, for the independent audit of JSE Group entities for the year ended 31 December 2018, amounted to R4 million (2017: R3.6 million) and has been fully disclosed in the audited annual financial statements.
Ensure that the appointment of the auditor complies with the applicable legislation.	The committee ensured that the appointment process complied with the statutory requirements.
Evaluate the independence, effectiveness and performance of the external auditors.	The committee reviewed the detailed audit report and findings in respect of the financial statement audit for the year ended 31 December 2018 as presented by Ernst & Young Inc at the committee meeting held on 13 February 2019.
	The committee is satisfied that Ernst & Young Inc is independent of the Company. No matters of concern regarding the performance of the external auditors were noted by the committee. The external auditors continue to have unrestricted access to the committee and to its Chairman.
	The committee confirmed that the independent auditors have executed their audit responsibilities in accordance with the International Standards on Auditing.
Determine the nature and extent of non-audit services that the auditor may provide and pre-approved any agreement for the provision of these services by the auditor to the Company, or a related company. Approve the internal and external audit plan of the said services on the basis that the provision of the services does not affect the auditor's independence.	The Company's policy on audit and non-audit services was revised at the 14 February 2017 committee meeting. This policy was applied for the 2017 and subsequent years, and the Group Company Secretary tabled a report in respect of non-audit services at the meeting of the committee held on 13 February 2019. Ernst & Young Inc did not provide any non-audit services to the JSE during 2018.

GROUP AUDIT COMMITTEE REPORT

(CONTINUED)

Responsibilities in terms of the Companies Act/Terms of reference	How discharged
In respect of the financial statements:	
Confirm the going concern principle as the basis of preparation of the interim and annual financial statements.	The committee reviewed the report of the CFO regarding the going concern status of the JSE Group for the year ended December 2018, and concluded that the JSE Group is a going concern and that the financial statements have been prepared correctly, in accordance with the going concern concept. The JSE Board has reviewed and accepted the recommendation of the Group Audit Committee that the Company is operating as a going concern, and has reported that status in the 2018 integrated annual report.
Review the accounting policies and procedures adopted by the Group and the JSE and ensured that financial statements were prepared on the basis of appropriate accounting policies and International Financial Reporting Standards.	Applied. The CFO prepares financial statements in accordance with all applicable legislation and submits them to the Group Audit Committee for review. Recommended to the Board for approval.
Review financial reports, which should encompass the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents.	Applied. At the first meeting of the year, the committee reviewed the full integrated annual report and recommended it to the Board for approval. The Board has subsequently approved the integrated annual report for publication to shareholders.
Review the areas of focus in the financial statements.	The committee is of the view that there are no significant judgements involved in the preparation of the financial statements that could have a material impact on those financial statements. The committee also believes that the internal control system and governance structures that have been put in place have operated effectively throughout the year in order to ensure that there were no significant matters for the independent auditors to deal with during their audit of the financial statements or to report in their auditor's report.
Consider the report on pro-active monitoring of financial statements and ensure appropriate actions are taken, to the extent required.	At the committee meeting held in July 2018, the committee reviewed the JSE's report on pro-active monitoring of financial statements as submitted to all listed companies, for the year ended December 2017. The committee noted that the pro-active monitoring report did not reflect any matters of concern affecting the JSE's financial statements.
In respect of internal control:	
Review the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control, ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its functions.	This role was performed in part by this committee and in part by the Group Risk Management Committee. Internal Audit forms part of the governance and assurance division. PricewaterhouseCoopers is contracted to assist the internal audit function in carrying out its duties and to ensure the required degree of independence. Internal Audit has a direct reporting line to both the Group Audit Committee and the Group Risk Management Committee.
Report on the effectiveness of the internal financial controls and risk management.	These roles were performed in part by this committee and in part by the Group Risk Management Committee.
Monitor the appropriateness of the Company's combined assurance model overseeing risk.	
Ensure that the combined assurance from both internal and external assurance providers and management was sufficient to cover key risks facing the organisation.	
Annually evaluate the nature and extent of the formal documented reviews of the design, implementation and effectiveness of the system of internal financial controls, which covered all significant areas of financial reporting.	Applied each year in consultation with the internal audit function and the external auditor.

Responsibilities in terms of the Companies Act/Terms of reference	How discharged
OTHER	
Receive and deal with complaints and concerns from within and outside the Company relating to accounting practices and Internal Audit; the content or auditing of the financial statements; internal financial controls; or any other related matter.	No complaints were received (2017: Nil)
Make submissions to the Board on any matter concerning the accounting policies, financial controls, records and reporting.	Applied.
Responsible for overseeing Internal Audit.	At its meeting on 13 February 2019 the committee reviewed the performance and effectiveness of the Internal Audit function for the 2018 year, and concurred with the assessment thereof by the CEO.
Annual review of terms of reference and workplan.	The committee was satisfied with the annual review of its terms of reference and submitted these to the Board for review and approval.

IN CONCLUSION

The Group Audit Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's expense. The committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the Board and the shareholders. On all responsibilities delegated to it by the Board, apart from the statutory duties, the committee makes recommendations for approval by the Board.

The JSE continues to prepare Group accounts that comply with International Financial Reporting Standards and the statutory requirements of the Companies Act, and these responsibilities are discharged within an acceptable timeframe.

The Chairman of the Group Audit Committee attends annual general meetings and is available to answer any questions in relation to matters pertaining to the Group Audit Committee.

Dr SP Kana
Chairman: Group Audit Committee

DIRECTORS' REPORT

THE JSE'S BUSINESS

A description of the JSE's business, its value chain and Group structure is set out in the Integrated Annual Report available at ir.jse.co.za/results/annual-reports.

The Company does not have a controlling shareholder and is managed by its directors for its stakeholders. JSE Limited has its primary and only listing in South Africa on the securities exchange operated by the JSE.

REGULATORY AND SUPERVISORY STRUCTURE

The Financial Sector Conduct Authority (FSCA) is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing.

To mitigate the possibility of any potential conflict of interest, the Group Self-regulatory Organisation Oversight Committee (Group SRO Oversight Committee) was established in 2011, as a standing committee of the Board. This committee has an independent role, providing oversight of all regulatory matters, policies and related activities of the JSE Group. The Group SRO Oversight Committee also functions as the appointed committee pursuant to section 2(c) of Board Notice 1 of 2015, in respect of conflicts of interest between the Company's regulatory functions and commercial services. Its terms of reference have been refined to consider the requirements of the Financial Markets Act, 2012 (Financial Markets Act) and to report to the FSCA where required.

CORPORATE GOVERNANCE

The Governance Report is included in the Integrated Annual Report online at ir.jse.co.za/results/annual-reports.

FINANCIAL RESULTS

The operating results and the state of affairs of the Company and the Group are fully set out in the attached statement of financial position and described in the statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

The CFO's review is available in the Integrated Annual Report available online at ir.jse.co.za/results/annual-reports.

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the JSE Debt Guarantee Fund Trust (previously BESA Guarantee Fund Trust) and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the Financial Markets Act. In view of the control that the JSE exercises over these trusts, the JSE is required to consolidate them into the results of the Group in terms of International Financial Reporting Standards.

MAJOR OPERATING SUBSIDIARY: JSE CLEAR (PTY) LTD

JSE Clear (Pty) Ltd is a wholly-owned subsidiary of JSE Limited and is licensed as a clearing house in terms of the provisions of the Financial Markets Act and subject to an annual review conducted by the FSCA. Partly as a consequence of the global financial crisis, global financial regulators have issued directives (Basel III) for the capitalisation of bank exposures to central counterparties (CCPs). At the end of 2012, JSE Clear was deemed a qualifying CCP by the FSCA in terms of the Principles for Market Infrastructures issued by these global regulators (CPSS-IOSCO).

JSE CLEAR DERIVATIVES DEFAULT FUND (PTY) LTD

JSE Clear's objective is to act as an associated clearing house and to operate as a CCP by interposing itself between parties to derivative contracts listed on the JSE. The JSE Clear Derivatives Default Fund was created, of which the JSE contributes R100 million. This default fund reduces systemic risk and, more specifically, clarifies and limits clearing members' exposure to counterparty credit risk when clearing through JSE Clear. Clearing members that are banks will consequently need to hold less capital for centrally cleared exposures under Basel III regulations.

The JSE Clear Derivatives Default Fund policy requires that fund contributions by the clearing members and the JSE must be held in a legal entity separate and bankruptcy remote from JSE Clear and the JSE. The JSE Clear Derivatives Default Fund (Pty) Ltd was constituted for the purpose of ring-fencing the abovementioned contributions, which are to be used only in the event of a clearing member default. It operates as the JSE Clear Derivatives Default Fund.

AUTHORISED USERS OF THE JSE (MEMBERS OF THE JSE)

As at 31 December 2018, there were 289 authorised users (2017: 319), categorised as follows:

Category of members	**2018**	2017
Equity members	**60**	61
Equity derivatives members	**68**	87
Commodities derivatives members	**57**	64
Interest rate and currency derivatives members	**84**	87
Clearing members	**20**	20
Total	**289**	319

ORDINARY SHARE CAPITAL

The Company did not issue any shares during the year under review. Full details of the authorised, issued and unissued capital of the JSE are contained in note 20 on page 49.

RIGHTS ATTACHING TO SHARES

Each ordinary JSE share is entitled to identical rights in respect of voting, dividends, profits and a return of capital. The variation of rights attaching to JSE shares requires the prior consent of at least three-fourths of the issued shares of that class or the sanction of a special resolution passed at a special general meeting of the holders of the JSE shares of that class.

The issue of JSE shares, whether in the initial or in any increased capital, is subject to shareholder approval.

DIRECTORS' INTERESTS AND SHAREHOLDING (INCLUDING DIRECTORS' ASSOCIATES)

As at 31 December 2018

		Direct beneficial					
Director	**Status of director**	**Share register (own name)**	**LTIS 2010 Trust: Unvested[2]**	**LTIS 2018 Trust: Unvested[2]**	**Other Trusts[2]**	**Total**	**% of issued share capital**
NF Newton-King[1]	Executive (CEO)	47 910	92 765	52 040	5 411	198 126	0.23
A Takoordeen[1]	Executive (CFO)	11 231	48 805	16 680	185	76 901	0.09
JH Burke[1]	Executive	38 414	53 810	18 390	185	110 799	0.13
NMC Nyembezi	Non-executive	2 050	–	–	–	2 050	0.00
DM Lawrence	Non-executive	3 000	–	–	–	3 000	0.00
Dr M Jordaan	Non-executive	5 900	–	–	–	5 900	0.01
BJ Kruger	Non-executive	2 500	–	–	–	2 500	0.00
GA Brookes[1]	(Group company secretary)	14 160	40 310	7 730	185	62 385	0.07
Total		**125 165**	**235 690**	**94 840**	**5 966**	**461 661**	**0.53**

[1] These directors and officers participate in the LTIS 2010 scheme. For further details, refer to note 21.6.
[2] The 2005 broad-based employee share scheme and JSE bonus share scheme (various employees).

There has been no change in directors' interests from the end of the financial year until the approval of the JSE annual results and release thereof on SENS on 28 February 2019.

Interests held as at date of retirement as a director:

			Direct beneficial		Indirect beneficial		
Director	**Status of director**	**Share register (own name)**	**LTIS 2010 Trust: Unvested**	**Other trusts**	**Held by associates[1]**	**Total**	**% of issued share capital**
AD Botha	Retired on 17 May 2018	–	–	–	60 200	60 200	0.069
AM Mazwai	Retired on 17 May 2018	100	–	–	–	100	0.000

[1] The Imalivest Flexible Fund is an associate of AD Botha.

DIRECTORS' INTERESTS AND SHAREHOLDING

As at 31 December 2017

		Direct beneficial			Indirect beneficial		
Director	Status of director	Share register (own name)	LTIS 2010 Trust: Unvested[2]	Other trusts	Held by associates[3]	Total	% of issued share capital
NF Newton-King (CEO)[1]	Executive	37 910	136 165	5 463	–	179 538	0.207
A Takoordeen (CFO)[1]	Executive	4 611	64 660	237	–	69 508	0.080
LV Parsons[1]	Executive	15 015	76 979	1 237	–	93 231	0.107
JH Burke[1]	Non-executive	38 310	71 604	237	–	110 151	0.127
NMC Nyembezi	Non-executive	2 050	–	–	–	2 050	0.002
AD Botha	Non-executive	–	–	–	60 200	60 200	0.069
AN Mazwai	Non-executive	100	–	–	–	100	0.000
DM Lawrence	Non-executive	3 000	–	–	–	3 000	0.003
Dr M Jordaan	Non-executive	5 900	–	–	–	5 900	0.007
Total		106 896	349 408	7 174	60 200	523 648	0.603
GA Brookes (Group Company Secretary)[1]		14 108	49 405	237	-	63 750	0.073

[1] *These directors and officers participate in the LTIS 2010 scheme and are recipients of shares that vested from 2013 onwards. For further details, refer to note 21.6.*
[2] *The 2005 broad-based employee share scheme and JSE bonus share scheme (various employees).*
[3] *The Imalivest Flexible Fund is an associate of AD Botha.*

Details of transactions in JSE Limited shares by directors and prescribed officers were disclosed on SENS during 2018 and are summarised in the table below. For the executive and alternative directors, the Group Company Secretary and the prescribed officers, the purchases are in relation to the grant of shares under allocation 5 and 6 of the long-term incentive scheme.

Name	Status	Number of bonus shares vesting and sold 18/05/2018	Value of transaction	Number of LTIS 2010 shares sold 26/09/2018	Value of transaction
N Newton-King	Executive Director	52	R10 087.45	24 635	R3 790 587
A Takoordeen	Executive Director	–	–	6 125	R942 453
J Burke	Alternate Director	–	–	14 236	R2 190 493
D Nemer	Prescribed Officer	52	R10 087.45	4 681	R720 265
M Randall	Prescribed Officer	–	–	497	R76 473
Z Jacobs	Prescribed Officer	52	R10 087.45	12 124	R1 865 519
G Brookes	Group Company Secretary	–	–	6 641	R1 021 850

Members of the JSE's executive committee, which includes the executive directors and the Company Secretary, have on 18 September 2018 accepted grants of restricted ordinary shares in the Company. For further details, refer to note 21 on pages 50 to 54 and the Remuneration report, which can be found online at ir.jse.co.za/results/annual-reports.

SHAREHOLDERS OTHER THAN DIRECTORS

Information on shareholders is set out in the tables below and in the Governance Report available online at ir.jse.co.za/results/annual-reports.

MAJOR SHAREHOLDERS

Pursuant to the Companies Act, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2018 were disclosed or established from enquiries:

Names	Number of shares held	% of total issued ordinary shares
Public Investment Corporation (SOC) Limited	9 363 989	10.8%
Investec Asset Management (Pty) Limited	6 053 447	7.0%
Somerset Capital Management, L.L.P	4 808 192	5.5%
Neuberger Berman, LLC	4 087 718	4.7%

No individual shareholder's beneficial shareholding in the any JSE employee incentive scheme is equal to or exceeds 5%.

FUND MANAGERS

Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 31 December 2018, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of JSE Limited.

Names	Number of shares held	% of total issued ordinary shares
Public Investment Corporation (SOC) Limited	10.8%	9 363 989
Investec Asset Management (Pty) Limited	7.0%	6 053 447
Somerset Capital Management, L.L.P	5.5%	4 808 192
Neuberger Berman, LLC	4.7%	4 087 718
Abax Investments (Pty) Limited	4.1%	3 527 648
Capital International, Inc.	3.6%	3 112 721
The Vanguard Group, Inc.	3.5%	3 056 514
Dimensional Fund Advisors, L.P	2.9%	2 513 094
Oldfield Partners LLP	2.7%	2 344 405
PSG Asset Management (Pty) Limited	2.6%	2 229 316

DIVIDEND POLICY

In considering the payment of the dividends, the Board will, with the assistance of the Group Audit Committee, take the following into account:

- The current financial status of the Company and the solvency and liquidity test as set out in the Companies Act.
- The future funding and regulatory capital requirements of the Company.

The Board and management remain confident as to the underlying strength of the JSE's operations and its continued strong cash flows. All planned investments and capital requirements for 2018 were funded from own resources.

DECLARATION OF ORDINARY AND SPECIAL DIVIDEND

The Board has decided to declare an ordinary and special cash dividend for the year ended 31 December 2018.

Accordingly, notice is hereby given that the directors have declared the following:

Dividend	Annual gross amount	Withholding tax %	Net amount
Ordinary	655 cents (2017: 605 cents)	20	524 cents
Special	185 cents (2017: Nil)	20	148 cents

The dividends have been declared from retained earnings. A dividend withholding tax of 20% 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 on Friday, 22 March 2019.

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 in respect of financial year ended	31 December 2018	31 December 2017
Ordinary dividend per share	**655 cents**	605 cents
Special dividend per share	**185 cents**	Nil
Total rand value	**R730 million**	R526 million
Declaration date	**Thursday, 28 February 2019**	Wednesday, 21 February 2018
Last date to trade JSE shares cum dividend	**Monday, 18 March 2019**	Monday, 19 March 2018
JSE shares commence trading ex-dividend	**Tuesday, 19 March 2019**	Tuesday, 20 March 2018
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	**Friday, 22 March 2019**	Friday, 23 March 2018
Date of payment of dividend	**Monday, 25 March 2019**	Monday, 26 March 2018

Share certificates may not be dematerialised or rematerialised from Tuesday, 19 March 2019 to Friday, 22 March 2019, both days inclusive.

On Monday, 25 March 2019 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 Monday, 25 March 2019 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 Monday, 25 March 2019

The issued share capital of the Company as at the declaration date was 86 877 600. The tax number of the Company is 9313008840.

SERVICE CONTRACTS WITH DIRECTORS

The Chief Executive Officer (CEO), all executive directors, the Group Company Secretary and the executive management of the JSE have signed contracts of employment with the JSE. All such contracts have a three-month notice period for resignation or termination of employment save for the CEO whose notice period is four months. The CEO’s service contract makes provision for a 12-month restraint of trade on termination of the CEO’s employment. Other members of the executive committee are also subject to restraint arrangements. All the other clauses of the service contracts are standard clauses for contracts of this nature.

EXTERNAL AUDIT AND EXTERNAL AUDITOR INDEPENDENCE

The Group financial statements have been audited by independent auditors Ernst & Young Inc.

The Board has endorsed the recommendation of the Group Audit Committee to shareholders that Ernst & Young Inc be appointed as the independent auditors of the Group for the ensuing year with effect from the date of the AGM to be held on Wednesday, 22 May 2019. The Group Audit Committee has confirmed that Ernst & Young Inc is independent of the Company as required by section 90 of the Companies Act. The Board agrees with the Group Audit Committee’s assessment.

The proposed audit fee to be paid to Ernst & Young Inc for the independent audit of JSE Group entities for the year to 31 December 2019 will be fixed by the Group Audit Committee at it’s meeting to be held in July 2019.

SYSTEMS OF INTERNAL CONTROL

Executive management is responsible for the design, establishment and maintenance of systems of internal control that provide substantial assurance against the risk of material loss or misstatement of financial performance. The Board, and in particular the Group Audit Committee, bears ultimate responsibility to ensure that the systems of internal control that are implemented are suitable for addressing the material risks to which the JSE is exposed and are operating effectively.

To assist the Board in meeting the above obligations, JSE Internal Audit develops an annual audit programme based on the inherent risk profiles of the various areas of the JSE’s operations. The following three steps are followed to support the risk-based approach to internal audit:

- Annually review the key enterprise-level risks of the JSE to ensure the planned internal audit assignments are focused on high-risk areas.
- Engage with the Enterprise Risk Management team to understand their responsibilities as the second line of defence and to highlight areas where Internal Audit can provide independent assurance on their behalf.
- Meet with key JSE decision-makers such as the CEO, Chief Information Officer (CIO) and CFO to ensure that the internal audit objectives are supportive of the JSE’s overall strategic objectives.

The appropriateness of this programme was considered by both the Group Audit Committee and the Group Risk Management Committee, and approved without amendment. This programme served as the basis for the internal audit work performed during the year.

All reports are then tabled for consideration by the executive committee. Internal Audit reports are also tabled for review at meetings of both the Group Audit Committee and the Group Risk Management Committee.

The reports of Internal Audit are also made available to the JSE’s external auditors to assist them in meeting their responsibilities.

Although the audit procedures performed by Internal Audit during the past year identified areas for improvement in the internal controls of the JSE, none of the perceived deficiencies were of a nature to suggest that they expose the Company to material loss or misstatement of financial performance. Internal Audit has identified the need for management to implement various process improvements, mainly as a result of legacy systems and manual processes still in place.

RESOLUTIONS PASSED AT THE AGM IN MAY 2018

The following resolutions were adopted by shareholders in 2018:

	Resolutions	% vote in favour
1.	Adoption of audited consolidated annual financial statements and reports	100.00%
2.	To re-elect Dr M Matooane as a director	99.82%
3.	To re-elect Ms A Takoordeen as a director	98.97%
4.	To re-elect Mr NG Payne as a director for the ensuing year	93.18%
5.	To elect Ms VN Fakude as a director	99.95%
6.	To appoint Ernst & Young Inc as the independent auditors of the Company for the ensuing year	100.00%
7.	To re-elect the following independent non-executive director of the Company to serve as a member and Chairman of the Group Audit Committee for the ensuing year: Dr SP Kana	99.68%
8.	To re-elect the following independent non-executive director of the Company to serve as a member of the Group Audit Committee for the ensuing year: Mr NG Payne	83.89%
9.	To re-elect the following independent non-executive director of the Company to serve as a member of the Group Audit Committee for the ensuing year: Dr MA Matooane	99.98%
10.	Non-binding advisory vote on the remuneration policy of the Company	95.92%
11.	Non-Binding advisory vote on the implementation report as set out in the remuneration report of the Company	94.71%
12.	Approval of long-term incentive scheme LTIS 2018	97.41%
13.	Authorisation of a director or Group Company Secretary to implement resolutions	99.95%
14.	**Special Resolution 1:** General authority to repurchase shares	98.63%
15.	**Special Resolution 2:** General authority to provide financial assistance to subsidiaries and other related and inter-related entities	99.42%
16.	**Special Resolution 3:** Specific authority to acquire shares for the purpose of LTIS 2018	97.60%
17.	**Special Resolution 4:** Specific financial assistance in respect of LTIS 2018	97.51%
18.	**Special Resolution 5:** Proposed non-executive director emoluments for 2018	99.38%

RE-ELECTION OF DIRECTORS

The following directors will be retiring at the upcoming AGM to be held on Wednesday, 22 May 2019 and, being eligible, offer themselves for re-election.

Retiring by rotation (triennial rotation):

- Dr SP Kana.

Retiring in terms of the Company's policy on non-executive director tenure:

- Ms NMC Nyembezi; and
- Mr DM Lawrence.

Based on the recommendations of the Group Nominations Committee regarding the composition of the Board, the Board is recommending the election of the above directors, with immediate effect.

NEW APPOINTMENTS TO THE BOARD AND ELECTION OF DIRECTORS

The following appointments were made during the year:

- Mr BJ Kruger joined as a non-executive director, effective 1 June 2018, and serves on the Group Human Resources Committee and Group Risk Management Committee;
- Ms F Daniels joined as an independent non-executive director, effective 1 October 2018, and serves on the Group Audit Committee, Group Human Resources Committee and Group Self-regulatory Organisation Oversight Committee;
- Ms FN Khanyile joined as an independent non-executive director, effective 1 November 2018, and serves on the Group Audit Committee and Group Self-regulatory Organisation Oversight Committee; and
- Ms ZBM Bassa joined as an independent non-executive director, effective 1 November 2018. She also serves as the Chairman of the Group Self-regulatory Organisation Oversight Committee and as a member of Group Risk Management Committee.

In accordance with the provisions of the company's MOI, a director appointed by the Board is obliged to retire at the first AGM after their appointment. The above directors therefore retire for the first time at the AGM and are eligible for election by shareholders.

CHANGES TO THE BOARD DURING THE REPORTING PERIOD

As reported to shareholders, Messrs AD Botha and AM Mazwai, having both served on the Board for 12 years, retired at the JSE AGM held on 17 May 2018, in accordance with the JSE's policy on non-executive director tenure. Ms NP Mnxasana, an independent non-executive, decided not to stand for re-election and also retired from the Board at the AGM.

Mr NG Payne resigned from the Board, effective 3 August 2018, following his appointment as the non-executive chairman of Strate (Pty) Limited.

STATE OF AFFAIRS AT THE COMPANY – MATERIAL MATTERS

Contingent liabilities and commitments	The JSE's contingent liabilities and commitments are disclosed in note 29 on page 61.
Related-party transactions	To the knowledge of the Company, none of the directors or major shareholders of the Company or their families had an interest directly or indirectly in any transaction during the period under review or in any proposed transaction that has or will materially affect the Company or its subsidiaries, other than the disclosure made in note 28 on page 61.

GOING-CONCERN STATEMENT

In accordance with the solvency and liquidity test set out in section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has reasonable expectation that the Group has sufficient resources to maintain its operational existence for the foreseeable future and that:

- the Group's assets fairly valued exceed its liabilities fairly valued; and
- the Group will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 31 December 2018.

EVENTS AFTER THE REPORTING DATE

There have been no changes to the directors' interests in the ordinary share capital of the Company and no material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2018 and the date of this report.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JSE Limited

Report on the Audit of the Consolidated and Separate Financial Statements

OPINION

We have audited the consolidated and separate financial statements of JSE Limited and its subsidiaries (the group) set out on pages 19 to 69 which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the group as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of the JSE Limited and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the JSE Limited and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgment, were of most significance to our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters applies equally to the audit of the Consolidated and Separate Financial Statements.

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and measurement The Group has various revenue streams and revenue related IT applications that performs a high number of billing permutations on large volumes of transactions. Similarly to the prior year, we have identified three revenue streams as having heightened risk of recognition and measurement misstatement: • Secondary capital markets revenue (for certain business lines) involves multiple pricing structures based on product types, customer activity and volumes. This complexity leads to a heightened risk that revenue may not be recognised appropriately. During the year under review, a new tiered billing model was implemented for the deal fee in the equity market which increased the risk of revenue being incorrectly recognised. • Contracts and pricing relating to fee or revenue sharing in respect of clearing arrangements, between the Group's CCPs and third party participants, in some cases involve complex calculations to determine the appropriate level of revenue to recognise within the Group. • Subscription and usage-based revenue relating to Market Data is a significant revenue stream within the business. This revenue originates the selling of market data to customers. There are fixed contracts with these customers, however there is variable usage which is also billed to the customer depending on the usage in a particular month. Accordingly, the Market data revenue accruals can require estimation regarding the variable usage. Accordingly, the above matters are considered to be Key Audit Matters due to complexity and estimation involved. Related disclosures are included in Note 6 to the separate and consolidated financial statements.	**Our audit procedures included, amongst others, the following:** • We performed procedures to update our understanding of the secondary capital markets trading fee, revenue relating to clearing arrangements, settlement revenue and Market Data revenue processes, including the key financial controls over revenue recognition. • Risk based substantive data analytical procedures was performed on specific areas of risk using data analytics which allowed us to perform independent recalculation procedures. • We evaluated the revenue recognition policy by comparing a sample of contractual arrangements to the requirements of IFRS 15. • Once off transactions and non-systematic journals were assessed for compliance with the relevant revenue recognition principles and to test the risk of misstatement arising from management override of controls. • We performed other substantive and transactional testing, including the review of unusual items and trends. • We analysed the reconciliation of the trading platform data to the general ledger and tested material manual adjustments. • We analysed the variable usage pattern of market data by comparing the reported usage to historical trends. • We also performed cut-off testing by selecting a sample of sales transactions before and after year end to assess whether revenue is recognised in the correct period. • Using a data analytical tool we recalculated a proportion of transactions back to supporting audit evidence, such as receipt of cash and invoices. We in addition recalculated the fee charged and compared it to the pricing policy and tariff. • We also used data analytical tools to identify outliers in high volumes of transactional data for focused follow-up testing. This analysis included comparing value (notional) traded to revenue recorded and investigating any particularly high values which were outliers to the overall population.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of JSE Limited for 2 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – **Imraan Akoodie**
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road
Sandton
Johannesburg

28 February 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	Group 2018 R'000	Group 2017* R'000	Company 2018 R'000	Company 2017 R'000
Continuing operations					
Revenue	6.1	**2 198 479**	2 215 269	**2 245 526**	2 272 655
Other income	6.2	**82 288**	52 359	**101 524**	65 930
Personnel expenses	7.1	**(505 901)**	(544 087)	**(505 642)**	(543 717)
Other expenses	7.2	**(842 496)**	(814 598)	**(834 759)**	(788 296)
Profit from operating activities		**932 370**	908 943	**1 006 649**	1 006 572
Finance income	7.3	**2 824 795**	3 245 626	**209 557**	170 827
Finance costs	7.4	**(2 585 574)**	(3 012 846)	**(32 783)**	(21 702)
Net finance income		**239 221**	232 780	**176 774**	149 125
Share of profit from associate (net of income tax)	13.2	**55 910**	34 644	**–**	–
Profit before income tax		**1 227 501**	1 176 367	**1 183 423**	1 155 697
Income tax expense	9.1	**(323 219)**	(316 370)	**(322 461)**	(315 915)
Profit for the year from continuing operations		**904 282**	859 997	**860 962**	839 782
Discontinued operations					
Loss after tax for the year from discontinued operations	8	**(700)**	(24 489)	**–**	–
Profit for the year		**903 582**	835 508	**860 962**	839 782
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Net change in financial instruments at fair value		**–**	23 028	**–**	–
Net change in financial instruments at fair value recycled to profit or loss		**–**	(12 249)	**–**	–
Change in financial instruments at fair value through other comprehensive income that will not be reclassified to profit and loss (net of tax)		**(11 280)**	–	**–**	–
Change in financial instruments at fair value through other comprehensive income that may be reclassified to profit and loss in subsequent periods (net of tax)		**(89)**	–	**–**	–
Other comprehensive income for the year, net of income tax		**(11 369)**	10 779	**–**	–
Total comprehensive income for the year		**892 213**	846 287	**860 962**	839 782
Earnings per share for continuing operations					
Basic earnings per share (cents)	10.1	**1 056.5**	1 006.0	**1 005.9**	982.4
Diluted earnings per share (cents)	10.2	**1 048.1**	999.1	**997.9**	975.6
Other earnings for continuing operations					
Headline earnings per share (cents)	10.3	**1 056.2**	996.5	**1 005.7**	982.3
Diluted headline earnings per share (cents)	10.4	**1 048.0**	989.6	**997.8**	975.5

**Comparative figures have been restated due to the discontinued operations referenced in note 8.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Assets					
Non-current assets		**1 403 265**	1 315 826	**955 350**	915 244
Property and equipment	11.3	**219 631**	186 730	**219 631**	186 730
Intangible assets	12.3/6	**518 473**	486 808	**518 160**	486 494
Investment in associate	13.1	**269 898**	232 822	**21 416**	21 416
Investments in subsidiaries	14.1	**–**	–	**104 352**	104 352
Other investments	15	**303 473**	316 400	**1**	1
Due from Group entity	14.3	**–**	–	**–**	23 185
Loan to the JSE Empowerment Fund Trust	16	**25 136**	25 154	**25 136**	25 154
Deferred taxation	22.1/3	**66 654**	67 912	**66 654**	67 912
Current assets		**40 521 485**	37 372 143	**3 316 382**	2 827 747
Trade and other receivables	17	**490 303**	495 105	**247 986**	285 069
Income tax receivable		**29 997**	622	**29 935**	–
Due from Group entities	14.3	**–**	–	**54 606**	51 500
JSE Clear Derivatives Default Fund collateral deposits	18.3	**500 000**	500 000	**100 000**	100 000
Margin deposits	18.1	**36 766 624**	33 933 761	**341 995**	166 251
Collateral deposits	18.2	**160 625**	65 191	**160 625**	65 191
Cash and cash equivalents	19	**2 573 936**	2 377 464	**2 381 235**	2 159 736
Total assets		**41 924 750**	38 687 969	**4 271 732**	3 742 991
Equity and liabilities					
Total equity	20.3	**3 968 441**	3 626 381	**3 375 352**	3 064 543
Stated capital		**(18 378)**	11 614	**(18 378)**	11 614
Reserves		**511 739**	513 272	**76 712**	71 874
Retained earnings		**3 475 080**	3 101 495	**3 317 018**	2 981 055
Non-current liabilities		**133 055**	139 444	**149 127**	160 929
Employee benefits	21.1	**1 960**	9 844	**1 960**	9 844
Due to Safex members	24	**–**	1 347	**–**	1 347
Deferred taxation	22.1/3	**22 296**	16 087	**22 187**	15 978
Operating lease liability		**106 840**	104 084	**106 840**	104 084
Deferred income	27	**1 959**	8 082	**18 140**	29 676
Current liabilities		**37 823 254**	34 922 144	**747 253**	517 519
Trade and other payables	23	**375 430**	395 514	**124 083**	158 399
Income tax payable		**25**	9 294	**–**	9 294
Employee benefits	21.1	**120 550**	118 384	**120 550**	118 384
JSE Clear Derivatives Default Fund collateral contribution	18.3	**400 000**	400 000	**–**	–
Margin deposits	18.1	**36 766 624**	33 933 761	**341 995**	166 251
Collateral deposits	18.2	**160 625**	65 191	**160 625**	65 191
Total equity and liabilities		**41 924 750**	38 687 969	**4 271 732**	3 742 991

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

Group	Notes	Stated 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 2017		26 693	415 924	59 776	475 700	2 767 138	3 269 531
Profit for the year from continuing operations		–	–	–	–	859 997	859 997
Other comprehensive income		–	10 779	–	10 779	–	10 779
Total comprehensive income for the year		–	10 779	–	10 779	859 997	870 776
Loss for the year from discontinued operations		–	–	–	–	(24 489)	(24 489)
LTIS 2010 Allocation 4 – shares vested	21.6	15 565	–	(15 565)	(15 565)	–	–
LTIS 2010 Allocation 5 – shares vested	21.6	20 065	–	(20 065)	(20 065)	–	–
Distribution from the JSE Debt Guarantee Fund Trust[1]		–	(4 484)	–	(4 484)	4 484	–
Dividends paid to owners	20.4	–	–	–	–	(486 456)	(486 456)
Equity-settled share-based payment	21.6	–	–	47 728	47 728	–	47 728
Transfer of profit to investor protection funds		–	19 179	–	19 179	(19 179)	–
Treasury shares		(50 490)	–	–	–	–	(50 490)
Treasury shares – share issue costs		(219)	–	–	–	–	(219)
Total contributions by and distributions to owners of the Company recognised directly in equity		(15 079)	14 695	12 098	26 793	(525 640)	(513 926)
Balance at 31 December 2017		**11 614**	**441 398**	**71 874**	**513 272**	**3 101 495**	**3 626 381**
Profit for the year from continuing operations		**–**	**–**	**–**	**–**	**904 282**	**904 282**
Other comprehensive income		**–**	**(11 369)**	**–**	**(11 369)**	**–**	**(11 369)**
Total comprehensive income for the year		**–**	**(11 369)**	**–**	**(11 369)**	**904 282**	**892 913**
Loss for the year from discontinued operations		**–**	**–**	**–**	**–**	**(700)**	**(700)**
LTIS 2010 Allocation 5 – shares vested	21.6	**17 070**	**–**	**(17 070)**	**(17 070)**	**–**	**–**
LTIS 2010 Allocation 6 – shares vested	21.6	**9 819**	**–**	**(9 819)**	**(9 819)**	**–**	**–**
Distribution from the JSE Debt Guarantee Fund Trust[1]		**–**	**(4 427)**	**–**	**(4 427)**	**4 427**	**–**
Dividends paid to owners	20.4	**–**	**–**	**–**	**–**	**(524 999)**	**(524 999)**
Equity-settled share-based payment	21.6	**–**	**–**	**31 727**	**31 727**	**–**	**31 727**
Transfer of profit to investor protection funds		**–**	**9 425**	**–**	**9 425**	**(9 425)**	**–**
Treasury shares		**(56 494)**	**–**	**–**	**–**	**–**	**(56 494)**
Treasury shares – share issue costs		**(387)**	**–**	**–**	**–**	**–**	**(387)**
Total contributions by and distributions to owners of the Company recognised directly in equity		**(29 992)**	**4 998**	**4 838**	**9 836**	**(530 697)**	**(550 853)**
Balance at 31 December 2018		**(18 378)***	**435 027**	**76 712**	**511 739**	**3 475 080**	**3 968 441**
Note		20.3	20.3	20.3		20.3	

1 *The JSE Debt 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, R4.4m (December 2017: R4.5m) before intercompany adjustments was transferred to the JSE Limited to defray market regulatory expenditure.*

* *Debit balance due to own shares held as part of the Long-Term Incentive Schemes.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2018

Company	Notes	Stated 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 2017		26 693	–	59 776	59 776	2 627 729	2 714 198
Profit for the year		–	–	–	–	839 782	839 782
Total comprehensive income for the year		–	–	–	–	839 782	839 782
LTIS 2010 Allocation 4 – shares vested	21.6	15 565	–	(15 565)	(15 565)	–	–
LTIS 2010 Allocation 5 – shares vested	21.6	20 065	–	(20 065)	(20 065)	–	–
Dividends paid to owners	20.4	–	–	–	–	(486 456)	(486 456)
Equity-settled share based payment	21.6	–	–	47 728	47 728	–	47 728
Treasury shares		(50 490)	–	–	–	–	(50 490)
Treasury shares – share issue costs		(219)	–	–	–	–	(219)
Total contributions by and distributions to owners of the Company recognised directly in equity		(15 079)	–	12 098	12 098	(486 456)	(489 437)
Balance at 31 December 2017		**11 614**	**–**	**71 874**	**71 874**	**2 981 055**	**3 064 543**
Profit for the year		**–**	**–**	**–**	**–**	**860 962**	**860 962**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**860 962**	**860 962**
LTIS 2010 Allocation 5 – shares vested	21.6	**17 070**	**–**	**(17 070)**	**(17 070)**	**–**	**–**
LTIS 2010 Allocation 6 – shares vested	21.6	**9 819**	**–**	**(9 819)**	**(9 819)**	**–**	**–**
Dividends paid to owners	20.4	**–**	**–**	**–**	**–**	**(524 999)**	**(524 999)**
Equity-settled share based payment	21.6	**–**	**–**	**31 727**	**31 727**	**–**	**31 727**
Treasury shares		**(56 494)**	**–**	**–**	**–**	**–**	**(56 494)**
Treasury shares – share issue costs		**(387)**	**–**	**–**	**–**	**–**	**(387)**
Total contributions by and distributions to owners of the Company recognised directly in equity		**(29 992)**	**–**	**4 838**	**4 838**	**(524 999)**	**(550 153)**
Balance at 31 December 2018		**(18 378)***	**–**	**76 712**	**76 712**	**3 317 018**	**3 375 352**
Note		20.3	20.3	20.3		20.3	

** Debit balance due to own shares held as part of the Long-Term Incentive Schemes.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

		Group		Company	
	Notes	**2018 R'000**	2017 R'000	**2018 R'000**	2 017 R'000
Cash flows from operating activities					
Cash generated by operations	25.1	**1 045 193**	998 367	**1 113 151**	1 080 012
Finance income	25.3	**2 800 775**	3 326 655	**216 922**	167 594
Finance costs		**(2 587 269)**	(3 053 521)	**(31 103)**	(20 939)
Dividends received		**5 110**	3 696	**–**	–
Taxation paid	25.2	**(350 597)**	(298 673)	**(350 424)**	(298 088)
Net cash generated by operating activities		**913 212**	976 524	**948 546**	928 579
Cash flows from investing activities					
Proceeds on sale of other investments		**24 522**	30 296	**–**	–
Acquisition of other investments		**(22 906)**	(30 197)	**–**	–
Loans to group companies		**–**	–	**(8 691)**	(1 592)
Dividends from associate		**18 834**	24 972	**18 834**	24 972
Proceeds from disposal of property and equipment		**226**	150	**226**	150
Leasehold improvements		**(552)**	(1 683)	**(552)**	(1 683)
Acquisition of intangible assets		**(83 007)**	(115 958)	**(83 007)**	(115 958)
Acquisition of property and equipment		**(90 647)**	(64 259)	**(90 647)**	(64 259)
Net cash used in investing activities		**(153 530)**	(156 679)	**(163 837)**	(158 370)
Cash flows from financing activities					
Acquisition of treasury shares		**(56 881)**	(50 709)	**(56 881)**	(50 709)
Dividends paid		**(524 999)**	(486 456)	**(524 999)**	(486 456)
Net cash used in financing activities		**(581 880)**	(537 165)	**(581 880)**	(537 165)
Net increase in cash and cash equivalents		**177 802**	282 680	**202 829**	233 044
Cash and cash equivalents at 1 January		**2 377 464**	2 094 784	**2 159 736**	1 926 692
Effect of exchange rate fluctuations on cash held		**18 670**	–	**18 670**	–
Cash and cash equivalents at 31 December 2018	19	**2 573 936**	2 377 464	**2 381 235**	2 159 736

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 2012 ("FMA"). The JSE has the following main lines of business: Capital Markets, Post-Trade Services and Information Services. 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 period ended 31 December 2018 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

2.1 Statement of compliance

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA financial reporting guides as issued by the Accounting Practice Commitee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act 2008 ("Companies Act").

The Group financial statements were authorised for issue by the Board of Directors on 28 February 2019.

2.2 Basis of measurement

The Group and Company financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, measured at fair value as described below:

- Fair value financial assets through other comprehensive income;
- Shared based payment transactions; and
- Loan to the JSE Empowerment Fund Trust.

The methods used to measure fair values are set out in note 5.

2.3 Functional and presentation currency

The consolidated and separate financial statements are presented in South African Rand (which is the Company's functional currency), rounded to the nearest thousand, except where otherwise indicated.

2.4 Use of estimates and judgements

The preparation of financial statements are in conformity with IFRS and 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.

For the period ended 31 December 2018 the following areas require the use of judgements and estimates:

Amortisation of intangible assets

Intangible assets are amortised over the estimated useful economic lives which are based on management's best estimates of future performance and periods over which value from the intangible assets are realised. Details of intangible assets and their related amortisation are provided in note 12;

Useful lives of property and equipment

Property and equipment are depreciated over their estimated useful economic lives which are based on management's best estimates of future performance and periods over which value from these assets are realised. Details of property and equipment and the related depreciation are provided in note 11;

Goodwill impairment testing

Goodwill is tested for impairment annually or more frequently if there is an indicator of impairment. When identifying impairment indicators, management considers the impact of market and legal changes, operating environments and other circumstances that could indicate that an impairment exists. This requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units and estimates of projected cash flows and fair value less costs of disposal. Details of goodwill impairment testing are provided in note 12.7.

Structured entities

There are two unconsolidated structured entities, namely JSE Benevolent Fund and JSE Empowerment Fund Trust. Refer to note 14.2. The Group holds 44,55% in Strate (Pty) Limited and applies the equity method of accounting. Refer to note 3.1(iii) for details.

Fair value determination

Refer to note 5.

Deferred tax assets

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which that can be utilised. The main components relating to this tax asset consists of employee benefits and operating lease liability. Included in employee benefits are leave pay and the discretionary bonus. Judgement is required when considering the amount allocated to the leave pay liability whereby, should an employee have an annual leave balance of more than 1.5 times their annual leave cycle, they will forfeit their annual leave unless it is in excess for business reasons in which case it will then have to be approved by the Divisional Head in consultation with Human Resources based on the merits. The discretionary bonus scheme is an annual incentive for qualifying employees. All permanent staff members are eligible to participate in this scheme. Awards are assessed on individual performance and the achievement of specific corporate deliverables as set out in the annual corporate scorecard approved by the Board.

Revenue from contracts with customers

The Group concluded that the revenue for initial and additional listing fees is to be recognised over an expected period which reflects average listing period of issuers. This is based on an average historical minimum life expectancy of a listed company within the Group. The company has the obligation to provide the platform to the issuer over the term for which it received the revenue

IFRS 15 has no material impact and therefore no adjustments were made.

2.5 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements except for the adoption of IFRS 9 and IFRS 15 explained in note 3.5 and 3.11 respectively.

3. Significant accounting policies

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group financial statements incorporate the assets, liabilities and results of the operations of JSE Clear (Pty) Limited, JSE Clear Derivatives Default Fund (Pty) Limited, the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust, JSE Trustees (Pty) Limited, JSE Debt Guarantee Fund Trust, Nautilus MAP Holdings (Pty) Limited, and Nautilus Map (Pty) Limited as subsidiary companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the separate financial statements of the Company, investments in subsidiaries are carried at cost less accumulated impairment losses. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

BESA Limited, Bondclear Limited and Nautilus MAP Operations (Pty) Limited are dormant and are in the process of deregistration.

(ii) Structured entities

The JSE Guarantee Fund Trust, the JSE Derivatives Fidelity Fund Trust and the JSE Debt Guarantee Fund Trust are trusts established in terms of the Trust Property Control Act 1988 ("Trust Property Control Act") and are collectively referred to as the investor protection funds. These investor protection funds have been established in consonance with the statutory obligations imposed on the JSE, as a licensed exchange, by the peremptory provisions of section 8(1)(h) of the FMA which state that a licensed exchange must have a guarantee, compensation fund or warranty in place to enable it to provide compensation to clients, subject to the exchange rules. The funds and assets of these trusts are segregated from the assets of the JSE but the JSE, by virtue of its role as trustee and custodian of these funds, has to consolidate the results of these funds in its Annual Financial Statements. The JSE's control as custodian and trustee of the assets of these Funds is exercised within the ambit of the JSE's powers as trustee, as defined in the trust deeds and rules of these Funds.

(iii) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. The conclusion regarding control or significant influence relating to associates is reassessed on an annual basis. In performing this assessment, the directors determine whether or not the group has control over the respective investee based on whether the group has the practical ability to direct the significant activities unilaterally.

In making this assessment, the following factors are considered:

- The inability of the group to unilaterally appoint the majority of board members of the investee;
- Composition of the investee's board and board appointees of the group;
- The lack of any contractual or legal rights conferred upon the group by the investee or any other shareholder of the investee to direct its activities; and
- The group's shareholding in the investee relative to other investors.

Associates are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. The Group's investment includes goodwill identified on acquisition, and is net of any accumulated impairment losses. The equity method is applied to the Group's investment in Strate (Pty) Limited. In applying the equity method, account is taken of the Group's share of the income and expenses and other comprehensive income of the associate from the effective date on which the enterprise became an associate until significant influence ceases. The share of the associated company's retained earnings and reserves is determined from the latest audited financial statements.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. In the separate financial statements of the Company, the associate is accounted for at cost less accumulated impairment losses.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Discontinued operations

The Board has decided to discontinue the Nautilus business within the Group. The results of this business are classified as a discontinued operation.

All income and expense items are excluded from the individual statement of comprehensive income line items and a single amount representing the post-tax profit or loss of discontinued operations is disclosed. Prior year figures relating to income and expenses have been restated.

3.4 Foreign currency transactions

Transactions in foreign currencies are translated to South African Rand at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing on reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3.5 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable, a loan to the JSE Empowerment Fund Trust and other receivables, margin and collateral deposits, cash and cash equivalents, trade payables, interest payable, amounts due to and from Group companies, amounts due to Safex members and JSE Clear Derivatives Default Fund (Pty) Limited.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date, being the date that the Group commits itself to purchase or sell the asset. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group classifies non-derivative financial assets into the following categories:

- Fair value through other comprehensive income ("OCI") financial assets; and
- Loans and receivables.

IFRS 9 replaces IAS 39 for annual periods beginning on or after 1 January 2018. IFRS 9 incorporates all three aspects of accounting for financial instruments : 1) classification and measurement 2) impairment 3) hedge accounting.

IFRS 9 was effective for the current period. As permitted by IFRS 9, the JSE has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to information presented for 2018.

In summary, upon the adoption of IFRS 9, the Group had the following mandatory reclassifications:

As at 31 December 2017	IFRS 9 measurement category Fair value through OCI R'000
IAS 39 measurement category	
Available for sale	
Listed equity investments	146 294
Non-listed equity investments (unit trusts)	154 450
Quoted debt instruments (bonds)	15 655
	316 399

As at 31 December 2018	IFRS 9 measurement category **Fair value through OCI** **R'000**
IAS 39 measurement category	
Available for sale	
Listed equity investments	**124 418**
Non-listed equity investments (unit trusts)	**161 051**
Quoted debt instruments (bonds)	**18 003**
	303 472

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Fair value through OCI financial assets

The Group's investments in equity and debt securities are classified as fair value through OCI financial assets. Fair value through OCI financial assets are carried at fair value. The impact of IFRS 9 relates to the investor protection fund investments for which all fair value gains or losses relating to equity instruments are recognised in other comprehensive income and not reclassified to profit or loss on disposal. Debt instruments are subsequently classified to profit or loss upon realisation of the the investment. Impairment losses and monetary items such as debt securities and foreign exchange gains and losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. Dividends on fair value through OCI equity instruments are recognised in profit or loss when the Group's right to receive payment is established (last day to register). Refer to note 15 (Other investments) for the financial assets classified as fair value through OCI.

Loans and receivables and financial liabilities measured at amortised cost

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other non-derivative financial instruments include trade and other receivables, a loan to the JSE Empowerment Fund Trust, contributions in JSE Clear Derivatives Default Fund (Pty) Limited, trade and other payables, cash and cash equivalents, amounts due to and from Group companies, and margin and collateral deposits.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with maturities of six months or less from the acquisition date and are used by the Group in the management of its short-term commitments and capital requirements.

(iii) Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased as part of the Long-Term Incentive Scheme, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Shares purchased by the JSE LTIS 2010 Trust and the LTIS 2018 Trust as part of the Long-Term Incentive Scheme are classified as treasury shares and are presented against stated capital. When treasury shares are subsequently sold, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in stated capital.

3.6 Property and equipment

(i) Recognition and measurement

Items of property and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets and leasehold improvements are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

• Computer hardware	3 to 10 years
• Vehicles	5 years
• Furniture and equipment	3 to 15 years
• Leasehold improvements	15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred, including the recognised amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

As such, goodwill is measured at cost less accumulated impairment losses. In respect of the associate, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved technology. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of internal and external labour charges. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Trade names 5 to 10 years
- Computer software 3 to 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(vi) Derecognition

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognised in profit or loss when the asset is derecognised.

3.8 Leases

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against profit or loss on a straight-line basis over the period of the lease. When the amount of lease payments does not represent the time pattern of the lessee's benefits under the lease agreement, prepaid rent or accrued liability for rental payments is recognised. The JSE is the lessee under the current main lease agreement and in turn has sub-lease agreements with other tenants.

3.9 Impairment

(i) Financial assets

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses.

During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Impairment losses do not reduce the carrying amount of debt instruments at fair value through other comprehensive income in the statement of financial position, which remains at fair value.

Equity instruments at fair value through OCI are measured in terms of IFRS 9 as fair value through OCI. As such, there are no impairment losses with instruments carried at fair value.

(ii) Non-financial assets

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

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

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders the service are discounted to their present value.

(ii) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

(iii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee became unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

3.11 Revenue

Revenue comprises primary market fees, trading fees, clearing and settlement fees, information services fees, funds management and Strate *ad valorem* fees. Application of IFRS 15 is mandatory for reporting periods beginning on or after 1 January 2018. This standard provides a five step model for the determination and recognition of revenue to be applied to all contracts with customers. It replaces in particular IAS 18 (Revenue) and has no material effect on the prior year and the current year presentation of JSE Limited results of consolidated statement of comprehensive income or financial position.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Management have applied judgement in reaching the conclusion that both the initial and annual listing fees are derived from one performance obligation.

Assessments performed by management indicate that the contractual liability that would arise from recognising the initial listing fees over an average expected listing period is immaterial.

The JSE applied the modified retrospective approach to transition to IFRS 15 and has elected to apply the standard only to contracts that are not completed contracts at the date of initial application.

The impact of adopting IFRS 15, does not result in any further disaggregation of revenue as compared to the segmental report of the financial statements.

3.12 Other income

Other income comprises rental income, net foreign exchange gains or losses, dividend income, profit on sale of financial assets, profit on sale of property and equipment, investor protection levy, and other sundry income. Dividend income is recognised in profit or loss when the right to receive payment is established, which is the date the dividend is declared. Rental income is recognised on a straight-line basis over the term of the lease. On derecognition of a financial asset in its entirety, the difference between: a) the carrying amount and b) the sum of consideration received and any cumulative gain or loss that has been recognised in other comprehensive income shall be recognised in profit or loss.

Distributions from structured entities

Funds from the JSE Guarantee Fund Trust approved for distribution by the Financial Sector Conduct Authority "FSCA" (previously Financial Services Board), in previous years, for the data centre and disaster recovery are recognised initially as deferred income at fair value when the funds are received and the Group will comply with the conditions associated with the distribution of the funds. These funds are then recognised in profit or loss as other income on a systematic basis over the useful lives of the related assets.

3.13 Finance income and costs

Finance income includes interest income from funds invested, margins and collateral deposits as well as on the loan to the JSE Empowerment Fund Trust. Interest income is recognised as it accrues, using the effective interest method.

Finance costs includes interest expense on margin and collateral deposits. Interest expense is recognised in profit or loss using the effective interest method.

3.14 Income tax expense

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future and the Group can control the timing of the reversal. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(ii) Withholding taxes

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. The Company withholds dividend tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge, but rather as part of the dividend paid, recognised directly in equity.

3.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to qualifying black shareholders and employees under the long-term incentive scheme.

3.16 Segment reporting

The Group determines and presents operating segments based on the information used to run the business by the Executive Committee.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Costs, assets and liabilities, 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.

4. 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 16 Leases – effective date: 1 January 2019

IFRS 16 was published in January 2016 and replaces IAS 17 Leases. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term (i.e the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

In addition, lessees will be required to remeasure the lease liability upon the occurrence of certain events (eg. a change in lease term, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

During 2018, the Group has performed a detailed impact assessment of IFRS 16 resulting in no material impact on retained earnings.

However, a right to use asset and a corresponding lease liability will be recognised on balance sheet.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standard	Effective date*	Impact
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019	The group is assessing the extent of uncertain tax treatments which may be in scope of the new requirements.
IAS 12 *Annual Improvements 2015* – 2017 Cycle	1 January 2019	The group is assessing the impact and these amendments are not expected to have any material impact to the group.
IAS 19 *Employee Benefits*	1 January 2019	"The group is currently assessing the impact and will adopt the new standard at the required effective date.

** Effective for annual periods beginning on or after the specific date.*

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the below mentioned methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Investments in equity and debt securities

The fair value financial assets through other comprehensive income is determined by reference to the quoted bid price for equity instruments and the "clean price" from a quoted exchange for interest-bearing instruments, at the reporting date. In respect of unit trusts, valuations are carried out in accordance with the agreed principle that units in collective investment schemes shall be valued by reference to their middle market price where the units have a bid/offer spread, or to their most recently published net asset value (NAV). In the absence of final bid/offer prices or final net asset values, estimated figures may be relied upon. The value of any underlying fund is provided by the manager or the administrator of that fund. Should the manager be in any doubt as to the valuations, the manager will request an independent third party to review the valuations in order to confirm their fairness. The NAV per share is calculated and rounded down to four decimal places, any rounding to be retained for the benefit of the fund.

5.2 Share-based payment transactions

The fair values of the shares granted to employees in terms of the LTIS 2010 and 2018 incentive schemes are measured using the Black-Scholes model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility, adjusted for changes expected owing to publicly available information), the weighted average expected life of the instrument, expected dividends, and the interest rate (based on the notional amount compounded annually (NACA) rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

For the year ended 31 December 2018

6. Operating segments, revenue and other income

6.1 Revenue and operating segments comprise:

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Capital markets				
Bond ETP (Electronic Trading Platform)	**3 380**	–	**3 380**	–
Colocation fees	**16 016**	20 068	**16 016**	20 068
Commodity derivatives fees	**78 420**	68 365	**78 420**	68 365
Company services fees*	**10 294**	–	**10 294**	–
Currency derivatives fees	**47 931**	47 943	**47 931**	47 943
Equity derivatives fees	**142 930**	169 769	**142 930**	169 769
Equity market fees	**498 616**	506 692	**498 616**	506 692
Interest rate market fees**	**52 917**	50 076	**56 775**	54 009
Primary market fees	**154 522**	181 005	**154 522**	181 005
Post-trade services				
Clearing and settlement fees	**403 564**	383 794	**403 564**	383 794
Back-office services (BDA)	**303 012**	292 911	**303 012**	292 911
Funds under management***	**79 365**	81 960	**122 554**	135 413
Information services				
Index fees	**33 288**	50 021	**33 288**	50 021
Market data fees	**233 811**	221 702	**233 811**	221 702
Total revenue excluding Strate *ad valorem* fees – cash equities and bonds	**2 058 065**	2 074 306	**2 105 112**	2 131 692
Strate ad *valorem fees* – cash equities	**126 733**	128 132	**126 733**	128 132
Strate ad *valorem fees* – bonds**	**13 681**	12 831	**13 681**	12 831
	2 198 479	2 215 269	**2 245 526**	2 272 655

* *Company Services is now a core business line. As such, it is recorded in revenue. Prior year numbers are classified as other income.*

** *Disclosed separately due to new billing process. Comparative figures have been restated.*

*** *Comparative figures have been restated due to the discontinued operations referenced in note 8.*

	Notes	Group 2018 R'000	Group 2017** R'000	Company 2018 R'000	Company 2017 R'000
6.2 Other income comprises:					
Recognised in profit or loss					
Investor protection funds		**5 110**	16 545	**–**	–
– Contributions to JSE Debt Guarantee Fund Trust		**–**	600	**–**	–
– Dividend income recognised on investments derecognised during the reporting period		**470**	32	**–**	–
– Dividend income recognised on investments held at the reporting period		**4 640**	3 664		
– Net realised gain on disposal of available-for-sale financial assets		**–**	12 249	**–**	–
Dividends received		**–**	–	**18 834**	24 972
Net foreign exchange profit (loss)		**26 372**	(8 957)	**26 372**	(8 957)
Income recognised from deferred income (data centre and disaster recovery)		**–**	–	**5 412**	5 369
Investor protection levy		**33 003**	30 707	**33 003**	30 707
Rental income		**4 198**	3 039	**4 198**	3 039
Sundry income		**13 605**	11 025	**13 705**	10 800
		82 288	52 359	**101 524**	65 930

7. Profit before taxation comprises:

	Notes	Group 2018 R'000	Group 2017** R'000	Company 2018 R'000	Company 2017 R'000
7.1 Personnel expenses					
Remuneration paid to employees		**420 851**	434 077	**420 822**	434 077
Fixed-term contractors		**12 522**	12 645	**12 522**	12 645
Contribution to defined contribution plans		**15 139**	15 317	**15 167**	15 317
Restructure costs		**–**	23 199	**–**	23 199
Directors' emoluments		**37 272**	31 146	**37 014**	30 776
– Executive directors	26.1	**28 254**	22 465	**28 254**	22 465
– Non-executive directors	26.3	**9 018**	8 681	**8 760**	8 311
Long-term incentive scheme		**31 515**	45 257	**31 515**	45 257
– JSE LTIS 2010*		**26 936**	45 257	**26 936**	45 257
– JSE LTIS 2018*		**4 579**	–	**4 579**	–
Gross personnel expenses		**517 299**	561 641	**517 040**	561 271
Less: Capitalised to intangible assets		**(11 398)**	(17 554)	**(11 398)**	(17 554)
		505 901	544 087	**505 642**	543 717

** Includes Critical skills cash scheme and bonus shares.*

*** Comparative figures have been restated due to the discontinued operations referenced in note 8.*

	Group		Company	
	2018 R'000	2017** R'000	**2018 R'000**	2017 R'000
7. Profit before taxation comprises: (continued)				
7.2 Other expenses				
Amortisation of intangible assets	**51 340**	56 286	**51 340**	56 286
Auditor's remuneration	**4 162**	3 707	**3 414**	3 158
– Audit fee	**3 969**	3 377	**3 221**	2 841
– Fees for other assurance services	**–**	211	**–**	211
– Fees for other services	**87**	119	**87**	106
– Prior year under accrual	**106**	–	**106**	–
Consulting fees	**6 907**	19 627	**6 724**	19 627
Depreciation	**58 229**	52 214	**58 229**	52 214
– Computer hardware	**47 652**	41 777	**47 652**	41 777
– Furniture and equipment	**3 449**	3 349	**3 449**	3 349
– Leasehold improvements	**7 085**	7 046	**7 085**	7 046
– Vehicles	**43**	42	**43**	42
Enterprise development	**7 636**	6 761	**7 636**	6 761
Impairment of trade and loan receivables	**928**	1 038	**22 928**	1 038
Investor protection levy	**33 004**	30 707	**33 004**	30 707
Operating lease charges				
– Building	**60 685**	60 290	**60 685**	60 290
Other expenses*	**238 855**	190 782	**210 049**	165 028
Strate *ad valorem* fees	**140 050**	140 381	**140 050**	140 381
Technology costs	**240 700**	252 805	**240 700**	252 806
	842 496	814 598	**834 759**	788 296

** Other expenses comprises mainly of administration fees, legal and professional fees, marketing and advertising, swift charges, traveling expenses, internal audit and review costs, electricity and building utilities, learning and development costs, data information charges, transformation costs and operational risk losses.*

	Group		Company	
	2018 R'000	2017** R'000	**2018 R'000**	2017 R'000
7.3 Finance income				
Investor protection funds	**9 519**	9 333	**–**	–
– Finance income on cash***	**7 998**	6 003	**–**	–
– Finance income from debt instruments at fair value through other comprehensive income	**1 521**	3 330	**–**	–
Finance income earned on margin and collateral deposits***	**2 644 244**	3 091 691	**40 674**	28 259
– Derivatives	**2 568 451**	3 026 857	**–**	–
– JSE Clear Derivatives Default Fund	**35 119**	36 575	**–**	–
– Equities	**40 674**	28 259	**40 674**	28 259
Finance income earned on all funds excluding collateral and margin deposits	**171 033**	144 602	**168 884**	142 568
Total finance income	**2 824 795**	3 245 626	**209 557**	170 827

*** Comparative figures have been restated due to the discontinued operations referenced in note 8.*
**** Calculated using effective interest rate method.*

7. Profit before taxation comprises: (continued)

7.4 Finance costs

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Finance costs on margin and collateral deposits*	**2 572 460**	3 012 345	**31 720**	21 234
– Derivatives	**2 505 645**	2 954 560	**–**	–
– JSE Clear Derivatives Default Fund	**35 096**	36 551	**–**	–
– Equities	**31 720**	21 234	**31 720**	21 234
Finance costs excluding collateral and margin deposits	**13 113**	501	**1 063**	468
Total finance costs	**2 585 574**	3 012 846	**32 783**	21 702

** Calculated using effective interest rate method.*

8. Discontinued operations

Following a review of their strategic fit to the Group, the Board decided to wind up Nautilus MAP RF (Pty) Limited and Nautilus MAP Operations (Pty) Limited. These subsidiaries have been classified as discontinued operations in terms of IFRS 5 Non-current Assets Held-For-Sale and Discontinued Operations.

	Notes	2018 R'000	2017 R'000
Statement of comprehensive income			
Revenue		**21 745**	13 777
Investment income		**404**	171
Total income		**22 149**	13 948
Operating expenses		**(22 849)**	(38 411)
Loss before taxation		**(700)**	(24 463)
Taxation		**–**	(26)
Loss after taxation		**(700)**	(24 489)*
Earnings per share for discontinued operations			
Basic earnings per share (cents)		**(0.8)**	(28.6)
Diluted earnings per share (cents)		**(0.8)**	(28.4)
Headline earnings per share for discontinued operations			
Reconciliation of headline earnings:			
Loss for the year		**(700)**	(24 489)
Adjustments for goodwill impairment		**–**	24 564
Headline earnings		**(700)**	75
Headline earnings per share cents (and diluted earnings)		**(0.8)**	0.09
Statement of cash flows			
Net cash flow from operating activities		**28 374**	21 756
Net cash flow from financing activities		**(21 146)**	(18 705)
Increase in cash and cash equivalent		**7 228**	3 051
Cash and cash equivalent at the beginning of the year		**2 844**	–
Cash and cash equivalent at the end of the year		**10 072**	3 051

** Total non-current assets (goodwill) relating to this business were impaired in the prior year.*

	Group		Company	
	2018 R'000	2017** R'000	**2018 R'000**	2017 R'000
9. Income tax expenses				
9.1 Taxation				
Current tax expense				
– Current year	**343 521**	308 384	**342 763**	307 834
– Prior year adjustment	**(27 769)**	–	**(27 769)**	–
Deferred tax asset				
– Reversal of deductible temporary differences	**1 258**	9 670	**1 258**	9 670
Deferred tax liability				
– Prior year adjustment	**(4 113)**	4 319	**(4 113)**	4 319
– Origination/(Reversal) of taxable temporary differences	**10 322**	(6 003)	**10 322**	(5 908)
	323 219	316 370	**322 461**	315 915
9.2 Reconciliation of effective tax rate	**%**	%	**%**	%
Current tax rate	**28**	28	**28**	28
Adjusted for:				
– Non-taxable income*	**(0.27)**	(0.1)	**(0.59)**	(0.7)
– Adjustment for prior periods***	**(2.60)**	(0.37)	**(2.69)**	(0.37)
– Non-deductible expenses:				
– Depreciation on leasehold improvements	**0.17**	0.17	**0.17**	0.17
– Impairment of loan receivable	**–**	–	**0.52**	–
– Recoupment on forfeited LTIS shares	**1.09**	–	**1.13**	–
– Other	**0.36**	0.01	**0.06**	0.3
– Share of profit of equity-accounted investee	**(1.28)**	(0.84)	**–**	–
Net effective tax rate	**26**	27	**27**	27

** Non-taxable income includes dividends received (Company) and the Investor protection levy.*

*** Comparative figures have been restated due to the discontinued operations referenced in note 8.*

**** Included in 2018 tax charge is a tax credit relating to deductible expenditure claims on an IT system for the 2010 and 2011 tax years.*

9.3 The Group's consolidated effective tax rate for the period ended 31 December 2018 was 26% (2017: 27%).

9.4 The following corporate tax rates are applicable to the entities in the Group as disclosed below:

JSE Limited	28% (2017: 28%)
JSE Clear (Pty) Limited	28% (2017: 28%)
JSE Clear Derivatives Default Fund (Pty) Limited	28% (2017: 28%)
Strate (Pty) Limited	28% (2017: 28%)
Nautilus MAP Holdings (Pty) Limited	28% (2017: 28%)
Nautilus MAP RF (Pty) Limited	28% (2017: 28%)
JSE Trustees (Pty) Limited	28% (2017: 28%)
JSE Derivatives Fidelity Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act 1962
JSE Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act 1962
JSE Debt Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act 1962

	Group		Company	
	2018 R'000	2017* R'000	**2018 R'000**	2017 R'000
10. Earnings and headline earnings per share				
10.1 Basic earnings per share for continuing operations				
Profit for the year attributable to ordinary shareholders	**904 282**	859 997	**860 962**	839 782
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**86 877 600**	86 877 600	**86 877 600**	86 877 600
Effect of own shares held (JSE LTIS schemes)	**(1 283 102)**	(1 394 954)	**(1 283 102)**	(1 394 954)
Weighted average number of ordinary shares at 31 December	**85 594 498**	85 482 646	**85 594 498**	85 482 646
Basic earnings per share (cents)	**1 056.5**	1 006.0	**1 005.9**	982.4
10.2 Diluted earnings per share for continuing operations				
Profit for the year attributable to ordinary shareholders	**904 282**	859 997	**860 962**	839 782
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 594 498**	85 482 646	**85 594 498**	85 482 646
Effect of LTIS Share Scheme	**681 891**	598 795	**681 891**	598 795
Weighted average number of ordinary shares (diluted)	**86 276 389**	86 081 441	**86 276 389**	86 081 441
Diluted earnings per share (cents)	**1 048.1**	999.1	**997.9**	975.6
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 year.				
10.3 Headline earnings per share				
Reconciliation of headline earnings:				
Profit for the year attributable to ordinary shareholders	**904 282**	859 997	**860 962**	839 782
Adjustments are made to the following:				
Profit on disposal of property and equipment	**(114)**	(76)	**(114)**	(76)
– Gross amount	**(158)**	(105)	**(158)**	(105)
– Taxation effect	**44**	29	**44**	29
Share of investment in associate system impairment	**–**	4 216	**–**	–
Net realised gain on disposal of financial instruments (no taxation effect)	**–**	(12 249)	**–**	–
Headline earnings (continuing operations)	**904 168**	851 888	**860 848**	839 706
Headline earnings per share (cents) (continuing operations)	**1 056.2**	996.5	**1 005.7**	982.3
Headline earnings per share for discontinued operations (note 8)	**(0.8)**	0.09	**–**	–
Total headline earnings per share (cents)	**1 055.4**	996.59	**1 005.7**	982.3
10.4 Diluted headline earnings per share				
Diluted headline earnings per share (cents)	**1 048.0**	989.6	**997.8**	975.5
Diluted headline earnings per share for discontinued operations	**(0.8)**	0.09	**–**	–
Total diluted headline earnings per share (cents)	**1 047.2**	989.69	**997.8**	975.5

** Comparative figures have been restated due to the discontinued operations referenced in note 8.*

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

	Notes	Computer hardware R'000	Furniture and equipment R'000	Leasehold improvements R'000	Vehicles R'000	Total owned assets R'000	Total assets R'000
11. Property and equipment							
11.1 Cost							
Group and Company							
2018							
Balance at 1 January 2018		**410 073**	**56 475**	**128 120**	**329**	**594 997**	**594 997**
Additions		**84 674**	**5 972**	**552**	**–**	**91 198**	**91 198**
Disposals		**(1 076)**	**–**	**–**	**(19)**	**(1 095)**	**(1 095)**
Balance at 31 December 2018		**493 671**	**62 447**	**128 672**	**310**	**685 100**	**685 100**
Group and Company							
2017							
Balance at 1 January 2017		346 945	55 603	126 437	140	529 125	529 125
Additions		63 173	872	1 683	214	65 942	65 942
Disposals		(45)	–	–	(25)	(70)	(70)
Balance at 31 December 2017		410 073	56 475	128 120	329	594 997	594 997
11.2 Accumulated depreciation							
Group and Company							
2018							
Balance at 1 January 2018		**275 625**	**40 669**	**91 816**	**157**	**408 267**	**408 267**
Depreciation charge for the year	7.2	**47 652**	**3 449**	**7 085**	**43**	**58 229**	**58 229**
Disposals		**(1 009)**	**–**	**–**	**(19)**	**(1 027)**	**(1 027)**
Balance at 31 December 2018		**322 268**	**44 118**	**98 901**	**181**	**465 469**	**465 469**
Group and Company							
2017							
Balance at 1 January 2017		233 848	37 320	84 770	140	356 078	356 078
Depreciation charge for the year	7.2	41 777	3 349	7 046	42	52 214	52 214
Disposals		–	–	–	(25)	(25)	(25)
Balance at 31 December 2017		275 625	40 669	91 816	157	408 267	408 267
11.3 Carrying amounts							
Group and Company							
2018							
At 31 December 2017		134 448	15 806	36 304	172	186 730	186 730
At 31 December 2018		**171 403**	**18 329**	**29 771**	**129**	**219 631**	**219 631**
Group and Company							
2017							
At 31 December 2016		113 097	18 283	41 667	–	173 047	173 047
At 31 December 2017		134 448	15 806	36 304	172	186 730	186 730

12. Intangible assets

	Notes	Goodwill R'000	Customer relations R'000	Trade names R'000	Computer software R'000	Software[1] under development R'000	Total intangible assets R'000
12.1 Cost							
Group							
2018							
Balance at 1 January 2018		**107 709**	**4 078**	**2 217**	**530 868**	**283 337**	**928 209**
Goodwill relating to discontinued operation (Note 8)		**(24 722)**	**–**	**–**	**–**	**–**	**(24 722)**
Additions		**–**	**–**	**–**	**–**	**83 007**	**83 007**
Transfer from software under development		**–**	**–**	**–**	**47 076**	**(47 076)**	**–**
Balance at 31 December 2018		**82 987**	**4 078**	**2 217**	**577 944**	**319 268**	**986 494**
Group							
2017							
Balance at 1 January 2017		107 709	4 078	2 217	524 720	173 527	812 251
Additions		–	–	–	6 148	109 810	115 958
Balance at 31 December 2017		107 709	4 078	2 217	530 868	283 337	928 209
12.2 Accumulated amortisation and impairment losses							
Group							
2018							
Balance at 1 January 2018		**24 722**	**4 078**	**1 753**	**410 849**	**–**	**411 402**
Goodwill relating to discontinued operation (Note 8)		**(24 722)**	**–**	**–**	**–**	**–**	**(24 722)**
Amortisation for the year	7.2	**–**		**–**	**51 340**	**–**	**51 340**
Balance at 31 December 2018		**–**	**4 078**	**1 753**	**462 189**	**–**	**468 020**
Group							
2017							
Balance at 1 January 2017		158	3 738	1 753	354 563	–	360 212
Amortisation for the year		–	340	–	56 286	–	56 626
Goodwill impairment	7.2	24 564	–	–	–	–	24 564
Balance at 31 December 2017		24 722	4 078	1 753	410 849	–	441 402
12.3 Carrying amounts							
Group							
2018							
At 31 December 2017		82 987	–	464	120 019	283 337	486 808
At 31 December 2018		**82 987**	**–**	**464**	**115 755**	**319 268**	**518 473**
Group							
2017							
At 31 December 2016		107 551	77	464	170 420	173 527	452 039
At 31 December 2017		82 987	–	464	120 019	283 337	486 808

[1] *Software under development consists largely of the Integrated Trading and Clearing (ITaC) project which is due to go live in April 2019.*

12. Intangible assets (continued)

	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12.4 Cost					
Company					
2018					
Balance at 1 January 2018	**82 987**	**1 829**	**511 024**	**280 700**	**876 540**
Additions	**–**	**–**	**–**	**83 007**	**83 007**
Transfer from software under development	**–**	**–**	**47 076**	**(47 076)**	**–**
Balance at 31 December 2018	**82 987**	**1 829**	**558 100**	**316 631**	**959 547**
Company					
2017					
Balance at 1 January 2017	82 987	1 829	504 876	170 890	760 582
Additions	–	–	6 148	109 810	115 958
Balance at 31 December 2017	82 987	1 829	511 024	280 700	876 540
12.5 Accumulated amortisation					
Company					
2018					
Balance at 1 January 2018	**–**	**1 829**	**388 217**	**–**	**390 046**
Amortisation for the year	**–**	**–**	**51 340**	**–**	**51 340**
Balance at 31 December 2018	**–**	**1 829**	**439 557**	**–**	**441 386**
Company					
2017					
Balance at 1 January 2017	–	1 829	331 931	–	333 760
Amortisation for the year	–		56 286	–	56 286
Balance at 31 December 2017	–	1 829	388 217	–	390 046
12.6 Carrying amounts					
Company					
2018					
At 31 December 2017	82 987	–	122 807	280 700	486 494
At 31 December 2018	**82 987**	**–**	**118 543**	**316 631**	**518 160**
Company					
2017					
At 31 December 2016	82 987	-	172 945	170 890	426 822
At 31 December 2017	82 987	–	122 807	280 700	486 494

12.7 Impairment testing for cash-generating units containing goodwill

A cash-generating unit, (CGU), is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This applies to Interest Rate Market.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represent the lowest level in the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 6.

In order to assess impairment of this goodwill, management calculated the value in use by performing an estimated future cash flows which has been included in the Capital Markets reportable segment. A WACC of 12.5% was used to discount the future earnings taking into account any specific risk premiums that may be applicable.

These cash flows have been based on the financial forecasts for the 2018 financial year and strategic plans over a five-year-period which include assumptions on profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure and an appropriate discount rate.

The recoverable amount of the CGU's were determined based on value in use.

13. Investment in associate

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
13.1 Carrying amount				
Strate (Pty) Limited				
Carrying amount at beginning of year	**232 822**	223 151	**21 416**	21 416
– Dividends received	**(18 834)**	(24 972)	**–**	–
– Share of profit	**55 910**	34 644	**–**	–
Total investment in associate	**269 898**	232 822	**21 416**	21 416

	Strate (Pty) Limited 2018 R'000	Strate (Pty) Limited 2017 R'000
13.2 Group share of post acquisition profit		
Share of opening accumulated profit	**412 817**	378 173
Share of profit after tax	**55 910**	34 644
Share of closing accumulated profit	**468 727**	412 817
13.3 Summarised financial statements at 31 December		
Non-current assets	**220 559**	195 377
Current assets	**447 355**	393 392
Total assets	**667 914**	588 769
Equity	**605 825**	523 811
Non-current liabilities	**3 313**	8 564
Current liabilities	**58 776**	56 394
Total equity and liabilities	**667 914**	588 769
Revenue	**454 652**	436 284
Other income including finance income	**30 145**	23 008
Expenses	**(322 299)**	(340 708)
Taxation	**(41 498)**	(38 526)
Profit for the year	**121 000**	80 058

	Effective holding 2018 %	Effective holding 2017 %	Number of shares held 2018	Number of shares held 2017
13.4 Unlisted associated company				
Group and Company				
Strate (Pty) Limited	**44.55**	44.55	**4 346**	4 346

Strate (Pty) Limited is an authorised Central Securities Depositary (CSD) for the electronic settlement of cash equity, bond and money market instruments and a company incorporated in South Africa. The Group does not exercise control over this entity.

	Issued share capital/ trust capital	Percentage holding 2018 %	Percentage holding 2017 %	Carrying value of shares held 2018 R'000	Carrying value of shares held 2017 R'000
14. Subsidiaries – Company					
14.1 Investments in subsidiaries					
14.1.1 JSE Clear (Pty) Limited[1]					
– Ordinary shares of 12.5 cents each	8 300	100	100	3 201	3 201
14.1.2 JSE Clear Derivatives Default Fund (Pty) Limited[2]					
– Ordinary shares of R1 each	1	100	100	*	*
14.1.3 JSE Trustees (Pty) Limited					
– Ordinary shares of R1 each	7	100	100	*	*
The Group elected directors to hold shares in their capacity as nominees for the Exchange. The Exchange has control over the operating and decision-making activities of JSE Trustees (Pty) Limited.					
14.1.4 Nautilus MAP Holdings (Pty) Limited					
– 1 ordinary share of R1 each	1	100	100	*	*
Nautilus MAP Holdings (Pty) Limited holds 100% of the ordinary shares in Nautilus MAP RF (Pty) Limited and Nautilus MAP Operations (Pty) Limited					
14.1.5 JSE LTIS 2010 Trust					
– Trust capital	1 000	100	100	1	1
14.1.6 BESA Limited					
– Ordinary shares of 12.5 cents each	1 925	100	100	101 150	101 150
BESA Limited holds 100% of the ordinary shares in BESA Investments (Pty) Limited and 80% of the ordinary shares of BondClear Limited. The remaining 20% of the ordinary share capital in BondClear Limited is held by the JSE. All three entities are in the process of being deregistered.					
Investments in subsidiaries				**104 352**	104 352

14.1.7 Investor protection funds

In terms of section 9.1(e) of the FMA, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients in certain circumstances. In compliance with this requirement, the JSE has guarantee funds (The JSE Guarantee Fund Trust and The JSE Debt Guarantee Fund Trust) that cover the Equities and Interest Rate Markets respectively, and a fidelity fund (The JSE Derivatives Fidelity Fund Trust) that covers the derivatives markets. The three funds are housed in formalised trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees. As a result of the control exercised over these funds, the Group is required to consolidate them.

** Less than R1 000.*

1 JSE Clear (Pty) Limited operates as the JSE's appointed clearing house in terms of the FMA. In order to achieve recognition as a qualifying central counterparty (QCCP) under the CPSS-IOSCO provisions, clearing houses are required to establish a default fund for mutualising losses in the event of a clearing member default. JSE Clear (Pty) Limited has established such a default fund, and has been recognised by the FSCA as a QCCP with effect from January 2013.

2 JSE Clear Derivatives Default Fund (Pty) Limited is incorporated as a private for profit company wholly owned by JSE Limited with a limited purpose of holding these funds.

14.2 Involvement with unconsolidated structured entities

Name of structured entity	Nature and purpose	Interest held by the Group
The JSE Benevolent Fund	This fund was created by the then members of the JSE prior to the JSE's demutualisation in 2005. The purpose of the fund is to provide financial assistance and poverty relief to stockbrokers, employees of authorised members of the JSE, full-time employees of the JSE prior to 8 November 1995 and their dependants. The assets of the fund are applied by the fund committee members according to the applicable rules and their discretion.	This is a structured fund to which administrative services are outsourced to a third party. The JSE does not provide financial support to this unconsolidated fund.
The JSE Empowerment Fund Trust	The trust was created as part of the listing of the Company and it received JSE shares as part of the listing process. The purpose of the fund is to provide bursaries or financial assistance to black bursars. These bursaries are funded from the dividends received by the trust. This constitutes education and development as contemplated in paragraph 3 of Part II of the Ninth Schedule of the Income Tax Act.	The JSE appoints two of the five trustees of the trust, who are expected to act independently of the JSE. The mandate of the trustees is to carry out certain specifice objectives of the Trust. The JSE management have no involvement in the operations or decision-making associated with the operations of the Trust. If the trust were to wind down or dissolve, the remaining assets would need to be transferred to a similar public benefit organisation. For the reasons stated above, the JSE does not control the trust and as such this entity is not consolidated into the JSE Group.

	2018 R'000	2017 R'000
14.3 Due from Group entities		
Nautilus MAP RF (Pty) Limited	**31 876**	23 185
Allowance for impairment loss	**(22 000)**	–
JSE Clear (Pty) Limited	**37 264**	43 438
JSE Clear Derivatives Default Fund (Pty) Limited	**28**	–
JSE Trustees (Pty) Limited	**6 500**	7 250
JSE Debt Guarantee Fund Trust	**938**	812
Total due from Group entities	**54 606**	74 685

Amounts due from Group entity are unsecured, interest free and of a long term nature.

A subordination agreement was signed between JSE Limited and Nautilus Map (Pty) Limited in respect of the loan.

During the current financial year, an allowance for impairment loss amounting to R22m was raised based on the probability of recoverability of the loan amount outstanding.

This entity has been classified as a discontinued operation, refer to note 8 for details.

All entities are incorporated in the Republic of South Africa.

Amounts due from Group entities are interest free and consists mainly of management fees payable to the Company. These fees are invoiced monthly by the Company and are payable within 30 days from invoice date.

Post year-end, a letter of guarantee was signed between JSE Limited and JSE Trustees (Pty) Limited.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
15. Other investments				
15.1 Investor protection funds financial instruments				
15.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds	**9 165**	8 059	**–**	–
Listed equities	**66 879**	77 838	**–**	–
Foreign unit trusts	**83 137**	79 496	**–**	–
	159 181	165 393	**–**	–
15.1.2 JSE Guarantee Fund Trust			**–**	
Bonds	**8 838**	7 596	**–**	–
Listed equities	**57 539**	68 456	**–**	–
Foreign unit trusts	**72 018**	68 863	**–**	–
Local unit trusts	**5 896**	6 091	**–**	–
	144 291	151 006	**–**	–
	303 472	316 399	**–**	–
15.2 Other investments				
Stock Exchange Nominees (Pty) Ltd	**1**	1	**1**	1
	301 473	316 400	**1**	1
16. Loan to the JSE Empowerment Fund Trust	**25 136**	25 154	**25 136**	25 154

In accordance with the JSE's holistic transformation strategy, a loan to facilitate enterprise development was granted to the JSE Empowerment Fund Trust. The intention of this loan is to assist the sustainability of the financial and operational independence of the fund. The loan is interest-free. The JSE has the option to terminate the agreement with the fund on one month's written notice, charging interest at JIBAR on any outstanding amounts.

	Group		Company	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
17. Trade and other receivables				
17.1 Trade and other receivables				
Interest receivable	**224 953**	204 733	**–**	11 165
Other receivables*	**29 324**	27 962	**17 413**	14 441
Prepaid expenses	**66 036**	37 832	**63 201**	35 015
Trade receivables	**169 990**	224 578	**167 372**	224 578
	490 303	495 105	**247 986**	285 069

** Includes JSE share of FTSE revenue, management fee in respect of JSE Trustees.*

The age analysis of trade receivables is as follows:

	Group		Company	
	Gross R'000	**Allowance for impairment losses/ expected credit losses R'000**	**Gross R'000**	**Allowance for impairment losses/ expected credit losses R'000**
At 31 December 2018:				
Fully performing: 0 – 30 days	**132 148**	**–**	**132 148**	**–**
Past due: 31 – 90 days	**28 468**	**–**	**28 468**	**–**
Past due: More than 90 days	**13 148**	**3 774**	**10 530**	**3 774**
Total	**173 764**	**3 774**	**171 146**	**3 774**
At 31 December 2017:				
Fully performing: 0-30 days	178 116	–	178 141	–
Past due: 31 – 90 days	41 805	–	41 752	–
Past due: More than 90 days	7 579	2 922	7 477	2 922
Total	227 500	2 922	227 370	2 922

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	Group		Company	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
At 1 January	**2 922**	1 937	**2 922**	1 937
Increase in allowance for impairment/expected credit losses	**1 281**	990	**1 281**	990
Receivables written off during the year as uncollectable	**(429)**	(5)	**(429)**	(5)
At 31 December	**3 774**	2 922	**3 774**	2 922

All trade receivables are assessed for impairment on a continuous basis. Impairments are recognised in respect of receivables where there are concerns about recoverability. In assessing recoverability, indicators of potential default are considered and these include, amongst other factors, the clients' payment records and the industry in which the clients operate. This was applicable in 2017 under IAS 39.

In 2018, under IFRS 9, using historic default rates and the assessed probability of the impact of forward-looking macro economic factors, the Group believes that no further impairment allowance is necessary in respect of trade receivables.

18. Margin and collateral deposits

Margin and collateral deposits received are managed and invested on behalf of members in terms of the JSE's rules. These funds have been placed with F1/A1 and F1+/A1+ rated banks. A corresponding liability has been raised (which is due to market participants) against these margin and collateral deposits, as the JSE only manages these assets to facilitate clearing of the equity and derivative markets.

	Group		Company	
For the year ended 31 December 2018	**2018** **R'000**	2017 R'000	**2018** **R'000**	2017 R'000
18.1 Margin deposits				
Derivatives funds held by JSE Clear (Pty) Limited	**36 424 629**	33 767 510	**–**	–
Equities	**341 995**	166 251	**341 995**	166 251
	36 766 624	33 933 761	**341 995**	166 251
18.2 Collateral deposits	**160 625**	65 191	**160 625**	65 191
The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement of equity trades in the Strate environment. At 31 December 2018, interest-bearing collateral deposits of R100.1m (2017: R65.2m) have been lodged as security against securities lending transactions with a market value of R78.9m (2017: R59.5m).				
18.3 JSE Clear Derivatives Default Fund (Pty) Limited	**500 000**	500 000	**100 000**	100 000
JSE Clear Derivatives Default Fund (Pty) Limited has established a default fund for neutralising losses in the event of clearing member default. The initial collateral deposits required from clearing members are managed and invested in terms of the JSE Rules. The Company contribution to the fund is R100m (2017: R100m).				
JSE Clear Derivatives Default Fund (Pty) Limited members' contributions	**400 000**	400 000	**–**	–

19. Cash and cash equivalents

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Cash and cash equivalents comprises:				
Bank balances	**1 255 067**	805 646	**1 087 415**	641 142
Term deposits	**1 318 869**	1 571 818	**1 293 820**	1 518 594
Total cash and cash equivalents	**2 573 936**	2 377 464	**2 381 235**	2 159 736

	Group		Company	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
20. Stated capital and reserves				
20.1 Authorised stated capital				
400 000 000 ordinary shares with a par value of 10 cents per share	**40 000**	40 000	**40 000**	40 000
20.2 Issued stated capital				
Balance at 1 January	**8 608**	8 569	**8 608**	8 569
Treausury shares vested	**45**	73	**45**	73
Acquisition of treasury shares	**(37)**	(34)	**(37)**	(34)
Balance at 31 December	**8 616**	8 608	**8 616**	8 608
20.3 Stated capital and reserves				
Stated capital	**(18 378)**	11 614	**(18 378)**	11 614
Non-distributable reserves made up as follows:	**435 027**	441 398	**–**	–
Investor protection funds	**435 027**	441 398	**–**	–
Fair value reserve[1]	**100 229**	111 598	**–**	–
– JSE Derivatives Fidelity Fund Trust	**47 287**	52 760	**–**	–
– JSE Guarantee Fund Trust	**52 942**	58 838	**–**	–
Capital and accumulated funds[2]	**334 798**	329 800	**–**	–
– JSE Debt Guarantee Fund Trust	**114 512**	112 234	**–**	–
– JSE Derivatives Fidelity Fund Trust	**121 651**	118 864	**–**	–
– JSE Guarantee Fund Trust	**98 635**	98 702	**–**	–
Share-based payment reserve[3]	**76 712**	71 874	**76 712**	71 874
Retained earnings	**3 475 080**	3 101 495	**3 317 018**	2 981 055
Total	**3 968 441**	3 626 381	**3 375 352**	3 064 543

[1] *This reserve comprises fair value adjustments in respect of fair value through OCI financial assets.*

[2] *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.*

[3] *This reserve relates to the portion of the LTIS 2010 and 2018 Long-Term Incentive Schemes that have been expensed to date.*

	Company	
	2018	2017
	R'000	R'000
20.4 Dividends declared and paid		
Ordinary dividend of 605 cents (2017: 560 cents) per share	**525 609**	486 515
– Total dividend of 605 cents (2017: 560 cents) on unallocated treasury shares	**(610)**	(59)
	524 999	486 456

For the year ended 31 December 2018	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
21. Employee benefits					
21.1 Group and Exchange					
Non-current liabilities		**1 960**	9 844	**1 960**	9 844
Cash-settled liability	21.5	**1 960**	9 844	**1 960**	9 844
Current liabilities		**120 550**	118 384	**120 550**	118 384
Contractual bonus (deferred portion only)	21.2	**–**	25 952	**–**	25 952
Leave pay accrual		**23 657**	18 181	**23 657**	18 181
Cash-settled liability	21.5	**10 315**	10 543	**10 315**	10 543
Discretionary bonus		**86 578**	63 708	**86 578**	63 708

21.2 Contractual bonus (includes deferral)

The Deferred Compensation scheme, a contractual bonus scheme, was eliminated during the year under review, with a compensating adjustment to fixed pay for all employees previously eligible for deferred pay.

The Group Human Resources Committee decided to eliminate the Deferred Compensation scheme in order to simplify the JSE's annual incentive model and align the pay structure with market practice. The Committee took advice from the JSE's independent remuneration advisors on this change. The change to pay structure also resulted in guaranteed pay levels across the JSE aligning more closely with market norms and benchmarks.

For the period January to July 2018, awards under the Deferred Compensation scheme amounted to R32.7m (2017: R57.6m) of which R4.1m (2017: R4.3m) was awarded to executive management (all amounts are inclusive of interest). This was paid as a lumpsum in August 2018. The compensating adjustment to guaranteed pay was effective as from 1 August 2018.

The CEO did not participate in the Deferred Compensation scheme, but did qualify for a contractual bonus equivalent to twelve-months fixed pay. As part of the restructuring of the JSE's annual incentive model during 2018, the CEO's contractual bonus was eliminated and incorporated into the existing Discretionary Bonus scheme (which is a fully discretionary bonus scheme, linked to corporate performance, for all employees including the CEO). The maximum annual bonus payable to the CEO in any year remains unchanged at 200% of fixed pay.

21.3 Discretionary bonus

The Discretionary Bonus scheme is an annual incentive for qualifying employees. All permanent staff members are eligible to participate in this scheme.

The Group Human Resources Committee determines the discretionary bonus pool based on its assessment of annual corporate performance against a pre-set corporate scorecard for the year as approved by the Board. Individual awards are linked to seniority, individual performance and contribution to corporate performance. Awards under this scheme are not subject to deferral.

The total discretionary bonus pool for 2018 amounted to R83m (2017: R60m), of which R26.9m (2017: R9.6m) will be paid to executive management (including the CEO).

21.4 Retirement benefits

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

21. Employee benefits (continued)

21.5 Critical skills cash scheme

This is a cash-only retention scheme, applicable to selected senior employees of the JSE with scarce or critical skills. Employees that participate in this scheme are not eligible to participate in the JSE's long-term equity scheme.

During the current financial year, the award granted in 2016 has vested and a new award was granted which will vest in June 2020. The unvested portion attracts interest at the commercial rate earned on funds under management in JSE Trustees. Corporate and individual performance hurdles apply to awards granted under this scheme. The net present value and interest movement in both schemes resulted in a charge to profit and loss of R0.8m (2017: R11.3m).

	2018 R'000	2017 R'000
Total cash value of award approved by Board	**14 424**	11 579

21.6 Long-Term Incentive Schemes (LTIS 2010 and LTIS 2018)

The LTIS 2010 scheme was approved by shareholders at the annual general meeting in April 2010, and closed in December 2018 after eight years in accordance with the scheme rules. The LTIS 2018 scheme, modelled on the same basis as the 2010 scheme, was approved by shareholders at the annual general meeting held in May 2018.

Scheme objective and design

The main objective of LTIS 2010 (and the sucessor scheme LTIS 2018) is to retain and incentivise selected senior employees of the JSE to deliver sustained corporate performance, aligned with shareholder interests, over rolling three- and four-year time horizons.

These LTIS schemes are full-value, performance share schemes. Scheme participants receive equity awards on an annual basis and vesting is linked to continued employment and the JSE achieving pre-set Group performance conditions over the vesting period. To fulfil these share awards, JSE ordinary shares are acquired on an annual basis in the open market by a trust established by the JSE, with scheme participants having immediate beneficial ownership from the date of the award, but subject to restrictions. Share awards are forfeited if either the employment requirement or the corporate performance conditions are not met.

Allocation #5 under LTIS 2010

The fifth award ("Allocation 5") under LTIS 2010 was granted in May 2014 with the following vesting profile:

Share price at grant date (rands per share)	102.27
Total number of shares granted	422 870
Dividend yield (%)	3
Vesting profile:	
50% of the shares awarded vested on 1 June 2017 (Tranche 1)	211 435
50% of the shares awarded vested on 1 June 2018 (Tranche 2)	211 435
The vesting of Tranche 2 was completed during the year under review	

Tranche 2: 50% of the total award, vested on 1 June 2018 (Exercise date on 6 August due to vesting date falling within closed period).

Tranche 2 – fully vested

In respect of Tranche 2, the Board assessed performance over the four-year vesting term against pre-set financial and strategic targets and determined that 95% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 June 2018. The remainder of the Tranche 2 shares (being 8 785 shares) were forfeited by participants. Details relating to the vesting is included in the Remuneration report.

21. **Employee benefits** (continued)

As at 31 December 2018, details of Tranche 2 were as follows:

Original number of Tranche 2 shares awarded in May 2014	211 435
Forfeited by leavers to date	(35 735)
Tranche 2 shares forfeited for missing performance targets	(8 785)
Accelerated for good leavers to date	(55 100)
Tranche 2 shares vested on 1 June 2018	(111 815)
Tranche 2 shares outstanding	–

Allocation #6 under LTIS 2010

The sixth award ("Allocation 6") under LTIS 2010 was granted in June 2015 with the following vesting profile:

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 vested on 31 May 2018 (Tranche 1)	151 170
50% of the shares awarded vest on 30 April 2019 (Tranche 2)	151 170

The vesting of Tranche 1 was completed during the year under review.

Tranche 1 – fully vested

Tranche 1: 50% of the total award, vested on 31 May 2018 (Exercise date on 6 August due to vesting date falling within closed period). All LTIS 2010 participants in the employ of the Company as at 31 May 2018 were eligible to participate in the vesting of this Tranche in accordance with the terms and conditions of the Scheme rules.

In respect of Tranche 1, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 59.36% of these Tranche 1 shares vested for those participants still in the employ of the JSE on 31 May 2018.

As at 31 December 2018, details of Tranche 1 were as follows:

Original number of Tranche 1 shares awarded in June 2015	151 170
Forfeited by leavers to date	(19 560)
Tranche 1 shares forfeited for missing performance targets	(53 486)
Accelerated for good leavers to date	(30 565)
Tranche 1 shares vested on 31 May 2018	(47 559)
Tranche 1 shares outstanding	–

As at 31 December 2018, details of Tranche 2 were as follows:

Original number of Tranche 2 shares awarded in June 2015	151 170
Forfeited by leavers to date	(19 560)
Accelerated for good leavers to date	(30 565)
Tranch 2 shares available for vesting in April 2019	101 045

21. **Employee benefits** (continued)

Allocation #7 under LTIS 2010

The seventh award ("Allocation 7") under LTIS 2010 was granted in October 2016 with the following vesting profile:

Share price at grant date (rands per share)	158.25
Total number of shares granted	342 090
Dividend yield (%)	3
Grant date	21 October 2016
Vesting profile:	
50% of the shares awarded vest on 1 March 2019 (Tranche 1)	171 045
50% of the shares awarded vest on 1 March 2020 (Tranche 2)	171 045
Share price at grant date (rands per share)	161.01
Total number of shares granted	9 684
Dividend yield (%)	3
Grant date	25 November 2016
Vesting profile for executive joining later in the year:	
50% of the shares awarded vest on 1 March 2019 (Tranche 1)	4 842
50% of the shares awarded vest on 1 March 2020 (Tranche 2)	4 842

Allocation #8 under LTIS 2010

The eighth and final award ("Allocation 8") under LTIS 2010 was granted in March 2017 with the following vesting profile:

Share price at grant date (rands per share)	147.92
Total number of shares granted	290 530
Dividend yield (%)	3
Grant date	3 March 2017
Vesting profile:	
50% of the shares awarded vest on 1 March 2020 (Tranche 1)	145 265
50% of the shares awarded vest on 1 March 2021 (Tranche 2)	145 265

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:

	2018	2017
Allocation #4 (granted in May 2013)	–	R2.6m
Allocation #5 (granted in May 2014)	**R6.3m**	R9.9m
Allocation #6 (granted in June 2015)	**R2.2m**	R5.5m
Allocation #7 (granted October 2016)	**R9.5m**	R13.4m
Allocation #8 (granted March 2017)	**R6.1m**	R7.6m
	R24.1m	R39.0m

21. **Employee benefits** (continued)

Allocation #1 under LTIS 2018

The first award ("Allocation 1") under LTIS 2018 was granted in September 2018 with the following vesting profile:

Senior members

Share price at grant date (rands per share)	156.37
Total number of shares granted	203 650
Dividend yield (%)	3
Grant date	18 September 2018
Vesting profile:	
50% of the shares awarded vest on 31 August 2021 (Tranche 1)	101 825
50% of the shares awarded vest on 31 August 2022 (Tranche 2)	101 825

Executive Committee

Share price at grant date (rands per share)	153.75
Total number of shares granted	175 820
Dividend yield (%)	3
Grant date	18 September 2018
Vesting profile:	
50% of the shares awarded vest on 31 August 2021 (Tranche 1)	87 910
50% of the shares awarded vest on 31 August 2022 (Tranche 2)	87 910

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2018 is as follows:

	2018	2017
Allocation #1 (granted in September 2018)	**R4.6m**	–
	R4.6m	–

22. Deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000	**2018 R'000**	2017 R'000
Group						
Intangible assets	**–**	–	**(109)**	(109)	**(109)**	(109)
Operating lease liability	**29 915**	29 144	**–**	–	**29 915**	29 144
Operating lease asset	**–**	–	**(11)**	(17)	**(11)**	(17)
Employee benefits	**34 303**	35 904	**(17 099)**	(10 618)	**17 204**	25 286
Allowance for impairment losses/expected credit losses	**792**	613	**–**	–	**792**	613
Prepayments	**–**	–	**(5 077)**	(5 343)	**(5 077)**	(5 343)
Cash restraint payments	**93**	918	**–**	–	**93**	918
Loan to the JSE Empowerment Fund Trust	**466**	461	**–**	–	**466**	461
Income received in advance	**1 085**	872	**–**	–	**1 085**	872
Total	**66 654**	67 912	**(22 296)**	(16 087)	**44 358**	51 825

22.2 Movement in temporary differences during the year:

	Balance 1 January 2017 R'000	Recognised in profit or loss R'000	Balance 31 December 2017 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2018 R'000**
Group					
Intangible assets	(204)	95	(109)	**–**	**(109)**
Operating lease liability	27 240	1 904	29 144	**771**	**29 915**
Operating lease asset	(51)	34	(17)	**6**	**(11)**
Employee benefits	36 887	(11 601)	25 286	**(8 082)**	**17 204**
Allowance for impairment losses/expected credit losses	407	206	613	**179**	**792**
Prepayments	(6 156)	813	(5 343)	**266**	**(5 077)**
Cash restraint payments	–	918	918	**(825)**	**93**
Loan to the JSE Empowerment Fund Trust	476	(15)	461	**5**	**466**
Income received in advance	1 213	(341)	872	**213**	**1 085**
Total	59 812	(7 987)	51 825	**(7 467)**	**44 358**

There are no current and deferred tax implications relating to items charged/credited directly to other comprehensive income or equity, since these relate to investor protection funds, which are exempt from tax.

	Assets		Liabilities		Net	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000	**2018 R'000**	2017 R'000
22.3 Deferred tax assets and liabilities are attributable to the following:						
Company						
Operating lease liability	**29 915**	29 144	**–**	–	**29 915**	29 144
Operating lease asset	**–**	–	**(11)**	(17)	**(11)**	(17)
Employee benefits	**34 303**	35 904	**(17 099)**	(10 618)	**17 204**	25 286
Allowance for impairment losses/expected credit losses	**792***	613	**–**	–	**792**	613
Prepayments	**–**	–	**(5 077)**	(5 343)	**(5 077)**	(5 343)
Cash restraint payments	**93**	918	**–**	–	**93**	918
Loan to the JSE Empowerment Fund Trust	**466**	461	**–**	–	**466**	461
Income received in advance	**1 085**	872	**–**	–	**1 085**	872
Total	**66 654**	67 912	**(22 187)**	(15 978)	**44 467**	51 934

	Balance 1 January 2017 R'000	Recognised in profit or loss R'000	Balance 31 December 2017 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2018 R'000**
22.4 Movement in temporary differences during the year					
Company					
Operating lease liability	27 240	1 904	29 144	**771**	**29 915**
Operating lease asset	(51)	34	(17)	**6**	**(11)**
Employee benefits	36 887	(11 601)	25 286	**(8 082)**	**17 204**
Allowance for impairment losses/expected credit losses	407	206	613	**179**	**792**
Prepayments	(6 156)	813	(5 343)	**266**	**(5 077)**
Cash restraint payments	–	918	918	**(825)**	**93**
Loan to the JSE Empowerment Fund Trust	476	(15)	461	**5**	**466**
Income received in advance	1 213	(341)	872	**213**	**1 085**
Total	60 016	(8 082)	51 934	**(7 467)**	**44 467**

** No deferred tax assets has been raised in respect of the allowance for impairment loss on the loan due from Nautilus MAP RF (Pty) Ltd. This amounts to R4.9m. Please refer to note 14.3.*

	Group		Company	
For the year ended 31 December 2018	**2018 R'000**	2017 R'000	**2018 R'000**	2017 R'000
23. Trade and other payables				
Trade payables*	**138 023**	157 450	**115 311**	152 345
Interest payable	**233 786**	235 481	**5 151**	3 471
Receipts in advance	**3 621**	2 583	**3 621**	2 583
	375 430	395 514	**124 083**	158 399
** Includes accruals, VAT output, customer deposits and deferred income.*				
24. Due to Safex members				
Non-current liability	**–**	1 347	**–**	1 347
Relates to unclaimed funds	**–**	1 347	**–**	1 347

	Group 2018 R'000	Group 2017* R'000	Company 2018 R'000	Company 2017 R'000
25. Notes to the statement of cash flows				
25.1 Cash generated by operations				
Profit before tax from continuing operations	**1 227 501**	1 176 367	**1 183 423**	1 155 697
(Loss) before tax from discontinued operations	**(700)**	(24 463)	**–**	–
Profit before tax	**1 226 801**	1 151 904	**1 183 423**	1 155 697
Adjustments for:				
– depreciation of property and equipment	**58 229**	52 214	**58 229**	52 214
– amortisation of intangible assets	**51 340**	56 626	**51 340**	56 286
– goodwill impairment	**–**	24 564	**–**	–
– impairment of monies due from group entities	**–**	–	**22 000**	–
– JSE LTIS 2010	**27 148**	47 727	**27 148**	47 728
– JSE LTIS 2018	**4 579**	–	**4 579**	–
– share of profit from associate	**(55 910)**	(34 644)	**–**	–
– finance costs	**2 585 574**	3 012 846	**32 783**	21 702
– finance income	**(2 824 795)**	(3 245 797)	**(209 557)**	(170 827)
– dividend received	**(5 110)**	(3 696)	**(18 834)**	(24 972)
– non-cash items in respect of employee benefits	**(122 403)**	(134 759)	**(122 403)**	(134 759)
– profit on disposal of property and equipment	**(158)**	(105)	**(158)**	(105)
– change in fair value of loan to JSE Empowerment Fund	**18**	(56)	**18**	(56)
– profit on disposal of investment securities	**–**	(12 249)	**–**	–
Surplus from operations	**945 313**	914 576	**1 028 568**	1 002 908
Changes in:				
– (decrease)/increase in trade and other receivables	**1 757**	(20 873)	**9 423**	(22 413)
– (decrease)/increase in trade and other payables	**98 123**	104 664	**75 160**	99 517
Cash generated by operations	**1 045 193**	998 367	**1 113 151**	1 080 012
25.2 Taxation paid				
Taxation payable/(receivable) at beginning of year	**8 673**	(1 064)	**9 295**	(451)
Deferred tax effects	**(7 467)**	(7 986)	**(7 467)**	(8 081)
Current tax charge	**323 219**	316 396	**322 461**	315 915
Finance income included in taxation payable at year end	**(3 800)**	–	**(3 800)**	–
Taxation payable at end of year	**29 972**	(8 673)	**29 935**	(9 295)
	350 597	298 673	**350 424**	298 088
25.3 Finance income				
Finance income receivable at beginning of year	**204 733**	285 591	**11 165**	7 932
Finance income received during the year	**2 824 795**	3 245 797	**209 557**	170 827
Finance income included in taxation payable at year end	**(3 800)**	–	**(3 800)**	–
Finance income receivable at end of year	**(224 953)**	(204 733)	**–**	(11 165)
	2 800 775	3 326 655	**216 922**	167 594

** Comparative figures have been restated due to the discontinued operations referenced in note 8.*

For the year ended 31 December 2018

26. Directors' and executives' remuneration[4]

26.1 Executive directors – Current year remuneration

		Basic[1,2] salary R'000	Defined[1,2] contribution pension plan R'000	Medical aid[1], UIF and other R'000
2018				
NF Newton-King	Chief Executive Officer	**5 059**	**374**	**161**
A Takoordeen	Chief Financial Officer	**2 729**	**159**	**2**
		7 788	**533**	**163**
2017				
NF Newton-King	Chief Executive Officer	3 832	317	149
A Takoordeen	Chief Financial Officer	2 306	126	2
		6 138	443	151

26.2 Other key executives – Current year remuneration

		Basic[1,2] salary R'000	Defined[1,2] contribution pension plan R'000	Medical aid[1], UIF and other R'000
2018				
JH Burke	Director of Issuer Regulation	**2 684**	**250**	**195**
LM De Villiers	Interim Chief Information Officer	**2 856**	**–**	**1**
A Greenwood	Director of Post Trade Services	**2 867**	**217**	**2**
Z Jacobs	Director of Marketing and Corporate Affairs	**2 538**	**162**	**213**
D Khumalo	Director of Human Resources	**2 117**	**131**	**35**
H Kotze[13]	Chief Information Officer	**238**	**14**	**19**
TJ Matsena[9]	Chief Information Officer	**1 666**	**144**	**278**
D Nemer	Director of Capital Markets	**3 077**	**247**	**195**
LV Parsons[10]	Director of Information Services	**1 213**	**119**	**58**
MH Randall[12]	Director of Information Services	**1 227**	**70**	**44**
		20 483	**1 354**	**1 040**
2017				
GA Brookes[8]	Director of Governance, Risk and Compliance	966	–	63
JH Burke	Director of Issuer Regulation	2 265	199	180
A Greenwood	Director of Post-Trade Services	2 422	173	2
Z Jacobs	Director of Marketing and Corporate Affairs	2 140	129	57
D Khumalo	Director of Human Resources	1 789	100	933
TJ Matsena[9]	Director of Trading and Market Services	2 038	156	56
D Nemer	Director of Capital Markets	2 584	197	180
LV Parsons	Director of Information Services	2 214	214	158
R Van Wamelen[11]	Chief Information Officer	2 257	105	96
		18 675	1 273	1 725

Footnotes 1-12 below are applicable to notes 26.1-26.3

[1] Represents short-term employee benefits. From 1 August 2018, the contractual bonus was collapsed into salaries

[2] Contractual bonuses were subject to personal performance and are calculated according to a fixed percentage of basic salary (which percentage varied on a sliding scale based on grade). Refer to footnote 1

[3] Discretionary bonuses are subject to both personal performance and the achievement of specific corporate deliverables (per the annual corporate scorecard approved by the Board at the beginning of each financial year). These awards are not subject to deferral, unless otherwise so determined by the Board in any particular year. A potion of the discretionary bonus may be paid in equity, at the discretion of the Group Human Resources Committee.

[4] All executive directors and other key executives are full-time employees of JSE Limited.

	Total guaranteed pay R'000	Contractual bonus[1, 2] (includes deferral) R'000	Discretionary bonus[1, 3, 5] R'000	Total annual incentives R'000	Total current year remuneration R'000	Total long-term and other benefits[6] R'000	Total number of shares granted in the LTIS schemes[7]
	5 594	–	9 167	9 167	14 761	5 596	52 040
	2 890	458	2 500	2 958	5 848	2 049	16 680
	8 484	458	11 667	12 125	20 609	7 645	68 720
	4 298	4 339	1 835	6 174	10 472	5 691	33 020
	2 434	769	985	1 754	4 188	2 114	12 010
	6 732	5 108	2 820	7 928	14 660	7 805	45 030
	3 129	505	2 400	2 905	6 034	2 306	18 390
	2 857	–	–	–	2 857	–	–
	3 086	488	2 600	3 088	6 174	–	17 750
	2 913	437	1 700	2 137	5 050	1 966	15 920
	2 283	362	1 850	2 212	4 495	–	13 170
	271	–	–	–	271	–	–
	2 088	476	–	476	2 564	–	–
	3 519	556	2 850	3 406	6 925	755	20 240
	1 390	543	2 750	3 293	4 683	2 474	19 780
	1 341	241	1 100	1 341	2 682	181	13 900
	22 877	3 608	15 250	18 858	41 735	7 682	119 150
	1 029	310	–	310	1 339	1 797	9 920
	2 644	848	1 015	1 863	4 507	2 449	13 240
	2 597	818	860	1 678	4 275	–	12 780
	2 326	734	885	1 619	3 945	2 075	11 460
	2 822	607	820	1 427	4 249	–	9 480
	2 250	799	840	1 639	3 889	–	9 650
	2 961	933	1 195	2 128	5 089	–	14 570
	2 586	911	1 165	2 076	4 662	2 635	14 240
	2 458	621	–	621	3 079	3 734	13 260
	21 673	6 581	6 780	13 361	35 034	12 690	108 600

[5] CEO's discretionary bonus - cash only

[6] Represents the net value (after forfeiture for corporate performance) of share awards granted under provisions of the LTIS 2010 Long Term Incentive Scheme in 2012 and 2013 that vested during the current financial year.

[7] Represents shares granted in the year under the provisions of the JSE's Long Term Incentive Schemes.

[8] Stepped down from the Executive Committee effective 1 July 2017.

[9] Appointed Chief Information Officer effective 8 October 2017; Resigned effective 31 August 2018.

[10] Stepped down from the Executive Committee on 1 July 2018.

[11] Stepped down from the Executive Committee on 7 October 2017.

[12] Appointed Director of Information Services effective 1 July 2018.

[13] Appointed Chief Information Officer effective 1 December 2018.

26. Directors' and executives' remuneration (continued)

For the year ended 31 December 2018		Total R'000	Board member fees R'000	Committee member fees R'000
26.3 Non-executive director emoluments				
2018				
AD Botha[1]		**361**	**170**	**191**
ZBM Bassa[6]		**128**	**58**	**70**
F Daniels[7]		**215**	**86**	**129**
VN Fakude	Chairman of Group Human Resources Committee	**822**	**345**	**477**
M Jordaan		**495**	**345**	**150**
SP Kana	Chairman of Group Audit Committee, Chairman of Group Social and Ethics Committee	**1 243**	**345**	**898**
FN Khanyile[8]		**100**	**100**	**–**
BJ Kruger[2]		**367**	**201**	**166**
DM Lawrence		**805**	**345**	**460**
MA Matooane	Chairman of Group Risk Management Committee, Chairman of Group SRO Oversight Committee	**861**	**345**	**516**
AM Mazwai[3]		**340**	**125**	**215**
NP Mnxasana[4]		**298**	**125**	**173**
NMC Nyembezi	Board Chairman, Chairman of Group Nominations Committee	**2 150**	**2 150**	**–**
NG Payne[5]		**575**	**204**	**371**
		8 760	**4 944**	**3 816**
2017				
AD Botha	Chairman of Human Resources Committee	893	325	568
VN Fakude		99	–	99
M Jordaan		465	325	140
SP Kana	Chairman of Group Social and Ethics Committee	950	325	625
DM Lawrence		750	325	425
MA Matooane	Chairman of Group Risk Management Committee	646	325	321
AM Mazwai	Chairman of Group SRO Oversight Committee	840	325	515
NP Mnxasana		735	325	410
NMC Nyembezi	Board Chairman, Chairman of Nominations Committee	2 000	2 000	–
NG Payne	Chairman of Group Audit Committee	933	325	608
		8 311	4 600	3 711

[1] Resigned 18 May 2018
[2] Appointed 1 June 2018
[3] Resigned 18 May 2018
[4] Resigned 18 May 2018
[5] Stepped down 3 August 2018
[6] Appointed 1 November 2018
[7] Appointed 1 October 2018
[8] Appointed 1 November 2018

For the year ended 31 December 2018	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
27. Deferred income				
Investor Protection Levy	**1 959**	8 082	**1 959**	8 082
Distribution from the JSE Guarantee Fund Trust	**–**	–	**16 181**	21 594
	1 959	8 082	**18 140**	29 676

Investor protection levy

This amount represents unexpended levies received from investors in terms of the Investor Protection Levy. These levies are raised to finance the market regulatory activities of the FSCA and are committed to this purpose. These funds are included in the cash and cash equivalents balances.

27. Deferred income (continued)

Distribution from the JSE Guarantee Fund Trust

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 (2010: R50m) and data centre (2011: R51m). This is a transaction between related parties as disclosed in note 28 and is eliminated on consolidation. The income transferred from deferred income to profit or loss is based on the relating depreciation charge of the disaster recovery site and the data centre.

28. Related parties

28.1 Identity of related parties

The JSE is the main provider of risk management, clearing and settlement, and accounting systems to equity member firms (some of whom are shareholders). Revenue earned from this source, and from providing trading and market data to member firms, amounted to R1.6bn (2017: R1.6bn) for the year.

The associated companies and subsidiaries of the Group are identified in notes 13 and 14 respectively.

The directors and key executives are listed in note 26.

28.2 Material related-party transactions and balances

Strate ad valorem fees	– see notes 6.1 and 7.2
Amounts due to and from related parties	– see notes 14.3 and 14.4
Directors' emoluments	– see note 26
Other key executives' remuneration	– see note 26
Income recognised from deferred income (data centre and disaster recovery)	– see note 6.2

During the previous financial years, surplus assets amounting to R101m were distributed by the JSE Guarantee Fund Trust to the JSE for the establishment of the JSE's data centre and disaster recovery site. The transfer of the funds was formally approved by the FSCA. The funds received are recognised in deferred income in the JSE's separate financial statements and are released to profit or loss on a systematic basis over the useful life of the assets comprising the data centre and the disaster recovery site. Also refer to note 27.

Management fees from related entities R123m (2017: R135.0m)

The JSE provides secretarial services to all the Group entities (excluding Strate (Pty) Limited) for no consideration.

29. Contingent liabilities and commitments

29.1 Commitments

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
29.1.1 These payments relate to operating lease agreements in respect of buildings from which the JSE conducts its business:				
Total future minimum lease payments under a non-cancellable operating lease:				
Not later than one year	**56 991**	52 651	**56 991**	52 651
Between one and five years	**356 955**	331 168	**356 955**	331 168
Later than five years	**58 140**	140 918	**58 140**	140 918
	472 086	524 737	**472 086**	524 737
Note: The disclosure on the face of the statement of financial position represents the accrual from the straight-lining of the rental income.				
29.1.2 The JSE sub-leases areas of the building in which it operates (refer note 6.2). The minimum lease payments expected from sub-leases are set out below:				
Total future minimum lease receipts				
Not later than one year	**252**	589	**252**	589
Between one and five years	**81**	333	**81**	333
	333	922	**333**	922

30. Financial Risk Management

The Group has exposure to the following business risks:

- Operational risk;
- Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other market risk);
- Liquidity risk; and
- Credit risk.

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework including determining the Group's risk appetite. The Board has established the Group Risk Management Committee, which is responsible for developing the Group's risk management policies and monitoring risk exposures. The committee reports regularly to the Board of directors on its activities.

The Group's risk management policies are established to identify and measure the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk Committee is assisted in its role by the Group risk management function and Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of the risk management controls and procedures, the results of which are reported to the Group Risk Committee.

30.1 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, and from external factors. Specifically included in operational risk management are risks arising from legal and regulatory requirements, risks associated with project implementation, exposures emanating from Information Technology ("IT") and data maintenance and security, business continuity and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Board accepts overall responsibility for operational risk, with the responsibility for day-to-day management of operational risk delegated to management. Each business unit is accountable for mitigating operational risk in their area of business. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal obligations;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Development of IT and data security controls;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

30.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

30.2.1 Currency risk

The majority of the JSE's transactions are concluded in its functional currency (South African rand), with the result that its exposure to foreign currency risk from operating transactions is limited. US Dollar revenue earned from the Information Services Division is maintained in a US Dollar denominated bank account. Foreign currency costs (mainly in technology) for both business as usual and projects are funded out of this account. As such, there is a natural hedge relating to foreign currency denominated expenditure in the Group.

The Group's exposure to foreign currency risk based on notional amounts was as follows:

	Group		Company	
2018	**USD R'000**	**GBP R'000**	**USD R'000**	**GBP R'000**
Financial assets	**190 435**	**–**	**190 435**	**–**
Trade receivables	**20 837**	**–**	**20 837**	**–**
Cash and cash equivalents	**169 598**	**–**	**169 598**	**–**
Financial liabilities	**(311)**	**–**	**(311)**	**–**
Trade payables	**(311)**	**–**	**(311)**	**–**
Net exposure	**190 124**	**–**	**190 124**	**–**
2017				
Financial assets	125 288	–	125 288	–
Trade receivables	24 358	–	24 358	–
Cash and cash equivalents	100 930	–	100 930	–
Financial liabilities	(323)	(76)	(323)	(76)
Trade payables	(323)	(76)	(323)	(76)
Net exposure	124 965	(76)	124 965	(76)

As at 31 December 2018:

Bank buying rates
USD – 14.1216 (2017: 12.38)
GBP – 17.9332 (2017: 16.75)

Bank selling rates
USD – 14.6470 (2017: 12.6238)
GBP – 18.7547 (2017: 17.1709)

Sensitivity analysis

A 10% (2017: 10%) strengthening of the rand against the USD and a 5% (2017: 5%) strengthening of the rand against the GBP, at 31 December, would have increased profit by R19.0m (2017: R12.5m) and equity by Rnil (2017: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2017.

	Group		Company	
2018	**Profit or loss R'000**	**Equity R'000**	**Profit or loss R'000**	**Equity R'000**
USD	**19 012**	**–**	**19 012**	**–**
Net impact	**19 012**	**–**	**19 012**	**–**
2017				
USD	12 496	–	12 496	–
GBP	(8)	–	(8)	–
Net impact	12 489	–	12 489	–

A 10% (2017: 10%) weakening of the rand against the USD and a 5% (2017: 5%) weakening of the rand against the GBP and EUR respectively, at 31 December, would have had an equal and opposite effect on the amounts shown above, on the basis that all other variables remained constant.

30. **Financial Risk Management** (continued)

30.2.2 Fair value interest rate risk

Interest rate risk is the risk of the JSE being exposed to fluctuations in the fair values or future cash flows of financial instruments because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in respect of its floating rate financial assets and financial liabilities as set out below and to fair value interest rate risk in respect of fixed rate bonds classified as financial instruments. Cash flow interest rate risk is managed by the JSE, ensuring that the floating rate financial assets are at least equal to or greater than the floating rate financial liabilities. The fair value interest rate risk arising from fixed rate bonds is managed by a reputable asset manager according to approved guidelines. There is no interest rate risk on the margin and collateral as there is an equal liability to offset the asset.

The following table analyses the interest rate risk profile for assets and liabilities at year-end:

	Group		Company	
2018	**Fixed rate R'000**	**Floating rate R'000**	**Fixed rate R'000**	**Floating rate R'000**
Assets	**26 125 003**	**13 884 113**	**1 785 000**	**1 198 855**
Investments	**18 003**	–	–	–
JSE Clear Derivatives Default Fund collateral deposit	**322 000**	**178 000**	–	**100 000**
Margin and collateral deposits	**24 000 000**	**12 927 249**	–	**502 620**
Cash and cash equivalents	**1 785 000**	**778 864**	**1 785 000**	**596 235**
Liabilities	**(24 268 000)**	**(13 059 249)**	–	**(502 620)**
JSE Clear Derivatives Default Fund contributions	**(268 000)**	**(132 000)**	–	–
Margin and collateral deposits	**(24 000 000)**	**(12 927 249)**	–	**(502 620)**
Net exposure	**1 857 003**	**824 864**	**1 785 000**	**696 235**
2017				
Assets	21 662 654	15 226 365	1 750 000	741 178
Investments	15 654	–	–	–
JSE Clear Derivatives Default Fund collateral deposit	347 000	153 000	–	100 000
Margin and collateral deposits	19 550 000	14 448 952	–	231 442
Cash and cash equivalents	1 750 000	624 413	1 750 000	409 736
Liabilities	(19 827 600)	(14 571 352)	–	(231 442)
JSE Clear Derivatives Default Fund contributions	(277 600)	(122 400)	–	–
Margin and collateral deposits	(19 550 000)	(14 448 952)	–	(231 442)
Net exposure	1 835 054	655 013	1 750 000	509 736

Floating rate assets yield interest at call rates.

Sensitivity analysis

A change of 100 (2017: 100) basis points on the fixed rate bonds and 100 (2017: 100) basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2017.

	Group		Company	
2018	**Profit or loss R'000**	**Equity R'000**	**Profit or loss R'000**	**Equity R'000**
Fixed-rate bond: +100 bps	**–**	**(816)**	**–**	**–**
Fixed-rate bond: -100 bps	**–**	**555**	**–**	**–**
Floating-rate instruments: +100 bps	**7 789**	**–**	**5 962**	**–**
Floating-rate instruments: -100 bps	**(7 789)**	**–**	**(5 962)**	**–**
2017				
Fixed-rate bond: +100 bps	–	(584)	–	–
Fixed-rate bond: -100 bps	–	618	–	–
Floating-rate instruments: +100 bps	6 218	–	4 097	–
Floating-rate instruments: -100 bps	(6 218)	–	(4 097)	–

30.2.3 Other market price risk

The Group is exposed to the risk of fluctuations in the fair value of financial instruments through other comprehensive income because of changes in market prices (other than changes in interest rates and currencies). With regard to the unit trusts, the Group is exposed to fluctuations in the fair value of the unit trusts (which is determined by the fair value movement of the underlying instruments).

To manage its other market price risk arising from the fair value financial instruments through other comprehensive income, the investments are managed by a reputable asset manager according to approved guidelines. The JSE Group's Audit Committee monitors the investments in unit trusts and financial instruments through other comprehensive income.

Sensitivity analysis – other market price risk

The fair value financial instruments through other comprehensive income considered in the sensitivity analysis below exclude the listed bonds, as management believes that the majority of the sensitivity of these instruments lies in their exposure to interest rates, which is included in the interest rate sensitivity analysis in note 30.2.2.

The fair value financial instruments through other comprehensive income are listed on JSE Limited, with the majority of the investments included in the JSE All Share Index.

A 4% (2017: 4%) increase/decrease in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased/decreased equity by R5.0m (2017: R5.9m) and profit by Rnil (2017: Rnil). This analysis is performed on the same basis as 2017.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 5% (2017: 5%) increase/decrease in the MSCI World Index at the reporting date, with all other variables held constant, would have increased/decreased equity by R7.7m (2017: R7.4m). The analysis is performed on the same basis as 2017.

30.3 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a minimum period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year-end.

30. **Financial Risk Management** (continued)

	Group				Company		
2018	**Up to 3 months R'000**	**3 to 12 months R'000**	**1 to 5 years R'000**	**No stated contractual maturity R'000**	**Up to 3 months R'000**	**3 to 12 months R'000**	**1 to 5 years R'000**
Financial assets	**16 306 380**	**24 109 000**	**1**	**328 608**	**2 098 369**	**1 015 000**	**131 876**
Other investments	**–**	**–**	**1**	**303 472**	**–**	**–**	**–**
Loan to the JSE Empowerment Fund Trust	**–**	**–**	**–**	**25 136**	**–**	**–**	**–**
Trade and other receivables (excluding payments in advance)	**199 314**	**–**	**–**		**184 784**	**–**	**–**
Interest receivable	**224 953**	**–**	**–**		**–**	**–**	**–**
Due from Group entities	**–**	**–**	**–**		**44 730**	**–**	**31 876**
Margin and collateral deposits	**13 927 249**	**23 000 000**	**–**		**502 620**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**406 000**	**94 000**	**–**		**–**	**–**	**100 000**
Cash and cash equivalents	**1 548 864**	**1 015 000**	**–**		**1 366 235**	**1 015 000**	**–**
Financial liabilities	**(14 627 479)**	**(23 075 200)**	**–**		**(626 703)**	**–**	**–**
Trade payables	**(141 644)**	**–**	**–**		**(118 932)**	**–**	**–**
Interest payable	**(233 786)**	**–**	**–**		**(5 151)**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**(324 800)**	**(75 200)**	**–**		**–**	**–**	**–**
Margin and collateral deposits	**(13 927 249)**	**(23 000 000)**	**–**		**(502 620)**	**–**	**–**
Net impact	**1 681 901**	**1 033 800**	**1**	**328 608**	**1 471 666**	**1 015 000**	**131 876**
2017							
Financial assets	19 997 037	17 650 000	25 155		2 042 732	650 000	148 339
Other investments	316 399	–	1		–	–	–
Loan to the JSE Empowerment Fund Trust	–	–	25 154		–	–	25 154
Trade and other receivables (excluding payments in advance)	252 540	–	–		238 889	–	–
Interest receivable	204 733	–	–		11 165	–	–
Due from Group entities	–	–	–		51 500	–	23 185
Margin and collateral deposits	16 748 952	17 250 000	–		231 442	–	–
JSE Clear Derivatives Default Fund collateral deposit	450 000	50 000	–		–	–	100 000
Cash and cash equivalents	2 024 413	350 000	–		1 509 736	650 000	–
Financial liabilities	(17 504 466)	(17 290 000)	(1 347)		(389 841)	–	(1 347)
Due to Safex members	–	–	(1 347)		–	–	(1 347)
Trade payables	(160 033)	–	–		(154 928)	–	–
Interest payable	(235 481)	–	–		(3 471)	–	–
JSE Clear Derivatives Default Fund collateral deposit	(360 000)	(40 000)	–		–	–	–
Margin and collateral deposits	(16 748 952)	(17 250 000)	–		(231 442)	–	–
Net impact	2 492 571	360 000	23 808		1 652 891	650 000	146 992

30.4 Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables (excluding payments in advance), interest receivable, other investments and amounts due from Group entities. Credit risk on cash and cash equivalents, margin and collateral deposits, and interest receivable is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third party confirmation of investments and monitoring of compliance with investment mandates are applied daily to monitor and control exposure to credit risk associated with other investments. Trade and other receivables are monitored by the JSE's Finance department on an ongoing basis.

The JSE is exposed to credit losses in the event of default by a clearing member. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client and the size and nature of the member's portfolio at the time of default. A significant number of the Group's clients have been transacting with the Group for over four years and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. The JSE has established a robust system of mitigants to reduce the probability and impact of this risk which includes ensuring that members are appropriately capitalised. Furthermore the JSE monitors whether clients and members have sufficient securities or cash to honour their transactions on a daily basis. The JSE is investigating further ways in which risk of settlement failure can be reduced through alternative methods of clearing.

The JSE operates a separate legal entity to house a formal default fund for JSE Clear to clarify and limit clearing members' and the JSE's obligations in the case of a clearing member default. This is a pre-funded resource whereby, in the case of any clearing member default, and the initial margin of the defaulting party is insufficient to cover losses, the defaulting clearing members' contributions are used first, thereafter the JSE's contribution, and last, the contributions of the non-defaulting clearing members are used to fund losses.

Capital

On 9 February 2018, regulation incorporating capital requirements into the FMA, was promulgated. The regulation requires a licenced exchange and central counterparty (CCP) to hold sufficient capital to cover relevant risks (for unexpected losses).

As such, JSE Limited as a licenced exchange, and JSE Clear as a CCP, are required to comply with the regulations 12 months and 18 months respectively from the date of enactment.

The Group defines "capital" as stated capital and retained earnings, per the statement of financial position, within the respective entities.

The relevant risks for which capital is held, within JSE Limited are:

- Counterparty credit risk
- Operational risk including legal risk
- Investment risk
- Wind up/recovery risk

In addition to the above capital requirements, JSE Limited holds additional levels of capital to finance future growth opportunities.

The Board believes JSE Limited is sufficiently capitalised. JSE Clear will be sufficiently capitalised within the required timeline, with cash ring-fenced by JSE Limited, for this purpose.

The Group board monitors the level of capital and may issue new shares, adjust the amount of dividends paid to shareholders or return surplus capital to shareholders in JSE Limited and may issue new shares in JSE Clear.

The Group board also monitors the return on equity as a measure of financial performance.

31. 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.

	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2018					
Assets					
Other investments					
– Equity securities	15.1/2	**124 418**	**161 051**	**–**	**285 469**
– Debt investments	15.1/2	**–**	**18 003**	**–**	**18 003**
Total assets		**124 418**	**179 054**	**–**	**303 472**
2017					
Assets					
Other investments					
– Equity securities	15.1/2	146 294	154 450	–	300 744
– Debt investments	15.1/2	–	15 655	–	15 655
Total assets		146 294	170 105	–	316 399

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group pricing market transactions on an arm's length basis and transactions occur regularly. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as fair value through OCI.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The investment in debt instruments is classified as level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For all other financial assets and liabilities, the carrying value approximates the fair value.

32. Funds under management

32.1 JSE Trustees (Pty) Limited

	Year ended 31 December 2018 R'000	Year ended 31 December 2017 R'000
Assets under administration		
Interest receivable	**171 880**	205 946
Fixed deposits	**24 150 000**	26 810 000
Current and call accounts	**11 960 303**	16 196 759
Total assets under administration	**36 282 183**	43 212 705

In terms of rule 2.100.7 of the JSE rules, the JSE Trustees act as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities while acting as an agent are the acceptance of monies on deposit for account of clients of members of the Exchange and the later repayment of such monies. These monies are invested in various interest-earning bank accounts. JSE Trustees earns an administration fee for the services rendered. Funds so deposited or invested neither form part of the assets of JSE Trustees nor of any member acting on behalf of a client.

Credit risk on assets under administration is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions and that there is not a concentration of exposure to one counterparty.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 50 (2017: 40) days. At least 30% of the fund size must be invested on call at all times.

33. Events after reporting date

There have been no changes to the directors' interests in the ordinary share capital of the Company and no material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2018 and the date of this report.

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(Incorporated in the Republic of South Africa)
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Share code: JSE
ISIN: ZAE000079711

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ZBM Bassa[1]
F Daniels[1]
VN Fakude[1]
M Jordaan[1]
SP Kana[1]
FN Khanyile[1]
BJ Kruger[2]
DM Lawrence[2]
MA Matooane [1]
NF Newton-King (CEO)[3]
A Takoordeen (CFO)[3]
[1] Independent non-executive director
[2] Non-executive director
[3] Executive director

Alternate director
JH Burke

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Governance and secretarial queries should be directed to GroupCompanySecretary@jse.co.za