

Dear Company Secretary, Sponsor and Designated Adviser

16 August 2012

Presentation of Constant Currency Information

We refer to our guidance letter dated 4 March 2010 which addressed certain items which the JSE regarded as pro forma financial information (“**pro forma information**”). The guidance letter further stipulated that the items would be regarded as pro forma information for JSE purposes and the disclosure thereof must therefore be provided in full compliance with section 8 of the Listing Requirements (the “**Requirements**”). One of the items mentioned was the application or non-application of a specific International Financial Reporting Standard (“**IFRS**”).

The JSE has recently noted that the presentation of financial information on a “constant currency” basis is increasing and in light of discussions held with certain issuers, the JSE decided to issue specific guidance thereon in order to ensure consistency in (i) the presentation of financial information and (ii) the involvement of auditors. IFRS has specific requirements dealing with currency conversions and the presentation of a “constant currency” figure essentially ignore the IFRS requirements. The presentation of financial information on a “constant currency” basis therefore falls into the category of non-application of a specific IFRS requirement and can therefore be regarded as pro forma information.

The JSE acknowledges that where management information is reviewed by the Chief Operating Decision Maker (as defined in terms of IFRS 8 – *Operating Segments*) in a currency other than the presented currency of the financial statements, an issuer is obliged to present such information in terms of IFRS 8 – *Operating Segments*. Where the issuer is obliged to present this information in compliance with IFRS 8 the JSE will not impose its pro forma information requirements on such issuer. Similarly the JSE is not concerned if an issuer explains, as a matter of fact, how an underlying currency strengthened or weakened during a specified period. Such commentary is common with other line items within the income statement, for example where an issuer explains changes in volumes of units sold.

In all other instances, when an issuer presents financial information on a “constant currency” basis they must:

- (i) Comply with paragraphs 8.16 and 8.18 of the Requirements;
- (ii) Explain clearly what the base information is, i.e. whether it is the current or the comparative period that has been adjusted for the application of a constant currency;
- (iii) Explain clearly how that base information has been adjusted for the exchange rate changes. Where there is more than one foreign currency involved this explanation must:
 - a) provide details of each of the material currencies of the issuer for both periods; and
 - b) indicate how the average exchange rate was calculated;
- (iv) For constant currency information presented as part of or accompanying interim results of the issuer represented in terms of paragraph 3.15(a) of the Requirements, there must be a statement advising investors that this information has not been reviewed and reported on by the issuer’s auditors; and
- (v) For constant currency information presented as part of or accompanying any other results the issuer must obtain a limited assurance report, prepared in terms of IASE 3000, from their auditor on such information, and the auditor’s report must be available for inspection. In issuing their report, the auditor must consider the accuracy and the appropriateness of the basis of presentation of the constant current financial information.



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Should you have any queries regarding the content of this letter please contact Tania Wimberley at taniaw@jse.co.za.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A F Visser', written on a light yellow background.

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

Cc Accredited Auditors