

ENGINEERING INDUSTRIES PENSION FUND

(REG NO. 12/8/5040/2)

ANNUAL REPORT TO MEMBERS – 31 MARCH 2009

Dear Member,

The Board of Management has pleasure in presenting a report on the position of the Fund for the financial year ended 31 March 2009. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R37,7 billion (Thirty seven thousand seven hundred million rands) at market value.

The Fund provides pension and lump sum benefits on retirement, retrenchment/redundancy and withdrawals to members or to their beneficiaries on their death. Members automatically belong to the Metal and Engineering Industries Permanent Disability Scheme which provides a salary continuation benefit for members who have been declared permanently disabled by the Medical Advisors of the Scheme.

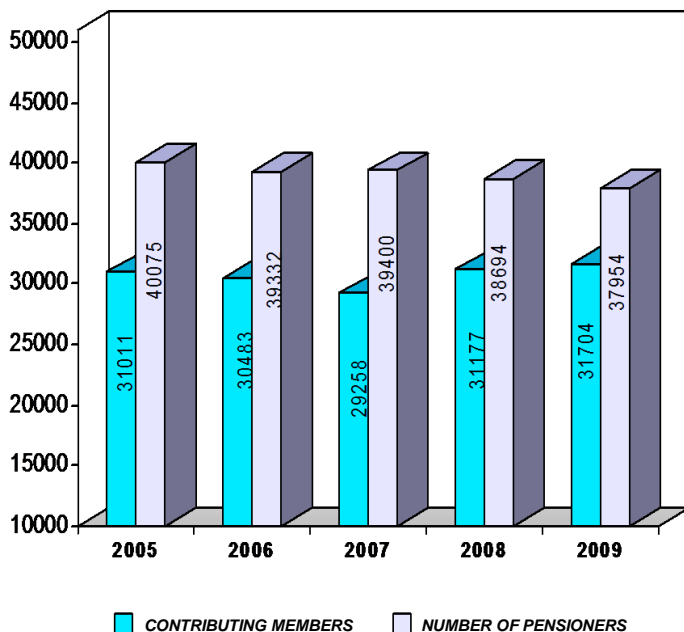
Note:

New employees in the Industry have a choice of participating in the Engineering Industries Pension Fund or in the Metal Industries Provident Fund. This option may be changed within the first 3 months of employment.

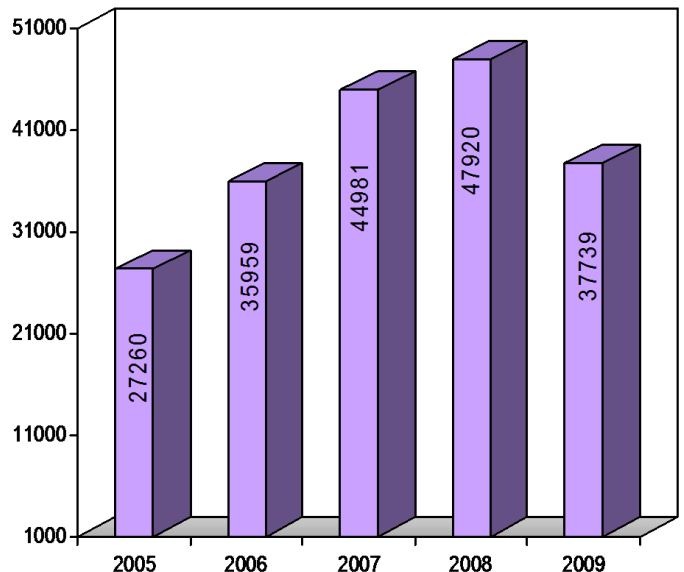
MEMBERSHIP

The composition of the Fund as at 31 March 2009 was 31 704 contributing members and 37 954 pensioners in receipt of monthly payments. (In 2008, there were 31 177 contributing members and 38 694 pensioners).

CONTRIBUTING MEMBERS AND PENSIONERS



ASSETS (MARKET VALUE) (R'000,000'S)



FINANCIAL RESULTS AS AT 31 MARCH 2009

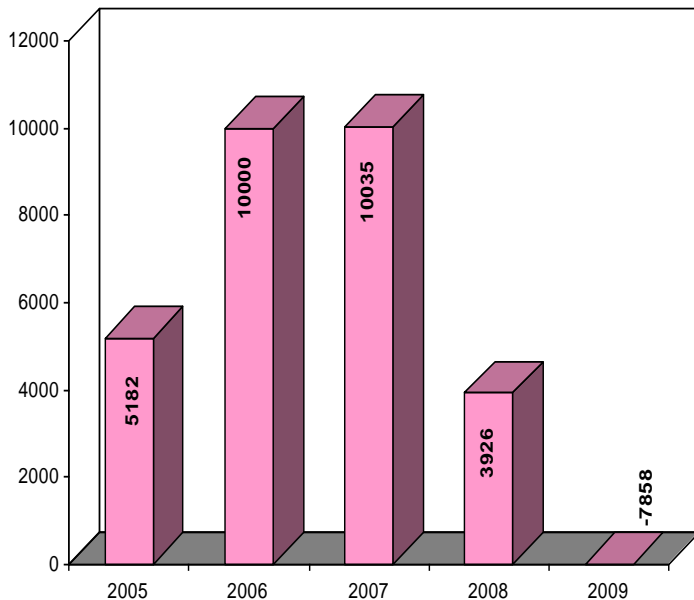
The audited financial position of the Fund as at 31 March 2009 is summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2009		2009 R 000's
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)		39 121 415
CURRENT ASSETS		213 085
SUB TOTAL		39 334 500
<u>LESS:</u> CURRENT LIABILITIES		(1 595 319)
ACCUMULATED FUNDS	TOTAL	37 739 181
REVENUE AND EXPENDITURE - 1 APRIL 2008 TO 31 MARCH 2009		2009 R 000's
CONTRIBUTIONS RECEIVED		275 223
TRANSFERS RECEIVED		2 211
INVESTMENT INCOME		(8 135 486)
TOTAL INCOME		(7 858 052)
<u>LESS:</u> TOTAL ADMINISTRATION EXPENSES		(78 630)
BENEFITS PAID AND TRANSFERS OUT		(2 244 412)
NET EXPENDITURE		(2 323 042)
<u>ADD:</u> ACCUMULATED FUNDS AT BEGINNING OF YEAR		47 920 275
ACCUMULATED FUNDS AT END OF YEAR		37 739 181

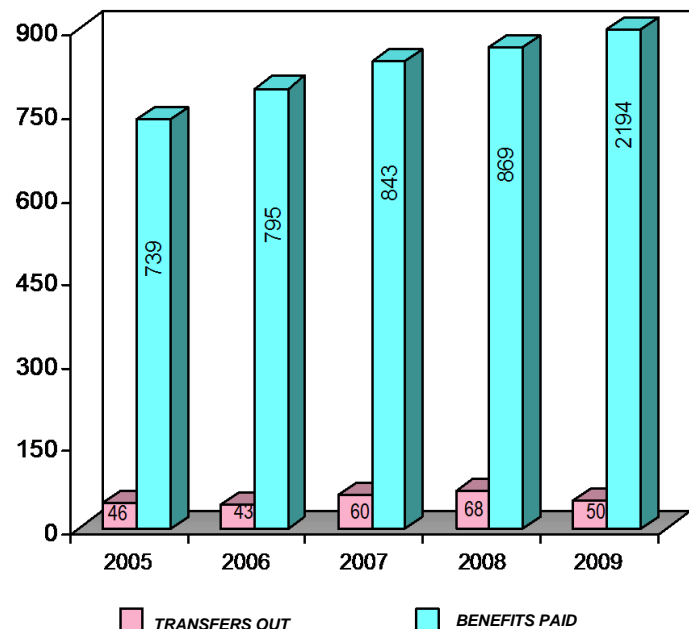
INCOME AND BENEFITS PAID

Contribution and Investment income for 2009 amounted to (R7 858 million). Benefits paid and transfers out of the Fund totalled (R2 244 million). In terms of the Industrial Agreement, members contribute 6,6% of pensionable remuneration. Employers contribute at a rate of 6,6% of pensionable remuneration.

CONTRIBUTION AND INVESTMENT INCOME (R000,000'S)



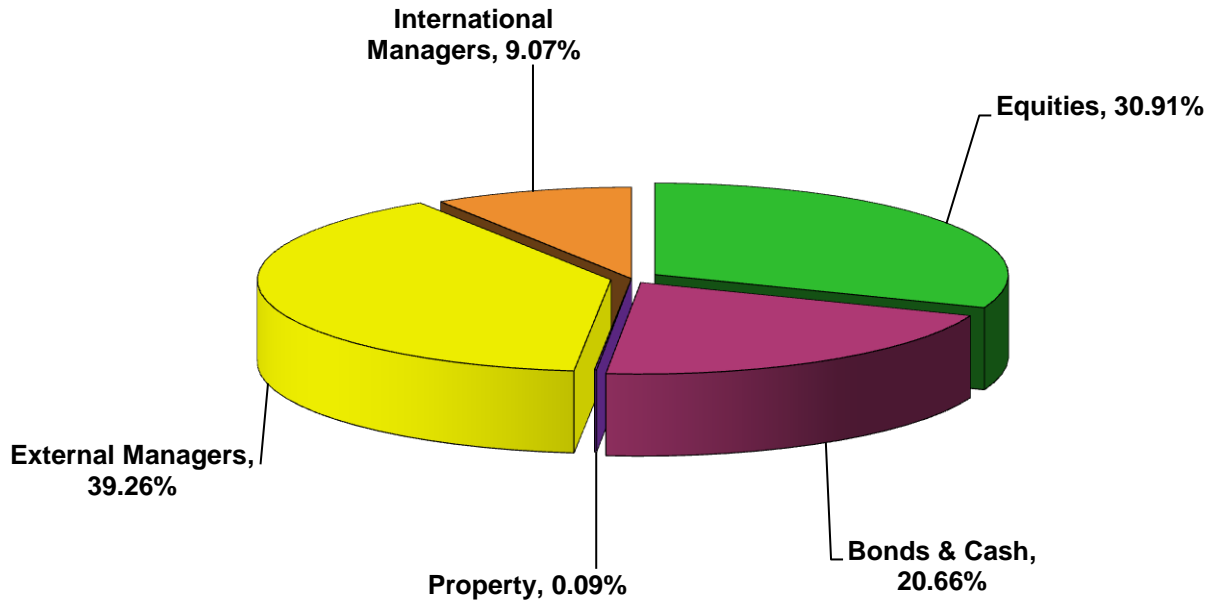
BENEFITS PAID AND TRANSFERS OUT (R000,000'S)



ASSETS

As at 31 March 2009 the total market value of the assets of the Fund amounted to R37 739 million.

These assets were held in the following types of investments (per market values as set out in the Audited Annual Financial Statements).



The Investments department of MIBFA managed 51.57% of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2008

INTRODUCTION:

The Actuaries of the Fund are Messrs. Simeka Actuaries (previous Sanlam Actuaries) who undertook an Actuarial Review of the Fund as at 31 March 2008.

The objectives of the Valuation are to assess the financial position of the Fund with respect to benefits payable, to assess the adequacy of the Employers' contribution rate and to make recommendations to the Board of Management on pension increases.

ACTUARIAL CONCLUSION

The Fund was in a sound financial position as at 31 March 2008 and the contribution rate was deemed to be adequate.

The Actuary has not released the final Actuarial Valuation Report. This is due to the fact that the Actuary, in conjunction with the Trustees and the Financial Services Board, are still finalising the Surplus Apportionment Scheme as at 31 March 2008 in terms of the Pension Funds Second Amendment Act 2001. Once the 2008 Valuation has been finalized and the Surplus Apportionment Scheme approved by the Financial Services Board, the Actuary will release the March 2009 valuation.

PENSION INCREASES

The Board of Management has as one of its primary objectives the protection of pensions from the impact of inflation. It has declared a 0% increase in pensions with effect from 1 July 2009. This is due to the fact that the Fund earned a negative investment return of -16.5% as a result of the 2008 economic downturn. The Trustees used the investment smoothing reserve to declare a 0%. It is envisaged that a positive increase will be awarded to the pensioners in July 2010.

It is the policy of the Board of Management that pensioner increases should at least match the inflation rate, where affordable.

The historic pension increases declared by the Fund since 1991 are summarised as follows:

PERIOD	ANNUAL INCREASE	BONUS	TOTAL INCREASE
01.07.1990 – 30.06.1991	10%	5%	15%
01.07.1991 – 30.06.1992	10%	-	10%
01.07.1992 – 30.06.1993	10%	-	10%
01.07.1993 – 30.06.1994	10%	10%	20%
01.07.1994 – 30.06.1995	10%	-	10%
01.07.1995 – 30.06.1996	9,75%	-	9,75%
01.07.1996 – 30.06.1997	11%	-	11%
01.07.1997 – 30.06.1998	10%	-	10%
01.07.1998 – 30.06.1999	7%	-	7%
01.07.1999 – 30.06.2000	8%	-	8%
01.07.2000 – 30.06.2001	7%	-	7%
01.07.2001 – 30.06.2002	9,5%	-	9,5%
01.07.2002 – 30.06.2003	7%	-	7%
01.07.2003 – 30.06.2004	7%	-	7%
01.07.2004 – 30.06.2005	7.5%	-	7.5%
01.07.2005 – 30.06.2006	7%	-	7%
01.07.2006 – 30.06.2007	9%	-	9%
01.07.2007 – 30.06.2008	10%	-	10%
01.07.2008 – 30.06.2009	10%	-	10%
01.07.2009 – 30.06.2010	0%	-	0%

FUND MANAGEMENT

The Management of the Fund is vested in a Board of Management, comprising an equal number of Employee and Employer representatives with the Chairman being appointed from either side on a two yearly rotational basis.

Employers are represented by the Steel and Engineering Industries Federation of South Africa (SEIFSA) while Employees are represented by the following Trade Unions:

Metal & Electrical Workers' Union of SA (MEWUSA)
Solidarity
National Union of Metal Workers' of SA (NUMSA)
United Association of South Africa (UASA)
South African Equity Workers Association (SAEWA)

The Fund is administered by: **Metal Industries Benefit Funds Administrators (MIBFA).**

The Fund's offices are located in Metal Industries House, 42 Anderson Street, Johannesburg.

Chairman: **Mr. Z.F. Mjalo**

The Fund's Auditors are: **Ernst & Young and Xabiso**

Principal Officer: **Mr. O. Gire**

The Funds Telephone number: **(011) 870-2000**

Website: **www.mibfa.co.za**

**ALL CLAIMS RELATED QUERIES
TO BE DIRECTED
TO MIBFA CALL CENTRE TEL NO. 0860102544**