

ENGINEERING INDUSTRIES PENSION FUND

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

ANNUAL REPORT TO MEMBERS – 31 MARCH 2012

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 2012. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R56,9 billion (Fifty six thousand nine 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.

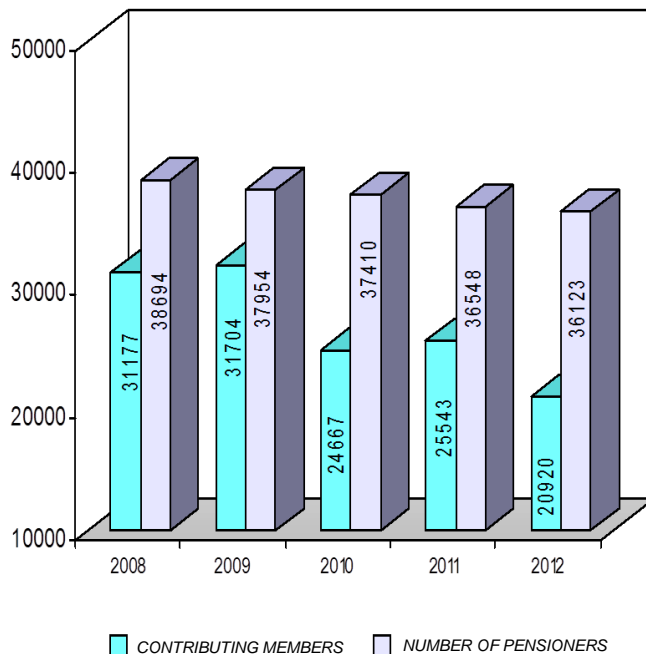
Note:

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.

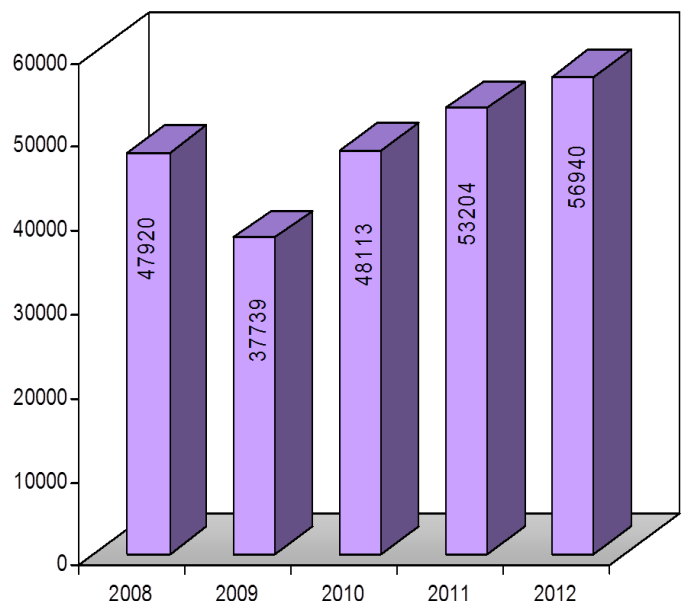
MEMBERSHIP

The composition of the Fund as at 31 March 2012 was 20 920 contributing members and 36 123 pensioners in receipt of monthly payments. (In 2011, there were 25 543 contributing members and 36 548 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



**ASSETS
(MARKET VALUE)
(R000,000'S)**



FINANCIAL RESULTS AS AT 31 MARCH 2012

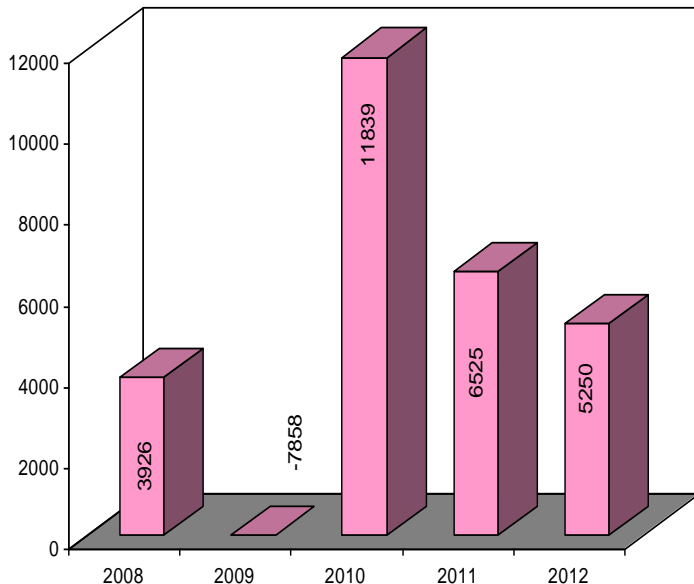
The audited financial position of the Fund as at 31 March 2012 is summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2012		2012 R 000's
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)		58 824 894
CURRENT ASSETS		442 275
SUB TOTAL		59 267 167
LESS: CURRENT LIABILITIES		(2 327 205)
ACCUMULATED FUNDS TOTAL		56 939 964
REVENUE AND EXPENDITURE - 1 APRIL 2011 TO 31 MARCH 2012		2012 R 000's
CONTRIBUTIONS RECEIVED		318 728
TRANSFERS RECEIVED		2 646
INVESTMENT INCOME		4 928 826
TOTAL INCOME		5 250 200
LESS: TOTAL ADMINISTRATION EXPENSES		(111 676)
BENEFITS PAID AND TRANSFERS OUT		(1 402 855)
NET EXPENDITURE		(1 514 531)
ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR		53 204 295
ACCUMULATED FUNDS AT END OF YEAR		56 939 964

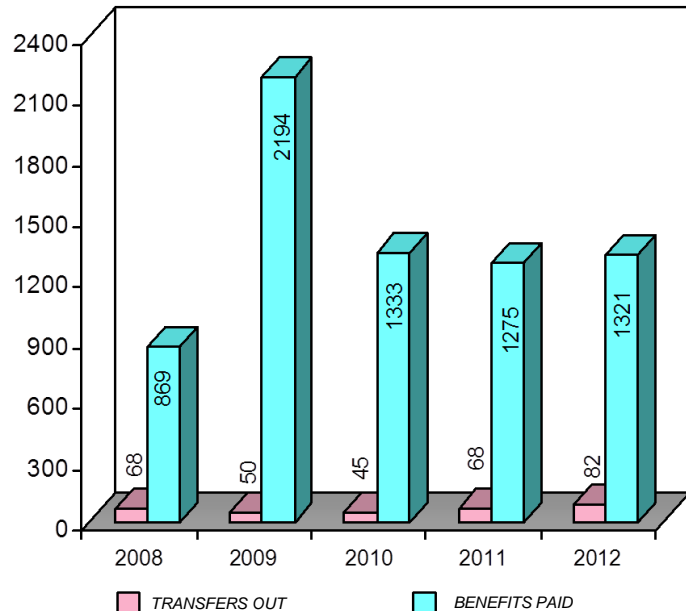
INCOME AND BENEFITS PAID

Contribution and Investment income for 2012 amounted to R5 250 million. Benefits paid and transfers out of the Fund totalled (R1 403 million). In terms of the Industrial Agreement, members contribute 6,7% of pensionable remuneration. Employers contribute at a rate of 6,7% of pensionable remuneration.

CONTRIBUTION AND INVESTMENT INCOME (R000,000'S)



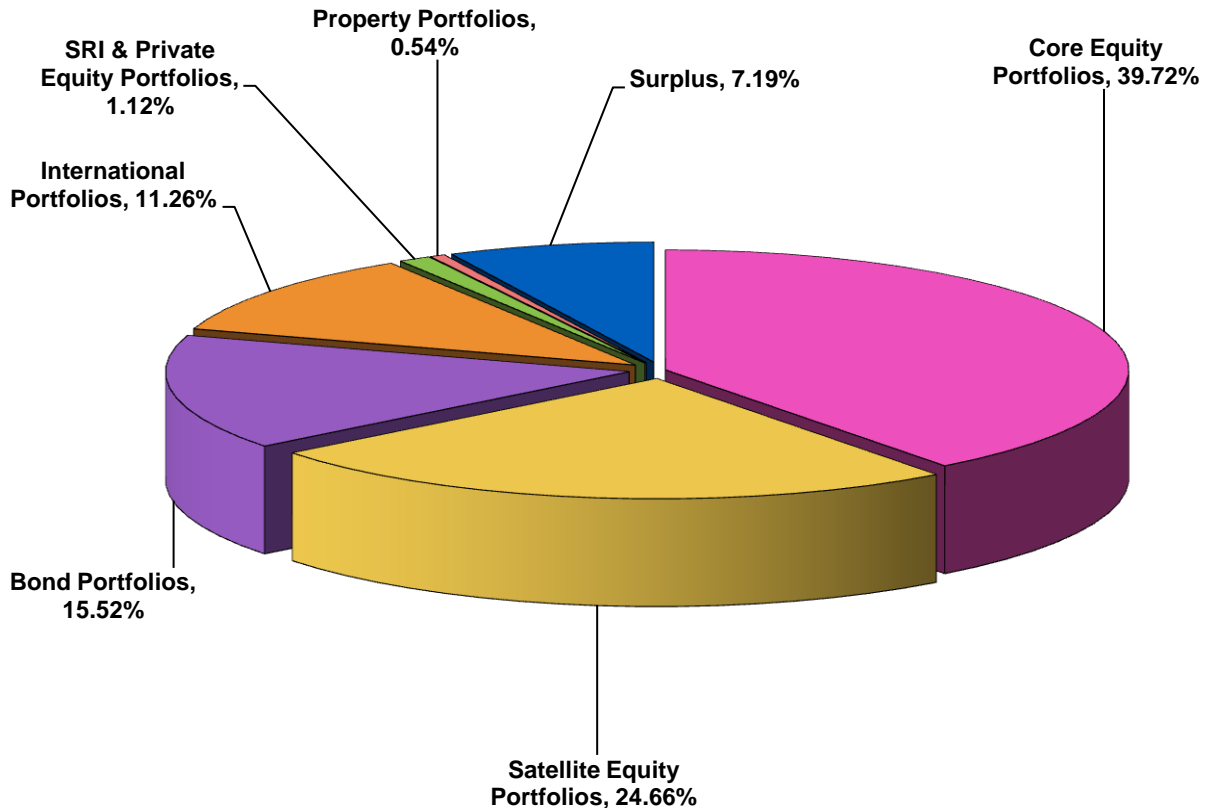
BENEFITS PAID AND TRANSFERS OUT (R000,000'S)



ASSETS

As at 31 March 2012 the total market value of the assets of the Fund amounted to R56 940 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 46.61 % of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2008

In terms of the Pension Funds Second Amendment Act of 2007, the Surplus Apportionment date (SAD) of the Fund is 31 March 2008.

The Surplus Apportionment Scheme (SAD) was approved by the Financial Services Board on 30 November 2011 and the Surplus Distribution exercise is currently in progress.

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 6% increase in pensions with effect from 1 July 2012.

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%
01.07.2010 – 30.06.2011	5%	-	5%
01.07.2011 – 30.06.2012	7%	-	7%
01.07.2012 – 30.06.2013	6%	-	6%

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. V. Cibane**

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**