

ANNUAL REPORT TO MEMBERS – 31 MARCH 2011

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 2011. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R53,2 billion (Fifty three thousand two 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.

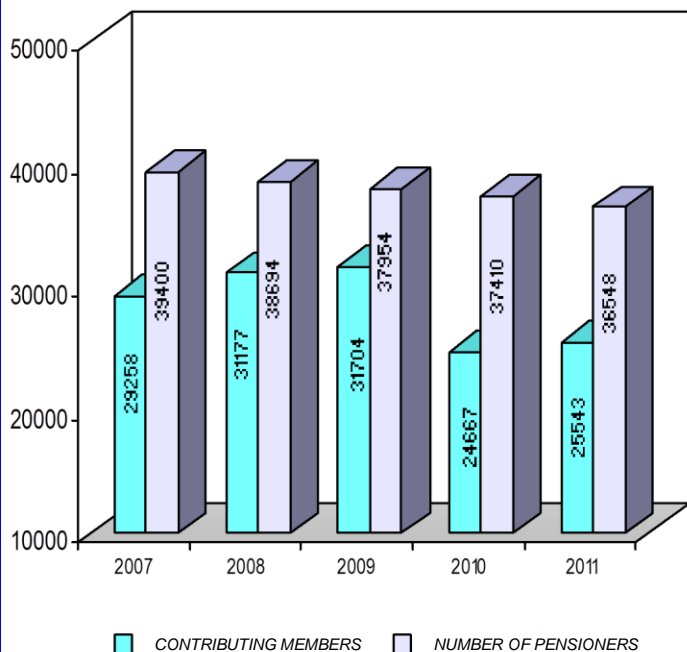
Note:

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.

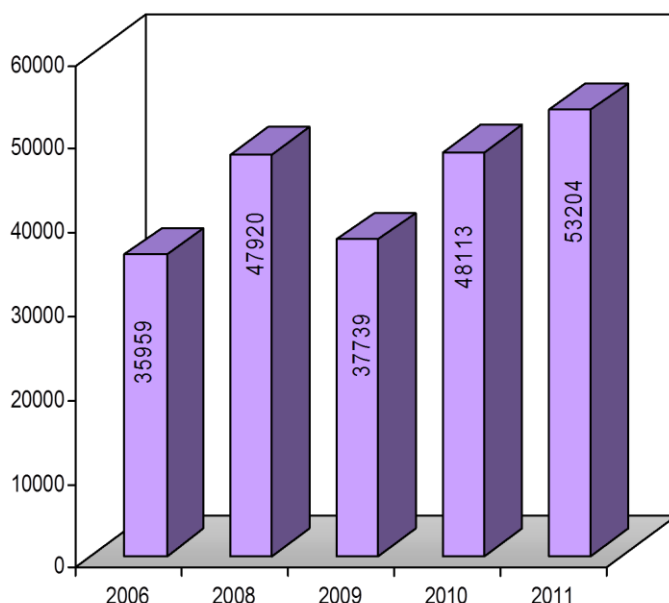
MEMBERSHIP

The composition of the Fund as at 31 March 2011 was 25 543 contributing members and 36 548 pensioners in receipt of monthly payments. (In 2010, there were 24 667 contributing members and 37 410 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



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



FINANCIAL RESULTS AS AT 31 MARCH 2011

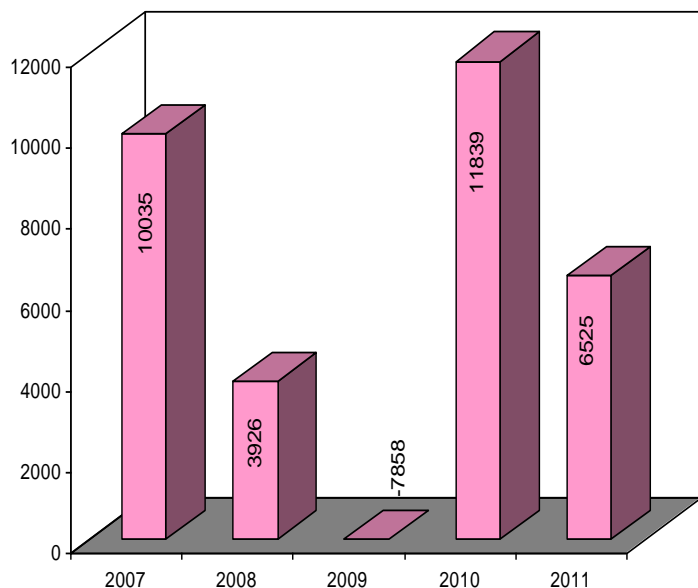
The audited financial position of the Fund as at 31 March 2011 is summarised as follows:

| BALANCE SHEET AS AT 31 MARCH 2011 | 2011 R 000's |
|--|-------------------------|
| FIXED ASSETS & INVESTMENTS (AT MARKET VALUE) | 54 930 266 |
| CURRENT ASSETS | 339 975 |
| SUB TOTAL | 55 270 241 |
| LESS: CURRENT LIABILITIES | (2 065 946) |
| ACCUMULATED FUNDS TOTAL | 53 204 295 |
| REVENUE AND EXPENDITURE - 1 APRIL 2010 TO 31 MARCH 2011 | 2011 R 000's |
| CONTRIBUTIONS RECEIVED | 298 044 |
| TRANSFERS RECEIVED | 368 |
| INVESTMENT INCOME | 6 226 677 |
| TOTAL INCOME | 6 525 089 |
| LESS: TOTAL ADMINISTRATION EXPENSES | (90 831) |
| BENEFITS PAID AND TRANSFERS OUT | (1 343 227) |
| NET EXPENDITURE | (1 434 058) |
| ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR | 48 113 264 |
| ACCUMULATED FUNDS AT END OF YEAR | 53 204 295 |

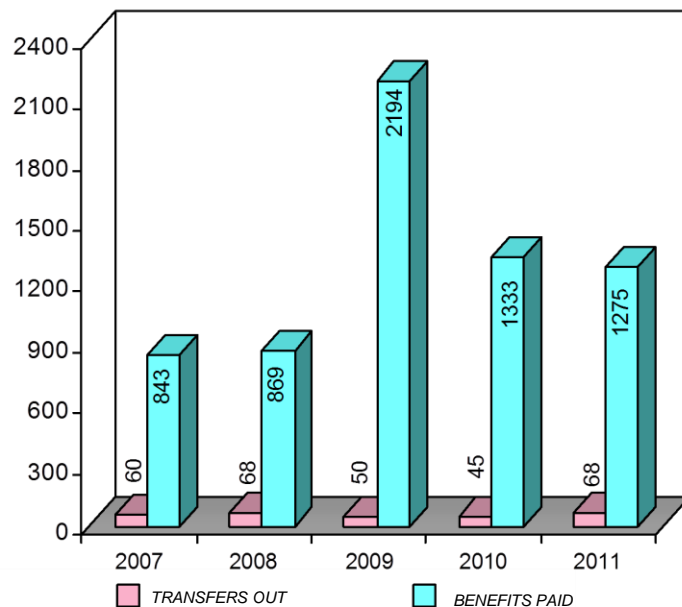
INCOME AND BENEFITS PAID

Contribution and Investment income for 2011 amounted to R6 525 million. Benefits paid and transfers out of the Fund totalled (R1 343 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)



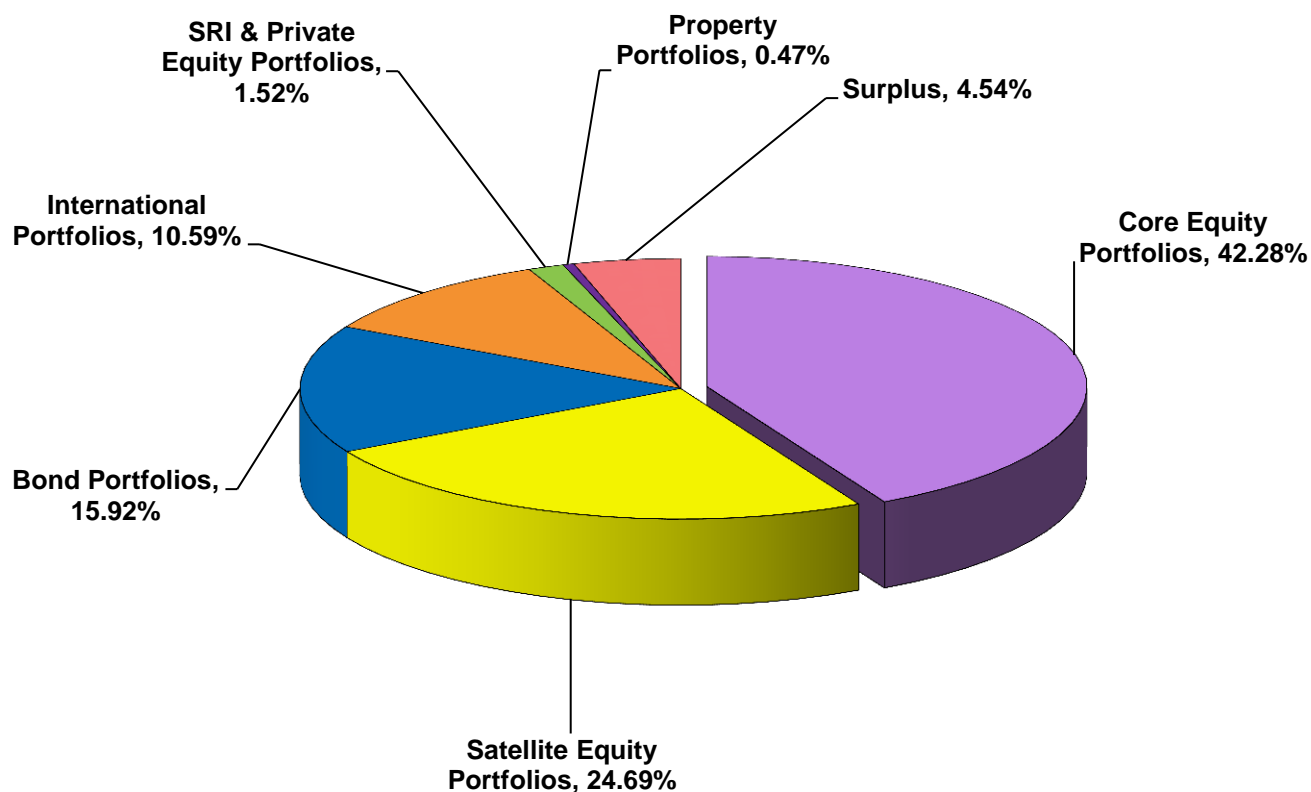
BENEFITS PAID AND TRANSFERS OUT (R000,000'S)



ASSETS

As at 31 March 2011 the total market value of the assets of the Fund amounted to R53 204 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 47.29 % 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 Trustees of the Fund have finalised the Surplus Apportionment Scheme and it was submitted to the Financial Services Board on 31 August 2011 for approval. A separate brochure setting out the details of the Surplus Apportionment Scheme was circulated to the Industry during July 2011.

The result of the Actuarial Valuation of the Fund has been approved by the Trustees with the Actuary certifying that the Fund was in a sound financial position.

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 7% increase in pensions with effect from 1 July 2011.

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% |

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. C.A. Boyes***

*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**