

*Annual Report*  
2014



Takeover  
Regulation  
Panel

a member of **the dti** group

Celebrating *25*  
years

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## PANEL'S RESPONSIBILITIES AND APPROVAL OF THE ANNUAL REPORT

The members of the Takeover Regulation Panel (the Panel) are responsible for preparing and presenting financial statements that fairly present the financial position, performance and cash flows for the period.

The Panel maintained adequate accounting records and an effective system of internal controls and risk management and complied, in all material respects, with applicable laws and regulations.

The Panel has prepared the annual financial statements, presented on pages 29 to 40, using the South African Standards on Generally Recognised Accounting Practice (GRAP). Appropriate accounting policies, supported by reasonable and prudent judgments and estimates have been used consistently.

Continuation of the Panel's activities is dependent on the support and cooperation of the Department of Trade and Industry. The Panel is satisfied that the entity is a going concern, and has continued to adopt the going concern basis in preparing the annual financial statements.

The external auditor is responsible for reporting on whether the annual financial statements are fairly presented. Their report is presented on pages 27 and 28 in accordance with the applicable financial reporting framework.

The annual financial statements on pages 29 to 40 were approved by the Panel on 16 July 2014 and are signed on its behalf by undersigned.

**Nano Matlala**  
Chairperson

**Madimetja A Lucky Phakeng**  
Executive Director

## MEMBERS



**Mr N Matlala**  
Chairperson



**Mr M Brits**



**Mr J Burke**



**Mr JM Damons**



**Ms AM de Bruyn**



**Mr PJ Dempsey**



**Mr A Khumalo**



**Prof SM Luiz**



**Mr C Ewing**



**Mr Z Malinga**



**Mr E Moolla**



**Mr A Nikani**



**Mr S Siyaka**



**Mr N Tshivhase**

## Ex Officio members



**Mr R Voller**  
Representing Minister of  
Trade and Industry  
Dr R Davies



**Ms A Ludin**  
Commissioner:  
Companies and  
Intellectual Property  
Commission



**Mr T Bonakele**  
Commissioner:  
Competition Commission  
South Africa

## EXECUTIVE



**Mr MAL Phakeng**  
Executive Director



**Ms KE Moloto-Stofile**  
Deputy Executive Director



**Mr BK Mashabane**  
Legal Counsel

## MANAGEMENT



**Margaret Motsoahae**  
Chief Financial Officer

## SUB-COMMITTEES OF THE PANEL

### Administration Committee



**Mr N Matlala**  
Chairperson



**Ms AM de Bruyn**



**Prof SM Luiz**



**Mr Z Malinga**



**Mr A Nikani**

## Audit Committee



**Mr A Khumalo**  
Chairperson



**Ms AM de Bruyn**



**Mr C Ewing**



**Mr N Matlala**



**Mr E Moolla**

## Remuneration Committee



**Mr PJ Dempsey**  
Chairperson



**Mr M Brits**



**Mr A Khumalo**



**Mr N Matlala**



**Mr S Siyaka**



**Mr N Tshivhase**

## REPORT OF THE CHAIRPERSON

This year marks the 25th anniversary since the establishment of a regulatory authority, The Securities Regulation Panel, for the regulation of affected transactions and mergers and acquisitions under the repealed Companies Act of 1973. The Panel as it was colloquially called has been replaced by the Takeover Regulation Panel (TRP) in terms of the new Companies Act 71 of 2008 (the Act). The Panel was initially given wider powers that included the monitoring and surveillance of insider trading and prohibited trading practices until the establishment of the Directorate of Market Abuse. The threshold for an affected transaction was set at 30% and later increased to 35% in 1993.

The Takeover Regulation Panel pays tribute to the founding panel members and honourable Justice Cecil Margo who was the chairperson of the Panel from inception until 1994. The initial members of the Panel were:

The Honourable C S Margo

Chairperson

### Appointed members

Mr E P H Bieber

Mr A M Colquhoun

Mr M J Farrell

Mr P R A Ferguson

Mr J H Fouché

Mr I Goldberg

Mr G Grigoratos

Mr E M Groeneweg

Mr E P R Gush

Mr C A Jaffé

Mr A Morphet

Mr R A Norton

Mr P G Redman

Mr M J Shaw

Mr W S Yeoward

### Nominated by

The Life Offices' Association of South Africa  
Institute of Retirement Funds of Southern Africa  
(formerly The Pension Institute of Southern Africa)

The Merchant Bankers Association (Additional  
Deputy Chairperson)

The Johannesburg Stock Exchange

The Afrikaanse Handelsinstituut

The Shareholders Association of South Africa

The Clearing Bankers Association of South Africa

The South Africa Chamber of Business

The Chamber of Mines of South Africa

The Association of Law Societies of the Republic of  
South Africa

The Association of General Banks

The Johannesburg Stock Exchange (Deputy Chairperson)

The Johannesburg Stock Exchange

The South African Institute of Chartered Accountants

The South African Chamber of Business

### Ex-Officio members

Dr P E J Brooks

Dr P B Roodt

Chairperson of the Competition Board  
Registrar of Companies

### Co-opted member

Prof M M Katz

The TRP will commemorate the 25th anniversary before the end of this year where former members of the Panel will be invited. It is sad that the first two chairpersons will not be celebrating with us as both have passed on.

### THE MEETINGS OF THE PANEL

The Panel has met three times during the financial year for its business. This is one meeting less than is usually the case by virtue of a change in the year end in terms of the Act. The current year end is 31st March which is aligned with all organs of state. The three subcommittees of the Panel held ten meetings during this year.

### OPERATIONS OF THE PANEL

The accompanying report of the Executive Director provides details on the operations of the Panel as in terms of the Act, the day to day operations of the Panel are undertaken by the Executive of the Panel. There is an increase in regulated transactions filed with the Panel and a reduction in Rulings by the Executive Director. The increase in regulated transactions is ascribed to transactions by small private companies, due to the wording of section 118 of the Act. This section appears to have unintended consequences as small private companies are regulated companies. It is for this reason that the Panel has approached the Specialist Committee on Company Law with proposal for the amendment of the section and provide a suitable threshold and reduce regulatory compliance burden for private companies. In addition, further proposals for amendment have been made in respect of section 48(8) of the Act to provide clarity and avoid certain unintended consequences caused by the current section. The Executive Director is a permanent invitee in the Specialist Committee on Company Law and has motivated the Panel's proposal for the amendments.

The reduction in rulings issued by the Executive is a sign of that the market is now familiar with the provisions of the new Act. This is a positive outcome for the effective implementation of the new Act and can be attributed to the role played by the Executive during the initial interaction with stakeholders.

The Panel meets quarterly and its various committees also hold quarterly meetings, in order to execute their various mandates.

The Act makes provision for a Takeover Specialist Committee (TSC) to hear appeals against the rulings of the Executive Director. The Takeover Specialist Committee heard an appeal against the ruling of the Executive Director waiving the requirements to make a mandatory offer to the minority shareholders in terms of section 123 of the Act read with regulation 86.4. The appeal confirmed the ruling of the Executive Director. This was the first appeal lodged against the ruling of the Executive Director under the new Companies Act. The Appellants did not challenge the finding of the Takeover Specialist Committee by taking the decision on review to the High Court.

### THE FINANCIAL PERFORMANCE OF THE PANEL

The Panel is in a healthy financial position. The Panel has managed to contain its costs since its establishment. Section 196(2) (i) of the Act enjoins the Panel to exercise its functions in the most cost efficient and effective manner. Our external auditors have not made any adverse findings in our annual financial report and have issued an unqualified annual financial report. The Panel cannot exclude the risk of litigation costs and other costs of investigation by the Panel in the execution of its mandate.

The current financial position of the Panel will ensure that the Panel is able to undertake its mandate and perform its functions from its own funds generated from services rendered, levies and interest earned. The Panel does not anticipate making a request to the Department of Trade and Industry (the dti) for a Parliamentary appropriation of monies to fund its operations in the near future.

## EMPLOYMENT EQUITY

The Panel had no black executive management for a period of twenty years since its establishment. Given the history of our country and the opaque nature of this industry it could not have been otherwise. The position has fundamentally changed since 2010 when our current Executive Director was appointed Deputy Executive Director. All employees of the Panel are Africans. The Panel complies 100% with the Employment Equity Act.

## TWIN PEAK REGULATORY MODEL

The global financial crisis from August 2007 triggered the global recession of 2008 to 2012 never experienced by mankind since the historical great depression of the 1930's. Governments were forced to review the regulation of the financial and capital markets. South Africa is no exception. It is for this reason that government introduced a draft Financial Sector Regulation bill to arrest and prevent conduct in the financial and capital market that caused the global financial crisis. The draft bill establishes a twin peak regulatory model whereby the market conduct will be regulated by a new independent regulator and the Reserve Bank establishing an internal prudential regulator.

The provisions of the draft bill do not have a bearing on the Panel. The United Kingdom has introduced a twin peak regulatory model in 2012 through the Financial Services Act, 2012 which created the Financial Conduct Authority and Prudential Regulation Authority. The draft bill is a mirror of the UK Financial Services Act, 2012. The London Takeover Panel was left intact by the UK legislation.

## APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS

SizweNtsalubaGobodo and Outsourced Risk and Compliance Assessment (ORCA) were appointed external and internal auditors of the Panel pursuant to a fair, equitable, transparent, competitive and cost-effective procurement process in terms of section 217 of the Constitution of the Republic of South Africa, 1996 read with the Preferential Procurement Policy Framework Act, 2000. The award of the contract is for a period of 5 years. The appointment of ORCA was made subject to their agreement that they be twinned with Bonani Chartered Accountants, a black firm of chartered accountants (Bonani). ORCA agreed to this condition. Bonani will take over the internal audit for the remaining two years of the contract. ORCA has considerable experience and expertise in internal auditing in the public sector and private sector.

The joint appointment is intended to ensure transfer of skills. The appointment of the service providers also complied with the Constitutional imperative as provided by section 217(2) which provides that the procurement system does not bar the Panel

“from implementing a procurement policy providing for a categories of preference in the allocation of contracts and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.”



I take this opportunity to express the Panel appreciation to our former external auditors, Deloitte, which rendered good service to the Panel and its predecessor for many years.

We welcome  
SizweNtsalubaGobodo,  
ORCA and Bonani.  
The Panel will give our  
auditors its unreserved  
support and cooperation  
in the execution of your  
statutory mandate.

## APPOINTMENT OF COMPETITION COMMISSIONER

The Panel congratulates Mr Tembinkosi Bonakele for his appointment as the new Commissioner of the Competition Commission on the 19th May 2014 by the Minister of Economic Development after the resignation of Mr Shan Ramburuth as Commissioner in October 2013. The Competition Commissioner is a member of the Panel by virtue of section 197(1)(b) of the Act and serves as a Panel member for so long as he/she is a Commissioner in terms of section 19 of the Competition Act, 1998. I am pleased to announce that the Commissioner sent a representative to attend our last meeting. We look forward to a fruitful contribution by the Commissioner in the affairs of the Panel.

## TRIBUTES TO MADIBA AND CYRIL JAFFE



It is with great sadness that the Panel acknowledge the passing on of an icon, Madiba the father of South African democracy on 05 December 2013. The Panel also wish to acknowledge the late Cyril Jaffé, the second and longest serving member and chairperson of the Panel who passed away on the 10 January 2014. May their souls rest in peace. Volumes have been written about the passing on of Madiba and I am not qualified to add thereto.

Mr Jaffé was undeniably an expert in takeovers and mergers, and acquisitions. He served the Panel unstintingly and with distinction for over 20 years. He retired in his late eighties and was still available to offer his expert advice until his passing. It is unfortunate that he will not witness the 25th anniversary of the Panel. Cyril has immeasurably contributed to the development of takeover law in South Africa. As Chairperson of the Panel Cyril also opened the first international conference on takeovers and mergers held in South Africa when the Panel successfully hosted the second International Takeover Regulators Conference in Johannesburg from 10 to 12 January 2005. He will be missed by all those who knew him.

## ACKNOWLEDGEMENT

The day to day operations of the Panel is handled by the Executive Director, the Deputy Executive Director, the Chief Financial Officer and the Legal Counsel who are supported by members of staff. The nature of the functions of the Panel is that the Executive are expected to be available 24/7 by the market. I interact with the Executive on a regular basis and am aware of the demand and expectation from the market on such availability. On behalf of the Panel I wish to express my greatest gratitude to our executive management and the supporting staff. The Panel should consider itself fortunate to have such committed and loyal employees. Our Chief Financial Officer and Executive Director have been with the Panel for 23 years and 14 years respectively. The two support staff have been with the Panel for no less than 10 years each.

I would not be able to effectively perform my duties without the unwavering support of the dti. The Panel wishes to express its sincerest appreciation to the Minister Dr Rob Davies, Deputy Director General of Consumer Regulatory Division Ms Zodwa Ntuli and her staff.



The governance of the Panel and the implementation of its mandate is the responsibility of the Panel. Panel members have availed themselves to serve on various committees throughout the year. Rulings given by the Executive director are subject to appeal to the Takeover Special Committee. Given the fact that time is of the essence in all transactions regulated by the Panel, it is expected from all Panel members to be available at short notice to hear appeals against the rulings of the Executive Director. Such hearings can take more than 2

days depending on the complexity and number of parties involved. I wish to extend my heartfelt appreciation to all Panel members and the chairpersons of the various committees of the Panel for their support throughout the year in ensuring that the Panel is able to fulfil its mandate.

**Nano Matlala**  
**Chairperson**  
**16 July 2014**

## REPORT OF THE EXECUTIVE DIRECTOR

### Introduction

The Companies Act No 71 of 2008 (the Act) has been in operation since May 2011. The implementation of the Act initially led to uncertainties and the Panel encountered a number of challenges in implementing the new takeover and merger provisions set out in Chapter 5 of the Act and in the Takeover Regulations. The Panel believes that it has effectively dealt with the challenges as indicated by the reduced number of enquiries it receives. The Panel live up to its obligation to be accessible, responsive, speedy but thorough, and fair in undertaking its regulatory mandate.

The Executive Director's review covers the mandate of the Panel, sets out the rationale for regulating the transactions which is tasked to regulate. It sets out the day to day activities of the Panel, the number of transactions regulated, where does the Panel derive its funding, its dealings with stakeholders and employees. Finally, it provides an update about the necessary amendments to the Act and the regulations.

### Mandate of the Panel

The Panel is a statutory regulatory body, established in terms of section 196 the Act.

The mandate of the Panel is set-out in section 201 of the Act.

It includes the following:

- regulation of affected transactions and offers;
- investigation of complaints with respect to affected transactions and offers;
- application for a court order to wind up a company, in appropriate circumstances;
- consultation with the Minister in respect

of additions, deletions or amendments to the Takeover Regulations.

The Panel may also:

- consult with any person at the request of any interested party with a view to advising on the application of any provision in respect of affected transactions or offers, or the Takeover Regulations;
- issue, amend or withdraw information on current policy in regard to proposed affected transactions or offers, to serve as guidelines for the benefit of persons concerned in such proposed transactions;
- receive and deal with representations relating to any matter with which it may deal in terms of this Act;
- perform any other function assigned to it by legislation.

### Rationale for regulating affected transactions and offers

The objectives of the Panel in regulating affected transactions and offers are inter alia to:

- ensure the integrity of the marketplace and fairness to the holders of the securities of regulated companies; provision in respect of affected transactions or offers, or the Takeover Regulations;
- ensure the provision of
  - \* necessary information to holders of securities of regulated companies, to the extent required to facilitate the making of fair and informed decisions; and
  - \* adequate time for regulated companies and holders of their securities to obtain and provide advice with respect to offers; and
- prevent actions by regulated companies designed to impede, frustrate, or defeat

an offer, or the making of fair and informed decisions by the holders of that company's securities.

Companies subject to the takeover provisions are:

- public companies,
- state-owned companies; and
- private companies, which had 10 percent or more of their issued securities transferred between unrelated parties within a period of 24 months immediately prior to the date of the particular affected transaction or offer.

Affected transactions or offers regulated are:

- disposals of all or the greater part of the assets or undertaking of a regulated company;
- an amalgamation or merger;
- a scheme of arrangement between a regulated company and its shareholders;
- the acquisition of, or announced intention to acquire, a beneficial interest in any voting securities of a regulated company;
- the announced intention to acquire a beneficial interest in the remaining voting securities of a regulated company not already held by a person or persons acting in concert;
- a mandatory offer; and
- compulsory acquisition of shares.

## Panel operations and activities

The day to day regulatory functions of the Panel are undertaken by the Executive of the Panel made of the Executive Director, Deputy Executive Director and Legal Counsel (Executives). They are ably assisted by the Chief Financial Officer and 2 Administration Staff. The Panel also has an internship programme which provides training for two individuals. The interns are involved on all operations and activities of the Panel.

For the year ended 31 March 2014, the Executives regulated and approved 51 affected transactions and offers compared to 45 transactions for the previous year.

The Executives have also issued 164 rulings in respect of affected transactions and offers compared to 177 rulings for the previous year. The majority of the rulings relate to regulated private companies. The Executives also gave 12 advisory opinions.

In addition, the Executives attended to various consultations and telephonic meetings with various parties and their advisers.

The monetary value of transactions reviewed and approved is approximately R45 000 000 000. These excludes rulings and advisory opinions.

For the year under review, the Takeover Special Committee (TSC) received 1 appeal against the ruling of the Executive Director. The matter was heard and dismissed by the Takeover Special Committee. In addition 2 applications for appeals were lodged against the rulings of the Executive Director but were withdrawn before they were considered by the TSC.

A list of affected transactions and offers regulated are included as Annexure 2 to the Annual Report.

## High profile matters considered

Transactions regulated by the Panel rarely attract any publicity except in few instances when it involves a hostile takeover. The proposed transaction between Adcock Ingram Holdings Limited (Adcock) and CFR Pharmaceuticals S.A (CFR), a Chilean company, by means of a scheme of arrangement in terms of Section 114 of the Act, although not a hostile takeover, attracted a lot of publicity for different reasons. It appears that one of the reasons was that it involved a foreign company. Another reason may be that the transaction was not necessarily supported by some of the major shareholders of Adcock as reported in financial newspapers. Adcock and CFR eventually agreed to terminate the proposed scheme of arrangement on 7 February 2014 as it was clear that there was no prospect of the transaction receiving the

necessary support to meet the statutory conditions. A major shareholder who did not support the transaction had in the meantime acquired 34,9% of the shares of Adcock. The transaction kept the Executives very busy for a long time from the initial informal consultations which started sometime during March 2013 until the transaction was ended during February 2014.

Another transaction which kept the Executives on their toes was the hostile offer by Eqstra Holdings Limited (Eqstra) for the shares of Protech Khuthele Holdings Limited, although this transaction did not get as much publicity as the Adcock / CFR transaction. Naturally hostile offers raise a lot of arguments relating to regulatory non-compliance between the parties, and this was no exception. Numerous rulings were requested by both parties against each other. However, the parties did not appeal the rulings of the Executive Director to the TSC. The hostile offer eventually failed due to the fact that Eqstra could not meet the condition precedent it had set to be able to implement the buyout.

### Pinnacle Consortium matter

It was reported in the previous years that Property Promotions Management (Proprietary) Limited, New Port Finance Company (Proprietary) Limited, Pinnacle Point Holdings (Proprietary) Limited, Gardener Ross International Finance (Proprietary) Limited and Norman Bosman (collectively the "Complainants") had filed a complaint against Nedbank Limited with the then Securities Regulation Panel (SRP) on 4 February 2010. The complaint was that Nedbank Limited and/or Syfrets Securities Limited caused an affected transaction to occur in or about March 2007 by acquiring 35% or more of the ordinary shares in the capital of Acc-Ross Holdings Limited (now known as Pinnacle Point Group Limited). A hearing was held on 19th and 20th May 2010. The Appeal Committee of the SRP issued a ruling to the effect that, an affected transaction did not occur at the time when Syfrets' holding of Acc-Ross shares reached 35%, or each time that its



holding increased by another 5%. In addition, it ruled that if the Committee has wrong in the decision above, the Committee exercised its discretion to "rule otherwise" in terms of Rule 8.1 of the Code, for the reasons of equity provided. Finally, the Committee ruled that should if for any reason it be found to have incorrectly exercised its discretion in terms of Rule 8.1 of the Code, it also exercised its general discretion in terms of Rule 34 of the Code to excuse Syfrets and Nedbank from having to make an offer to the other shareholders of Acc-Ross Holding Limited or Pinnacle Point Group Limited, for the reasons of equity provided.

The parties subsequently launched a review application against the decision of the SRP in the South Gauteng High Court. The Panel decided not to oppose the review application and chose instead to abide by the decision of the High Court.

The matter was heard by the South Gauteng High Court during November 2013, and was dismissed with costs.

The main basis for the dismissal was on a point in limine raised that the remaining applicant in the case, Newport Finance Company (Pty) Ltd, (following the liquidation of one applicant and the withdrawal of others) lacked locus standi as it was not a shareholder at the time that the alleged breach of the Code by Nedbank occurred and therefore is not eligible to receive a mandatory offer.

The Panel has since received a notice that the parties have applied to the Supreme Court of Appeal for leave to appeal this decision. No date has been set as yet.

### Funding of the Panel

The Panel derived its funding from the following sources:

- fees paid by parties when submitting circulars for review and approval;
- fees paid by parties in respect of consultations and rulings;
- yearly surcharge fees paid by companies listed on the JSE Limited; and
- interest earned on funds invested.

The Panel earned an amount of R10 726 099 for the current year from levies charged on listed companies. The fees from this source increased by 5.20% from R10 195 982 the previous year.

An amount of R5 435 000 in fees was earned from reviewing and approving circulars in the current year. The fees from this source increased by 29.25% from R4 205 000 the previous year.

An amount of R668 070 in fees was earned by the Panel in for the current year in respect of consultations and rulings. The fees from this source decreased by 16.61% from R801 111 the previous year.

The Interest earned from investments held amounted to R1 042 473 for the current year as compared to R857 953 in the previous year.

### Training and development

The Panel encourages its personnel to further their education and keep abreast with new developments in their chosen careers. To this end, the Panel funded the Legal Counsel to pursue a Master of Science in Finance and Financial Law at the University of London, School of Oriental and African Studies. In addition, other Executives have attended various seminars including Finance for Non-Financial Managers and Corporate Governance offered by the Institute of Directors of Southern Africa.

The Chairperson and the Executive Director paid a visit to the United Kingdom Panel on Takeovers and Mergers during July 2013. The purpose of the visit was to share and exchanges views on the best international regulatory practices for takeovers and mergers. The experience and knowledge gained from this visit will be applied to Panel operations for the benefit of its stakeholders.

### Internship and Secondment

The Panel is committed to developing young people as indicated in its implementation of a year internship and a secondment programmes. The Panel believes that it has a role to play in ensuring that there is skills transfer in corporate finance and in company law. The Panel offers secondment opportunities to previously disadvantaged legal practitioners in co-operation with the Black Lawyers Association and other interested parties. The secondees participate in all activities of the Panel including attending consultations and reviewing all circulars and applications submitted to the Panel.

The Panel takes the internship programme quite seriously as a way of introducing young graduates women and black graduates the specialized field of corporate finance and company law.

Internships are offered for a year to unemployed graduates in finance and law.

### Stakeholder relations and meetings

The Panel as one of the Department of Trade and Industry (the dti) Agencies participates in all activities organised by the dti to ensure continued visibility and stakeholder communication of its activities. Panel personnel also attend meetings and participate in internal meetings and activities organised by the dti for its Agencies.

In order to improve its stakeholder relations, from time to time, the Panel invites practitioners to “post transaction review meetings”. This is particularly important in hostile takeovers where disputes can be highly charged. The purpose of the review meetings is to discuss a transaction which has ended, freely and unhindered by any legal debates which may exist during a transaction. It is hoped that such discussions will assist in improving the services offered by the Panel and also promote stakeholder relations.

### Public awareness and educational involvement

The Executives of the Panel continue to be involved in educational activities and public awareness with a specific focus on regulation of takeovers and mergers. To this end, the Executives have presented papers on takeover and mergers at various seminars and workshops. The seminars and workshops include the BLA Commercial Law Programmes presented in different provinces and a seminar for Post Graduate Corporate Law students at UNISA.

Presentations have also been made at the Annual General Meeting of the Gauteng Provincial Law Circle and at the Annual General Meeting of the Cape Law Society. A seminar on takeovers and mergers in co-operation with the Legal Education & Development Unit of the Law Society of South Africa will be presented towards the end of the year.

The Panel also undertakes various communication and publicity initiatives aimed at updating its stakeholders on new developments in takeovers and mergers. These communication strategies include presentations to various associations and institutions, advertisements in corporate magazines; exhibitions at trade shows; focused articles in professional magazines, and national media. The Panel also continuously updates its user-friendly website with any new developments in affected transactions or offers.

### Legislative development

In undertaking its mandate of regulating mergers and takeovers, the Panel has noted that certain sections of the Act may have unintended consequences. In particular, the Panel noted that section 118 (2) of the Act relating to regulated private companies may be unduly restrictive for private companies undertaking mergers and takeovers. It has also noted that section 48(8) (b) of Act, relating to repurchase of 5% of the shares of a company is not clear, leading to contradictory interpretations.

In order to correct the situation, the Panel has made recommendations to the relevant authorities to have both sections amended as a matter of urgency.

The Panel continuously reviews and consults in respect of other sections of the Act and the Panel Regulations. The Panel intends to make recommendations for amendment of the relevant sections of the Act and the Regulations where necessary.

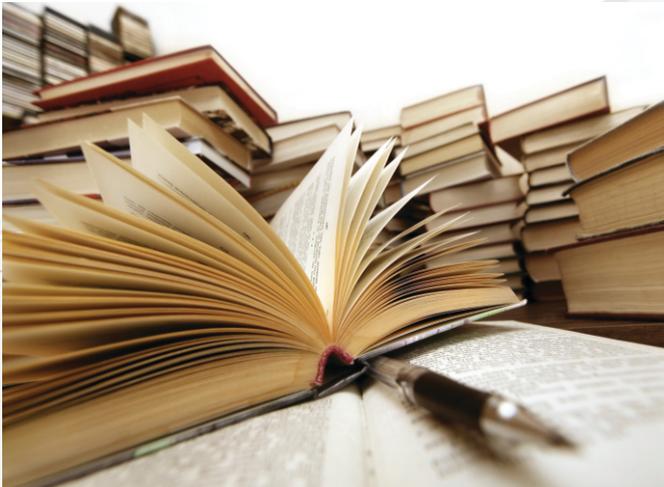
## Acknowledgement

I would like to take this opportunity to express my gratitude and acknowledge the dti for their support. The regulatory success of the Panel can be attributed directly to the excellent working relationships that exist between the staff of the dti and the Panel. In particular, I would like to mention the Consumer and Corporate Regulation Division (CCRD) and the Companies Commissioner and their staff.

The success of the Panel would not be possible without the support and valuable advice of the Chairperson, and the Panel members. Without the dedication and hard work of my colleagues and staff members we would not have overcome the challenges we faced.

Finally, I believe that with dedication and teamwork, we can take the Panel to a higher level in undertaking its regulatory mandate.

**Madimetja A Lucky Phakeng**  
**Executive Director**  
**16 July 2014**



## CORPORATE GOVERNANCE REPORT

The Panel endorses the Code of Corporate Practice and Ethics as contained in the King III Report on Corporate Governance. This commitment provides stakeholders with the assurance that the Panel's affairs are being managed in terms of the core principles of fairness, accountability, responsibility and transparency.

The Panel is a regulatory body, established in accordance with Chapter 8 of the Companies Act. The members of the Panel have been nominated by various bodies, associations, institutions and have been duly appointed by the Minister of Trade and Industry. The Executive Director, Deputy Executive Director, and Legal Counsel form the Executive and are responsible for the day to day activities of the Panel.

The members of the Panel are responsible for approval of the annual report.

In preparing the annual report, the Panel has used appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

### THE PANEL

The Panel currently consists of fourteen appointed members, and three ex-officio members. Eight members were appointed in terms of section 440B of the Companies Act No. 61 of 1973 and six members were appointed in terms of section 197 of the Companies Act No. 71 of 2008.

The Panel members are individuals of high calibre with diverse backgrounds and expertise, each of whom adds value and independence to the Panel. The Panel is supported by various sub Committees that have been appointed to ensure good corporate governance and address matters requiring specialised attention.

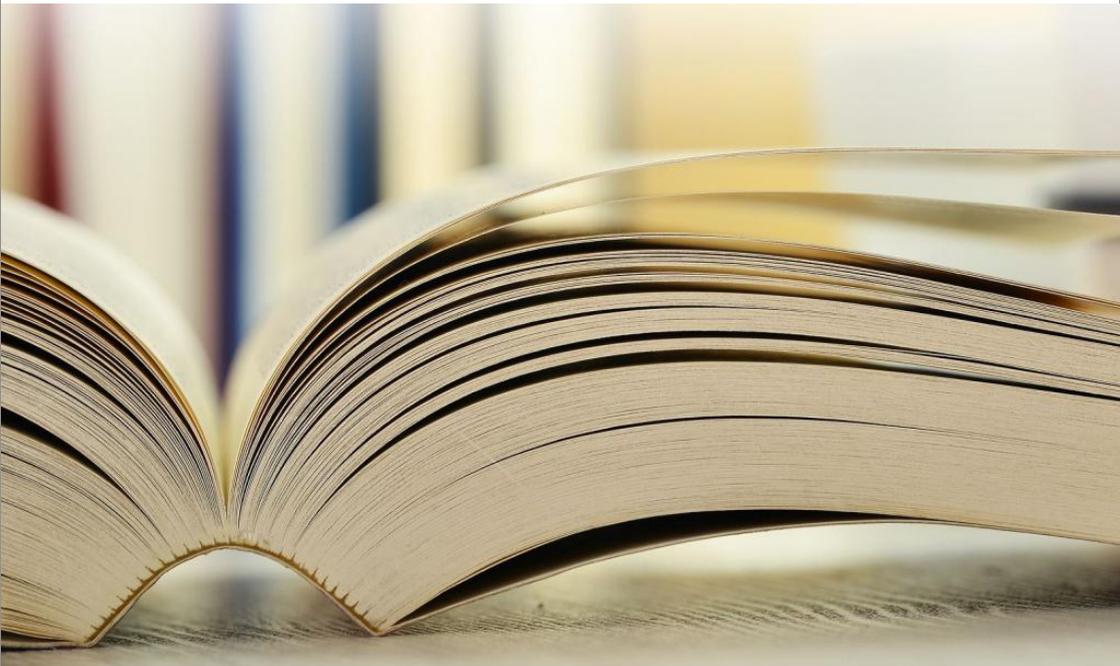
During the year under review, three Panel meetings were held. Details of attendance by members are set out below:

Member	17 July 2013	16 October 2013	29 January 2014
Mr T Bonakele	A	A	A
Mr M Brits	P	P	P
Mr J Burke	P	P	P
Mr JM Damons	AA	AA	P
Ms AM de Bruyn	AA	P	P
Mr PJ Dempsey	P	P	P
Mr C Ewing	P	P	P
Mr A Khumalo	P	P	AA
Ms A Ludin	AA	P	P
Prof SM Luiz	AA	P	P
Mr Z Malinga	AA	P	P
Mr N Matlala	P	P	P
Mr E Moolla	P	P	P
Mr A Nikani	P	P	P
Mr S Siyaka	P	P	P
Mr N Tshivhase	P	P	P
Mr R Voller	AA	P	P

P = Present

A = Absent

AA = Absent with Apology



## SUB-COMMITTEES

### Audit Committee

The Audit Committee comprises of five members of the Panel. Mr A Khumalo (Chairperson), Ms AM de Bruyn, Mr N Matlala, Mr C Ewing and Mr E Moolla. The Audit Committee met five times during the year. The Executive Director, Deputy Executive Director, Legal Counsel and the Chief Financial Officer attend the Audit Committee meetings by invitation. The external auditors attend these meetings and have unrestricted access to the committee and its chairperson. The Audit Committee oversees the financial reporting process and ensures compliance with accounting policies, legal requirements, identification and management of risk and internal controls within the Panel. It also makes appropriate recommendations regarding the approval of the annual financial statements to the Panel.

Details of attendance by members of the Audit Committee during the current financial year are set out below.

Member	08 April 2013	28 May 2013	08 July 2013	17 September 2013	26 March 2014
Ms AM de Bruyn	AA	P	AA	AA	P
Mr C Ewing	P	P	P	P	AA
Mr A Khumalo	P	P	P	P	P
Mr N Matlala	P	P	P	P	P
Mr E Moolla	NAM	NAM	P	P	P

P = Present  
 AA = Absent with apology  
 NAM = Not a member

### Remuneration Committee

The Remuneration Committee is comprised of five members of the Panel. Mr PJ Dempsey (Chairperson), Mr M Brits, Mr N Matlala, Mr S Siyaka and Mr N Tshivhase. The Executive Director attended the remuneration Committee meeting. The Remuneration Committee met twice during the year under review. The Remuneration Committee is responsible for monitoring the Human Resource function of the Panel, determining guidelines for remuneration in terms of employment and approving the remuneration of the executives and employees of the Panel. The Remuneration Committee also ensures compliance with legislation in terms of employment equity and skills development.



Details of attendance by members of the Remuneration Committee during the current financial year are set out below.

Member	19 June 2013	1 October 2013
Mr PJ Dempsey	P	P
Mr M Brits	P	P
Mr N Matlala	P	P
Mr S Siyaka	P	AA
Mr N Tshivhase	P	P

P = Present  
AA = Absent with apology  
NAM = Not a member

### Administration Committee

The Administration Committee comprises five members of the Panel. Mr N Matlala (Chairperson), Ms AM de Bruyn, Prof SM Luiz, Mr Z Malinga and Mr A Nikani. The Executive Director, Deputy Executive Director, Legal Counsel and Chief Financial Officer also attend the meetings, which are held once every quarter. The Administration Committee is responsible for reviewing the financial performance of the Panel and key statistics are reported against approved budgets and compared with those of prior years. The Administration Committee also reviews the Activity Report, which details affected transactions as well as Rulings made by the Panel. The Administration Committee ensures that any risks associated with the Panel's operations are effectively identified, evaluated, managed and monitored.

Details of attendance by members of the Administration Committee during the current financial year are set out below.

Member	08 July 2013	18 September 2013	19 March 2014
Mr N Matlala	P	P	P
Ms Ade Bruyn	AA	AA	AA
Prof SM Luiz	P	P	P
Mr Z Malinga	P	P	P
Mr A Nikani	NAM	P	P

P = Present  
AA = Absent with Apology  
NAM = Not a member

## EMPLOYMENT EQUITY

The Panel continuously reviews its employment policies to ensure that they are appropriate. The Panel values its employees and employment policies are designed to promote a working environment in which they are able to reach their personal potential. Promotion and recruitment of employees is based on merit and no discrimination is applied in terms of background, race or sexual orientation. Employees are recognised for their contribution to the success of the Panel and are remunerated accordingly.

The Panel staff complement is as follows:

	African		
	Male	Female	Total
Executives	2	1	3
Management	-	1	1
Administration Staff	-	3	3
Interns	-	2	2
<b>Total</b>	<b>2</b>	<b>7</b>	<b>9</b>

## CONTROL ENVIRONMENT

Internal control comprises methods and procedures adopted by the executive to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial statements.

The audit function, conducted by the auditors and supported by the Administration Committee as well as the Audit Committee, evaluates the adequacy and effectiveness of the Panel's controls, financial reporting mechanisms and records, information systems and operations as well as reporting on the adequacy of these controls. It also provides additional assurance regarding the safeguarding of the Panel's assets and financial information.

## CODE OF ETHICS

The Panel is committed to a strong set of values that are shared, known and supported by everyone.

The Panel strives to act in an ethical manner, and has adopted a set of values dealing with beliefs, norms, standards, people, traditions and customs.

These values are:

- integrity
- professionalism
- reliability
- customer orientated
- excellence



## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE TAKEOVER REGULATION PANEL

We have audited financial statements of the Takeover Regulation Panel, set out on pages 21 to 33 which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Members' responsibility for the financial statements

The Panel's members are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Recognised Accounting Practice and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Panel as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with Generally Recognised Accounting Practice.

## Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2014, we have read the Panel's responsibilities and approval of the annual report statement, disclosure on the members and executive, disclosure on the sub-committees of the Panel, Report of the Chairperson, Report of the Executive Director, Corporate Governance Report, (collectively referred to as 'reports') for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

**SizweNtsalubaGobodo Inc.**  
**Director: Nhlanhla Sigasa**  
**Registered Auditor**  
**Chartered Accountant (SA)**  
**16 July 2014**  
**Johannesburg**

## STATEMENT OF FINANCIAL POSITION 31 MARCH 2014

	Notes	2014 R	2013 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	2	81 200	78 106
		<b>81 200</b>	78 106
<b>Current assets</b>			
Accounts receivable	3	282 338	54 902
Cash in bank and funds on deposit		21 509 405	17 812 315
Cash on hand		500	500
Total current assets		<b>21 792 243</b>	17 867 717
<b>Total assets</b>		<b>21 873 443</b>	17 945 823
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated surplus		19 842 406	16 135 181
<b>Non-current liabilities</b>			
Employee benefit obligations	4	860 349	892 688
<b>Current liabilities</b>			
Accounts payable and provisions	5	1 170 688	917 954
<b>Total equity and liabilities</b>		<b>21 873 443</b>	17 945 823

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	<b>Notes</b>	<b>2014</b> <b>R</b>	2013 <b>R</b>
Revenue		<b>16 829 169</b>	15 202 093
Annual levies		<b>10 726 099</b>	10 195 982
Fees for services		<b>5 435 000</b>	4 205 000
Other income		<b>668 070</b>	801 111
Interest received		<b>1 042 473</b>	857 953
Operating income		<b>17 871 642</b>	16 060 046
Operating expenses	<b>6</b>	<b>(14 164 417)</b>	(10 797 638)
Net surplus before taxation		<b>3 707 225</b>	5 262 408
Taxation	<b>7</b>	-	-
Net surplus for the year		<b>3 707 225</b>	5 262 408
Other comprehensive income		-	-
<b>Total comprehensive surplus</b>		<b>3 707 225</b>	5 262 408

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	<u>Total</u> <u>R</u>
Accumulated surplus at 29 February 2012	10 872 773
Total comprehensive surplus for the year	<u>5 262 408</u>
Accumulated surplus at 31 March 2013	16 135 181
<b>Total comprehensive surplus for the period</b>	<b><u>3 707 225</u></b>
<b>Accumulated surplus at 31 March 2014</b>	<b><u>19 842 406</u></b>

## STATEMENT OF CASH FLOWS FOR THE YEARENDED 31 MARCH 2014

	Notes	<u>2014</u> <u>R</u>	<u>2013</u> <u>R</u>
<b>Cash flows from operating activities</b>			
Cash generated by operations	<b>A</b>	<b>2 694 086</b>	4 991 844
Interest received		<b>1 042 473</b>	857 953
Net cash inflow from operating activities		<b>3 736 559</b>	5 849 797
<b>Cash flows from investing activities</b>			
Additions to furniture and equipment		<b>(39 469)</b>	(13 968)
Net cash outflow from investing activities		<b>(39 469)</b>	(13 968)
<b>Net increase cash and cash equivalents</b>		<b>3 697 090</b>	5 835 829
Cash and cash equivalents at beginning of period		<b>17 812 815</b>	11 976 986
<b>Cash and cash equivalents at end of period</b>	<b>B</b>	<b>21 509 905</b>	17 812 815

## NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	<u>2014</u> R	<u>2013</u> R
<b>A. Cash generated by operations</b>		
Total comprehensive surplus	<b>3 707 225</b>	5 262 408
Adjusted for:		
• Interest cost for post-retirement medical benefits	<b>41 323</b>	41 323
• Post-retirement medical aid	<b>(73 662)</b>	(71 702)
• Interest received	<b>(1 042 473)</b>	(857 953)
• Disposal of assets	-	-
• Depreciation	<b>36 375</b>	45 485
Cash from operations before working capital changes	<b>2 668 788</b>	4 419 561
(Increase) / decrease in accounts receivable	<b>(227 436)</b>	553 742
Increase in accounts payable and provisions	<b>252 734</b>	18 541
Net working capital changes	<b>25 298</b>	572 283
Cash generated by operations	<b>2 694 086</b>	4 991 844
<b>B. Cash and cash equivalents at end of period</b>		
Cash and cash equivalents comprises:		
Cash in bank and funds on deposit	<b>21 509 405</b>	17 812 315
Cash on hand	<b>500</b>	500
	<b>21 509 905</b>	17 812 815

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 1. Accounting policies

The annual financial statements are prepared in accordance with GRAP. The financial statements are prepared on the historical cost basis and going concern basis and incorporate the following principal accounting policies, which have been consistently applied for the year ending 31 March 2014 in all material respects.

The 2013 financial year end of the Panel was changed from 28 February 2013 to 31 March 2013.

### 1.1 Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write-down the cost of such assets over their estimated useful lives which are as follows:

Furniture	10 years
Equipment	5 years

### 1.2 Revenue recognition

The revenue is recognised on a cash basis. The invoiced value of services rendered comprising surcharge fee income, fees for documentation, hearings and rulings, excluding value added tax, and is recognised at the date services are rendered. Annual levies in the current year were raised, in advance, on 1 April. Interest

income is recognised in the income statement on an accrual basis using the effective interest rate method based on the capital amounts outstanding.

### 1.3 Financial instruments

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised on the statement of financial position when the Panel has become a party to the contractual provisions of that instrument.

#### *Financial assets*

The Panel's financial assets in accordance with GRAP 104 are measured at amortised cost using the effective interest rate method. Accounts receivable comprise fees receivable, prepaid expenses and sundry receivables.

#### *Financial liabilities*

The Panel's financial liabilities in accordance with GRAP 104 are measured at amortised cost using the effective interest rate method. Financial liabilities include accounts payable consisting of creditors and accrued expenses.

#### *Offsetting*

Financial assets and financial liabilities have not been offset in the Statement of Financial Position.

## 1.4 Contingent liabilities

The Panel discloses a contingent liability where it has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Panel; or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## 1.5 Effect of new Standards of GRAP

The following approved Standards of GRAP that have been issued, but are not yet effective, are not likely to affect

the annual financial statements when they are adopted as these Standards have been used to formulate and inform the current accounting policies and disclosures:

GRAP 20 Related Party Disclosures (no effective date yet);

GRAP 105 Transfer of Functions between Entities under Common Control (no effective date yet);

GRAP 106 Transfer of Functions between Entities Not under Common Control (no effective date yet); and

GRAP 107 Mergers (no effective date yet).

## 1.6 Operating lease payments

Lease payments under operating lease are recognised as an expense on a straight line basis over the lease term.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 2. Furniture and equipment

	Furniture R	Equipment R	Total R
Net book value at 29 February 2012	15 335	94 287	109 622
Additions for the period	5 944	8 024	13 968
Depreciation	(4 901)	(40 584)	(45 485)
Net book value at 31 March 2013	16 378	61 728	78 106
Additions for the period	9 680	29 789	39 469
Depreciation	(3 164)	(33 211)	(36 375)
<b>Net book value at 31 March 2014</b>	<b>22 894</b>	<b>58 306</b>	<b>81 200</b>
Depreciation rate	10%	20%	
Cost	293 916	270 194	564 110
Accumulated depreciation	(277 538)	(208 466)	(486 004)
Net book value 31 March 2013	16 378	61 728	78 106
Cost	303 596	299 982	603 578
Accumulated depreciation	(280 702)	(241 676)	(522 378)
<b>Net book value 31 March 2014</b>	<b>22 894</b>	<b>58 306</b>	<b>81 200</b>

### 3. Accounts receivable

	2014 R	2013 R
Fees receivable	<b>2 958 874</b>	424 823
Provision for doubtful debts	<b>(2 727 454)</b>	(421 403)
Fees receivable after the provision for doubtful debts	<b>231 420</b>	3 420
Prepaid expenses	<b>50 918</b>	51 482
	<b>282 338</b>	54 902

No interest is charged on past due fees receivables. The carrying value of accounts receivables approximates fair value. A provision for doubtful debt has been raised against accounts receivable as it is policy of the Panel to provide for fees outstanding longer than 12 months.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 3. Accounts receivable (continued)

<b>Ageing of fees receivable</b>	<u>2014</u>	<u>2013</u>
	R	R
Current	<b>231 420</b>	3 420
Past due but not impaired	-	-
30-60 days	-	-
60-90 days	-	-
90+	-	-
	<u>-</u>	<u>-</u>

### 4. Employee benefit obligations

#### *Defined contribution plan:*

All staff members of the Panel are members of the Acumen Pension fund. The staff members contribute in accordance with the rules of that pension scheme. Total contributions made to the pension scheme during the year were R665 437 (2013: R610 801).

#### *Post-retirement medical benefit plan:*

The Panel operates a post-retirement medical benefit plan for one retired employee of the Panel. Under the scheme, the Panel will contribute for both employee and his spouse until their death. The contributions will be to the medical aid fund to which the employee was a member at the date of his retirement.

The Panel obtains a valuation every three years in order to measure the post retirement medical aid liability. The last valuation was in February 2011 and the next valuation is in March 2015. The assumptions made in the valuation include medical inflation, life expectancy, HIV/AIDS, investment returns and number of dependants. The members believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 4. Employee benefit obligation (continued)

*Post-retirement medical benefit plan:*

	<u>2014</u>	<u>2013</u>
	R	R
Amounts recognised in income in respect of the scheme are as follows:		
Interest cost	<u>41 323</u>	<u>41 323</u>
	<u>41 323</u>	<u>41 323</u>

The amounts included in the statement of financial position arising from the Panel's obligation in respect of post-retirement medical benefit plans is as follows:

Opening Balance	<b>892 688</b>	923 067
Medical Payments	<u>(73 662)</u>	<u>(71 702)</u>
Present value of unfunded obligations	<u>819 026</u>	<u>(851 365)</u>
Total liability	<u>860 349</u>	<u>892 688</u>

#### Employee benefit obligations

Key assumptions used:		
Discount rate	3.04%	3.04%
Expected medical inflation	4.42%	4.42%

### 5. Accounts payable and provisions

Creditors and accrued expenses	<b>457 396</b>	490 736
Provision for leave pay	<b>289 372</b>	242 269
Unallocated deposits	<u>423 920</u>	<u>184 949</u>
	<u>1 170 688</u>	<u>917 954</u>

#### Contractual maturity analysis of financial liabilities and provisions

On demand	<b>901 162</b>	689 601
1 – 5 years	<u>269 526</u>	<u>228 353</u>
	<u>1 170 688</u>	<u>917 954</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 6. Operating expenses

Operating expenses include the following items:

	<u>2014</u>	<u>2013</u>
	R	R
Auditor's remuneration	<b>250 000</b>	220 000
Depreciation	<b>36 375</b>	45 485
Legal fees	<b>537 865</b>	231 573
Operating lease payments - building	<b>544 899</b>	590 307
Operating lease payments - other	<b>396 892</b>	388 928
Panel members' fees	<b>866 579</b>	814 09
- Chairperson	<b>644 556</b>	642 757
- Members	<b>196 824</b>	144 488
- Other services	<b>25 199</b>	26 846
Other administrative expenses	<b>3 623 878</b>	954 455
Interest cost for post-retirement medical benefits	<b>41 323</b>	41 323
Personnel costs	<b>7 866 606</b>	7 511 475

Included in personnel costs are the following:

Directors' emoluments:

	<u>MAL Phakeng</u>	<u>MAL Phakeng</u>
Basic salary	<b>1 926 983</b>	1 980 963
Bonuses	<b>764 415</b>	728 015
Other	<b>37 860</b>	36 858
Pension fund contributions	<b>254 692</b>	261 559
	<b>2 983 950</b>	3 007 394

	<u>KE Moloto-Stofile</u>	<u>KE Moloto- Stofile</u>
Basic salary	<b>1 114 034</b>	1 094 070
Bonuses	<b>318 000</b>	225 000
Other	-	-
Pension fund contributions	<b>173 867</b>	123 930
	<b>1 605 901</b>	1 443 000

	<u>BK Mashabane</u>	<u>BK Mashabane</u>
Basic salary	<b>922 533</b>	894 540
Bonuses	<b>244 860</b>	231 000
Other	-	31 266
Pension fund contributions	<b>88 739</b>	89 054
	<b>1 256 132</b>	1 245 860

## 7. Taxation

The Panel is exempt from the payment of taxation in terms of Section 10 (cA) of the Income Tax Act.

## 8. Commitments

	2014 R	2013 R
<b>Rental payments in terms of premises lease agreement</b>		
Future minimum lease payments payable within 1 year	<b>544 899</b>	<b>544 899</b>
Future minimum lease payments payable less than a year	<b>181 633</b>	<b>726 532</b>
<b>Parking payments in terms of lease agreement</b>		
Future minimum lease payments payable within 1 year	<b>71 098</b>	<b>71 098</b>
Future minimum lease payments payable less than a year	<b>23 699</b>	<b>94 797</b>
<b>Operating Costs payments in terms of lease agreement</b>		
Future minimum lease payments payable within 1 year	<b>225 058</b>	<b>225 058</b>
Future minimum lease payments payable less than a year	<b>75 019</b>	<b>300 077</b>

The premises lease commenced on 1 August 2010 and remains in force for a period of 5 years, terminating on 31 July 2015. In terms of the lease agreement, the office rental will escalate by 8.5%, parking by 9% and operating costs by 10%, on each anniversary of 1 August. In terms of the lease agreement, no deposit was paid; an irrevocable bank guarantee for an amount of R140 000 was issued and will remain in full force and effect until the expiry of the lease. In the event that this lease is terminated for any reason whatsoever prior to the expiry date, the Panel shall immediately refund the landlord the full amount R135 416 of the tenant installation project.

9. Financial Risk Management

### 9.1 Credit risk

The Panel's income is derived from:

- levies on the annual revision fees charged by JSE Ltd to listed companies;
- documentation inspection fees and fees charged for consultations and rulings; and
- interest received from funds on deposit.

The levies and fees that are charged by the Panel are set by the Minister of Trade and Industry and published in the Government Gazette.

Should there be a major fall in the market capitalisation of listed companies, this would have a detrimental effect on income. Similarly, should there be a considerable fall off in takeover and merger activity, income would be adversely impacted.

The Panel always runs the risk of any of its rulings being taken on review to the High Court, or the Panel itself instituting High Court action against parties which do not comply with the Rules of the Code. Such an action could draw heavily on the Panel's resources.

The Panel is confident that it will be able to recover all accounts receivable in full. Accordingly, no provision has been made for the impairment of accounts receivable to date; this is assessed on ongoing basis.

The Panel has no significant concentrations of credit risk.

## 9.2 Liquidity risk

Based on the strength of the statement of financial position, the Panel is of the view that all liabilities, including contingent liabilities, can be met from existing cash deposits.

## 9.3 Market risk

The Panel does not have any significant exposure to market risk.

## 10. Accounting estimates and judgments

Projected Unit Credit Method as prescribed by GRAP 25 was used for the purpose of the post-retirement medical aid benefit. This method is based on the approximation that the post-retirement benefit is notionally built up over the employees' working life. The post-retirement medical aid liability is valued every three years.

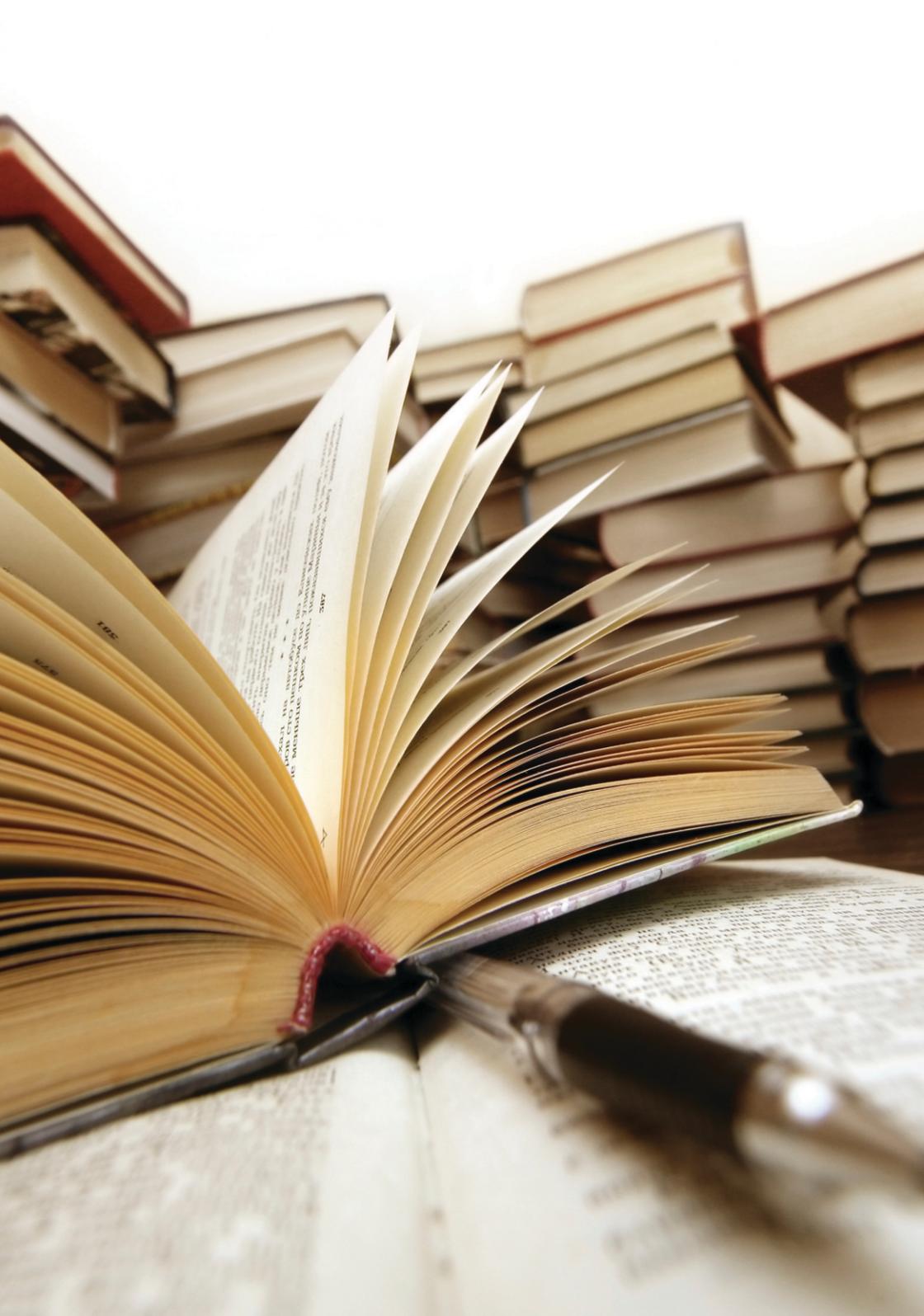
## 11. Subsequent events

No matter which is material to the financial affairs of the Panel has occurred between the balance sheet date and the date of approval of the annual financial statements.

## ANALYSIS OF MATTERS CONSIDERED BY THE PANEL FOR THE YEAR ENDED 31 MARCH 2014

### ANNEXURE 1

	<u>2014</u>	<u>2013</u>
<b>Fundamental transactions</b>	<b>37</b>	24
Sec 112 – Disposal of Assets	9	4
Sec 113 – Amalgamations and Mergers	-	1
Sec 114 – Scheme of arrangement	<b>28</b>	19
<b>Mandatory offers</b>	<b>11</b>	18
Comparable offer Sec 123	5	11
Waiver by shareholders Regulation 86.4	<b>6</b>	7
<b>General Offer</b>	<b>2</b>	1
<b>Partial offers – Sec 125</b>	<b>1</b>	2
	<u><b>51</b></u>	<u>45</u>
<b>Rulings</b>	<b>164</b>	177
Sec 119.6 - Exemptions	<b>149</b>	162
Relaxation of Regulations	<b>6</b>	8
Other	<b>9</b>	7
<b>Advisory Opinions</b>	<b>12</b>	11













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