

**SECURITIES REGULATION PANEL
(ESTABLISHED IN ACCORDANCE WITH
SECTION 440B OF THE COMPANIES ACT
NO.61 OF 1973)**

**ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2011**

**SECURITIES REGULATION PANEL
ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2011**

| CONTENTS | Page |
|---|-------------|
| PANEL'S RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS | 2 |
| MEMBERS AND EXECUTIVE | 3 |
| SUB-COMMITTEES OF THE PANEL | 4 |
| REPORT OF THE CHAIRPERSON | 5 |
| REPORT OF THE EXECUTIVE DIRECTOR | 6 |
| CORPORATE GOVERNANCE REPORT | 12 |
| INDEPENDENT AUDITOR'S REPORT | 18 |
| STATEMENT OF FINANCIAL POSITION | 19 |
| STATEMENT OF COMPREHENSIVE INCOME | 20 |
| STATEMENT OF CHANGES IN EQUITY | 21 |
| STATEMENT OF CASH FLOWS | 22 |
| NOTES TO THE STATEMENT OF CASH FLOWS | 23 |
| NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 24 |
| ANNEXURE 1: ANALYSIS OF MATTERS CONSIDERED BY THE PANEL DURING THE YEAR | 31 |

**SECURITIES REGULATION PANEL
ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2011**

PANEL'S RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Panel is responsible for the preparation and fair presentation of the annual financial statements, comprising the statement of financial position at 28 February 2011, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

The Panel's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Panel's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

Continuation of the entity's activities is dependent on the support of the Department of Trade and Industry. Notwithstanding the current financial position, 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 auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

The annual financial statements on pages 19 to 30 were prepared in accordance with South African Statements of Generally Accepted Accounting Practice and were approved by the Panel on 22 June 2011 and are signed on its behalf by

N A Matlala
Chairperson

MAL Phakeng
Executive Director

**SECURITIES REGULATION PANEL
MEMBERS AND EXECUTIVE
28 FEBRUARY 2011**

MEMBERS - appointed on 6 December 2010 (in terms of the Companies Act No. 61 of 1973)

Chairperson

Mr NA Matlala

Nominated by

Law Society of South Africa

Members

Mr A Khumalo

The Association for the Advancement of Black Accountants of Southern Africa

Mr P J Dempsey

Association for Savings and Investments South Africa

Mr M Brits

Banking Association South Africa

Mr J M Damons

Foundation for African Business and Consumer Services

Ms A M De Bruyn

JSE Ltd

Mr R M Loubser

JSE Ltd

Prof S M Luiz

Society of Law Teachers of South Africa

Ex Officio members

Dr R Davies

Minister of Trade and Industry (represented by: Mr R Voller)

Mr S Ramburuth

Commissioner: Competition Commission South Africa

Ms A Ludin

Commissioner: Companies and Intellectual Property Commission (*appointed on 1 May 2011 in terms of the Companies Act No. 71 of 2008*)

Members - term of office expired on 16 August 2010

Mr L Ba

Prof S M Luiz

Mr R S Berkowitz

Mr NA Matlala (co-opted member)

Mr J M Damons

Mr C Moni

Dr R Davies

Mr S Mseleku

Ms A M De Bruyn

Mr J Mthimunye

Mr T Dloti

Mr S Ramburuth

Ms P J Egan

Mr S Siyaka

Prof M Katz (co-opted member)

Ms P Stratten (co-opted member)

Prof M E King SC

Mr D A Sylvester

Dr D Konar (co-opted member)

Mr B R van Rooyen

Mr R M Loubser

Mr W S Yeoward (co-opted member)

Mr N D Lowenthal (co-opted member)

EXECUTIVE

Mr MAL Phakeng (*appointed 1 April 2011*)

Executive Director

Mr RJ Connellan (*retired 31 August 2010*)

Executive Director

Mr VI Pitchers (*resigned 31 July 2010*)

Deputy Executive Director

Mr B Mashabane (*appointed 1 November 2010*)

Legal Counsel

**SECURITIES REGULATION PANEL
SUB-COMMITTEES OF THE PANEL
28 FEBRUARY 2011**

Administration Committee

Mr N A Matlala Chairperson
Ms A De Bruyn
Prof S M Luiz

Audit Committee

Mr A Khumalo Chairperson
Ms A De Bruyn
Mr N A Matlala
Mr S Sithebe (co-opted member)

Remuneration Committee

Mr R Loubser Chairperson
Mr A Khumalo
Mr N A Matlala

**SECURITIES REGULATION PANEL
REPORT OF THE CHAIRPERSON
28 FEBRUARY 2011**

This is my first report as Chairperson of the new Panel having been appointed on 13 January 2011. I was Acting Chairperson of the Panel from 28 February 2010 until 16 August 2010.

The Panel has seen a number of changes and developments for the year ended 28 February 2011. The after effects of the general financial turmoil in the form of reduced availability of funding for takeovers and mergers requires that the Panel remain vigilant in respect of letters received confirming availability of cash to fund transactions. The new Companies Act No. 71 of the 2008 (‘the Act’) and the Companies Regulations 2011 (“the Regulations”), have introduced new processes for regulating takeovers and mergers. The Panel is aware of its responsibilities to its stakeholders and will continue to carry out its new mandate impartially, efficiently, without fear, favour or prejudice and in a cost effective manner.

The implementation of the Act and the Regulations presents the Panel with an opportunity to introduce new processes to achieve its mandate. The employees of the Panel are up to the task and plans are afoot to ensure that our stakeholders’ needs are attended to. In the coming months, additional staff will be recruited to ensure that the Panel is capable of carrying out its increased workload which is introduced by the Act. In addition, the Panel is in the process of reviewing all its processes to ensure compliance with all the relevant legislation affecting it, as introduced by the Act and the Regulations.

As the Panel presents this Annual Report I wish to express my appreciation to the Minister of Trade and Industry, the Honourable Dr. Rob Davies, and also welcome the new Director-General of Trade and Industry, Mr Lionel October. I also wish to thank Ms Zodwa Ntuli, the Deputy-Director General of Trade and Industry, Consumer and Corporate Regulatory Division and her staff for their continued support. The Panel looks forward to the continued support of all stakeholders and their co-operation in ensuring that the Panel can meet its objectives.

TRIBUTE TO RICHARD CONNELLAN- THE RETIRED EXECUTIVE DIRECTOR

I take this opportunity to wish the former Executive Director of the Panel, Mr Richard Connellan a happy, well deserved and relaxed retirement.

Mr Connellan spent 16 years as the Executive Director of the Panel. Mr Connellan was the second Executive Director of the Panel since establishment in 1989. He took over as the Executive Director of the Panel in August 1994, and has steadily steered the Panel during the various ups and downs of the financial markets.

During his time as the Executive Director, Richard performed his duties efficiently and had extraordinary patience. He was always available to impart his knowledge to his junior colleagues, and answered questions with patience and simplicity, ensuring that all his experience was imparted to his junior colleagues. His wisdom, experience and knowledge in regulating mergers and takeovers was an asset to the Panel. Richard was also closely involved in the drafting of Chapter 5 of the Companies Regulations relating to affected transactions.

On behalf of members and the Panel’s employees, I wish to express my gratitude to Richard for his contribution to the regulatory developments in mergers and takeovers.

**N A Matlala
Chairperson
22 June 2011**

**SECURITIES REGULATION PANEL
REPORT OF THE EXECUTIVE DIRECTOR
28 FEBRUARY 2011**

Introduction

The Panel is a statutory regulatory body, established in terms of section 440B of the Companies Act No. 61 of 1973 (the Act). Its functions is to regulate Affected Transactions as defined in terms of Chapter XVA of the Act on takeovers and mergers. The powers, functions, activities and procedures are set out in the Act as read with the Securities Regulation Code and the Rules of the Panel (the Code).

In terms of the Act and the Code, the Panel in regulating and supervising takeovers and mergers is obliged to ensure among others, the following:

- shareholders are treated equally;
- shareholders are provided with sufficient relevant information in good time to make an informed decision;
- shareholders are not given misleading information;
- companies do not prevent or frustrate takeovers or mergers;
- oppression of minority shareholders is avoided; and
- parties undertaking takeovers or mergers are able to complete the transactions.

Panel operations and activities

In the current year, ended 28 February 2011, the Executive of the Panel regulated and approved 64 takeovers and mergers, as compared to 51 transactions in the previous financial year. The total value of these transactions is approximately R102 billion as compared to R36 billion worth of transactions regulated and approved in the previous financial year.

There was a significant increase in the number of affected transactions regulated and approved by the Executive compared to previous financial year. The value of the affected transactions has also increased as compared to the previous financial year.

The Executive have also issued 33 rulings in respect of affected transactions compared to 18 rulings for the previous financial year. Of these rulings, only 2 have been appealed to the Appeal Committee of the Panel.

In addition, the Executive attended to 122 consultation meetings with parties and their advisers.

Some of the significant affected transactions regulated and approved with a value of more than R1 billion were:

Disposal of assets in terms of section 228 of the Companies Act

| Offeror | Offeree Company | Approx. Value |
|--|---------------------------|----------------------|
| Hosken Consolidated Investment Ltd | Gold Reef Resorts Ltd | R17,1 billion |
| Village Main Reef Ltd | Simmer and Jack Mines Ltd | R1,3 billion |
| Unbundling of Mvela Reserve Ltd | Mvelaphanda Group Ltd | R1,7 billion |
| Nippon Telegraph and Telephone Corporation | Venfin Holdings Ltd | R6 billion |
| Unbundling of Attfund Retail Ltd | Attfund Ltd | R8,9 million |

**SECURITIES REGULATION PANEL
REPORT OF THE EXECUTIVE DIRECTOR (continued)
28 FEBRUARY 2011**

| Offeror | Offeree Company | Approx. Value |
|--|---------------------------|----------------------|
| Unbundling of Health Strategic Investments Ltd | Mvelaphanda Group Ltd | R4 billion |
| Unbundling Trencor Ltd | Mobile Industries Ltd | R3 billion |
| Unbundling of Northam Platinum Ltd | Mvelaphanda Resources Ltd | R7,6 billion |

Waiver of mandatory offer by shareholders in terms of Rule 8.7 of the Code

| Offeror | Offeree Company | Approx. Value |
|-----------------------|------------------------------------|----------------------|
| Gold Reef Resorts Ltd | Hosken Consolidated Investment Ltd | R17,1 billion |

General offers

| Offeror | Offeree Company | Approx. Value |
|--|-------------------------|----------------------|
| Nippon Telegraph and Telephone Corporation | Dimension Data Ltd | R 23 billion |
| Redefine Properties Ltd | Hyprop Investment Ltd | R4,1 billion |
| Hyprop Investment Ltd | Redefine Properties Ltd | R4,1 billion |

Hostile General Offer

| Offeror | Offeree Company | Approx. Value |
|-----------------|------------------------|----------------------|
| Kansai Paint Co | Freeworld Coatings Ltd | R1,8 billion |

Reduction of capital by share buyback in terms of section 85 of the Companies Act

| Offeror | Offeree Company | Approx. Value |
|------------------------------------|------------------------|----------------------|
| Makalani Holdings Ltd Shareholders | Makalani Holdings Ltd | R1,1 billion |

Section 311 schemes of arrangement

| Offeror | Offeree Company | Approx. Value |
|-------------------------------|---------------------------|----------------------|
| Saphire Investments (Pty) Ltd | Freeworld Coatings Ltd | R 1,7 billion |
| Wal-Mart Stores Inc. | Massmart Holdings Ltd | R16,9 billion |
| Capital Property Fund | Pangbourne Properties Ltd | R7,8 billion |
| Northam Platinum Ltd | Mvelaphanda Resources Ltd | R1,1 billion |

It is also to be noted that the complexity of transactions is increasing. Some of the notable complexity relates to funding conditions. In addition, material adverse change conditions (“MAC’s”) and break fees are becoming common as compared to prior years. The Executive continue to apply a practice whereby a clear objective test is applied in respect of MAC’s and a limit of 1% of the value of the transaction is applied in respect of break fees.

**SECURITIES REGULATION PANEL
REPORT OF THE EXECUTIVE DIRECTOR (continued)
28 FEBRUARY 2011**

Hearings before the Appeal Committee of the Panel (“Committee”)

For the year ended 28 February 2011, the Committee considered the following hearings:

- A complaint raised by 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”) filed a complaint against Nedbank Limited with the Panel on 4 February 2010. The hearing was held over a period of two days on 19th and 20th May 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).

The Committee 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 was ruled that if the Committee is wrong in the decision above, the Committee exercise 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 for any reason it be found to have incorrectly exercised our discretion in terms of Rule 8.1 of the Code, it also exercise its general discretion in terms of Rule 34 of the Code to excuse Syfrets Securities Limited and Nedbank Limited 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.

This matter has been taken on review by the Complainants before Southern Gauteng High Court. The Panel has decided not to oppose the review application and it will instead abide by the decision of the High Court.

- The second hearing related to a hostile takeover offer by Kansai Paint Co (“Kansai”) for the shares of Freeworld Coating Limited (“Freeworld”).

In summary, Freeworld Coatings Limited’s appeal related to the approval of Kansai’s Offer Circular by the Executive Director. Freeworld appealed against the approval of the offer circular on the basis that Freeworld shareholders are directly and materially prejudiced on two grounds; namely that:

* the time table as contained in the offer circular is in breach of Rule 28.7 of the Securities Regulation Code and the Rules (“the Code”), because the closing date of the offer will result in the lapsing of the offer before the unconditional approval of the merger by the Competition Commission and forty six days before the fulfilment date. The effect of this deviation will sterilise Freeworld’s shareholders; and

* the shareholders of Freeworld are compelled to accept and/or to decide whether to accept or reject the offer without knowing the outcome of the Competition Commission on the approval or disapproval of the merger. This, it was contended was prejudicial to the business of Freeworld and was in breach of general principle 4 of the Code.

On 17 February 2011, the Committee dismissed the appeal on the basis that the Offer Circular as approved by the Executive Director is not in breach of General Principle 4 and Rule 28.7 of the Securities Regulation Panel Code and Rules. The full reasons for the decision were provided to the parties during March 2011. The Committee pointed out that;

**SECURITIES REGULATION PANEL
REPORT OF THE EXECUTIVE DIRECTOR (continued)
28 FEBRUARY 2011**

The timetable is not cast in stone, and as such is subject to change and Note 2 on page 8 of the Offer Circular to Freeworld shareholders made this fact patently clear; the Offer Circular contained sufficient information to enable any shareholder to make a decision on whether to accept the offer or not to accept it, and that the Offer Circular further stated that any Shareholder who was “in any doubt as to what action to take” should seek expert advice.

- The third hearing related to an appeal lodged by JSW Energy Limited against a decision of the Executive Director requiring JSW Energy Limited to make a comparable offer at an offer price of 38.6 cents per share to the shareholders of South African Coal Mining Holdings Limited (“SACMH”), in terms of Rule 6.3 of the Code.

The Committee issued a ruling that JSW Energy Limited must make a comparable offer at 38.6 cents per share to the minority shareholders of SACMH. It was further ruled that if JSW Energy Limited has made an offer of 30 cents per share, then the interest will be on 8.6 cents. JSW Energy Limited has also been ordered to pay the costs of the Panel.

Financial performance

The Panel derives its funds from the following:

- fees payable by parties when they submit circulars for review and approval;
- fees payable by parties in respect of consultations and rulings;
- a yearly surcharge fee of 25% of the annual listing fee or initial listing fee charged by the JSE Limited in respect of listed companies; and
- interest earned on funds invested.

The Panel earned an amount of R6 666 300 in fees in the current year. The fees were charged for reviewing and approving circulars, consultations, and rulings. The fees from this source increased by 104 % from R3 259 800 in the previous financial year. The number of affected transactions regulated and approved by the Panel during the year was 64, an increase of 25 % as compared to 51 affected transactions in the previous financial year.

The fee earned in respect of surcharge fees was R8 663 555, an increase of 40% as compared to the previous year surcharge fees of R6 162 270.

Interest earned for the current year amounted to R580 780.

The total operating income for the year ended 28 February 2011 amounted to R16 185 735 compared to the previous year figure of R10 448 624. An increase of 54%.

The cost of operating the Panel for the year ended 28 February 2011 amounted to R18 192 897 compared to R14 164 465 in the previous year. An increase of 28%.

There is a notable decrease in respect of legal costs being R995 311 as compared to an amount of R1 801 088 spent in the previous year. The decrease is partly due to the fact that the Panel was not involved in any legal matter involving the High Court.

A loss for the year under review amounted to R2 007 252 as compared to a loss of R3 675 841 in the previous financial year. The resulting accumulated surplus as at 28 February 2011 amounts to R4 351 692.

**SECURITIES REGULATION PANEL
REPORT OF THE EXECUTIVE DIRECTOR (continued)
28 FEBRUARY 2011**

Changes to membership of the Panel and staff of the Panel

During the current financial year membership of members of the Panel who were appointed during September 2004 ended on 16 August 2010. The Minister of Trade Industry appointed ten members of the Panel on 6 December 2010 for a period of 3 years. The members appointed will become members of the Takeover Regulation Panel when the Act becomes effective. This is in line with the transitional arrangements of the new Companies Act No. 71 of 2008.

The new members of the Panel had their first meeting on 13 January 2011. At this Meeting Mr Nano Matlala was appointed Chairperson of the Panel. The Chairpersons of the various Committees of the Panel have been indicated elsewhere in this report.

On 31 July 2010 Mr Vivian Pitchers, the Deputy Executive Director resigned from the Panel. On 31 August 2010 Mr Richard Connellan reached his retirement age after a period of 16 years as the Executive Director of the Panel. With effect from 1 September 2010 to 31 March 2011, I was appointed Acting Executive Director; from 01 April 2011 I was appointed as the Executive Director. I was previously the Legal Counsel of the Panel for a period of just over 10 years. Mr Basil Mashabane was appointed Legal Counsel of the Panel with effect from 1 November 2010. It is anticipated that the Panel will be making further appointments in the coming months to ensure that it will be able to continue fulfilling its mandate in terms of the new Companies Act No. 71 of 2008 and the Regulations.

In the period under review, the Panel's officers and staff attended various programmes as part of ongoing continued professional education. The Panel is firmly committed to ensuring its officers and staff stay abreast of all regulatory developments.

The Panel has a secondment programme which is intended to offer previously disadvantaged individuals an opportunity to be involved in takeovers and mergers on a practical level. The programme is being run in co-operation with the Law Society of the Northern Provinces, through which applications are co-ordinated. A number of individuals have participated in the programme in previous years. The feedback received from those individuals who have been involved has been very positive. The Panel is expecting a new secondee to start during the coming months.

The Executive continue to publicise the activities of the Panel in various ways to ensure that the Panel's stakeholders are kept informed about the developments at the Panel. Among others, the Executive have written and published articles in respect of new takeovers and mergers provisions of the new Companies Act No. 71 of 2008. The Executive will continue with their efforts to ensure that the Panel's activities are publicised and stakeholders are kept informed. A number of seminars and inter-active visits to advisers have been planned and will be implemented in the coming months.

**SECURITIES REGULATION PANEL
REPORT OF THE EXECUTIVE DIRECTOR (continued)
28 FEBRUARY 2011**

Legislative development

The new Companies Act No. 71 of 2008 (“the Act”) and the Companies Regulations have been operative since 1 May 2011.

The new Act and the Regulations have introduced a number of new regulatory procedures for the Panel. The details of the new procedures are contained in the Companies Regulations. The name of the Panel has also been changed to become the Takeover Regulation Panel (“TRP”). A new committee of the Panel known, as the Takeover Special Committee (“TSC”) has also been created in the Act. The mandate of the TSC is to hear and decide any matters referred to it by the TRP or the Executive. The TSC will also review compliance notices issued by the Executive.

**MAL Phakeng
Executive Director
22 June 2011**

**SECURITIES REGULATION PANEL
CORPORATE GOVERNANCE REPORT
28 FEBRUARY 2011**

The Panel endorses the Code of Corporate Practice and Conduct 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 XVA of the Companies Act. The members of the Panel have been nominated by various bodies, associations and 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 the preparation and final approval of the annual financial statements. In preparing the annual financial statements, the Panel has used appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

THE PANEL

The Panel currently consists of eight appointed members, and three ex-officio members. The term of office of members appointed by the Minister in terms of section 440B of the Companies Act No. 61 of 1973 commenced on 6 December 2010. The Commissioner of the Companies and Intellectual Property Commission is appointed as an ex-officio member in terms of section 197(1) (a) of the Companies Act which commenced on 1 May 2011. Mr N A Matlala was appointed as Chairperson of the Panel with effect from 13 January 2011.

The Panel members are individuals of high calibre with diverse backgrounds and expertise, each of whom add 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 4 Panel meetings were held. Details of attendance by members are set out below:

| Member | 18 May 2010 | 3 June 2010 | 29 July 2010 | 13 January 2011 |
|-----------------|--------------------|--------------------|---------------------|------------------------|
| Mr RS Berkowitz | P | P | P | NAM |
| Mr L Bam | AA | AA | A | NAM |
| Mr M Brits | NAM | NAM | NAM | P |
| Mr JM Damons | AA | P | A | P |
| Ms A De Bruyn | P | P | P | P |
| Mr P Dempsey | NAM | NAM | NAM | AA |
| Mr T Dloti | P | P | AA | NAM |
| Ms P Egan | P | P | P | NAM |
| Prof MM Katz | AA | AA | A | NAM |
| Adv ME King SC | P | AA | P | NAM |
| Dr D Konar | AA | AA | AA | NAM |
| Mr A Khumalo | NAM | NAM | NAM | P |
| Mr RM Loubser | AA | AA | P | P |
| Mr ND Lowenthal | P | P | P | NAM |
| Prof SM Luiz | P | P | P | P |

**SECURITIES REGULATION PANEL
CORPORATE GOVERNANCE REPORT (continued)
28 FEBRUARY 2011**

THE PANEL (continued)

| Member | 18 May 2010 | 3 June 2010 | 29 July 2010 | 13 January 2011 |
|------------------|--------------------|--------------------|---------------------|------------------------|
| Mr NA Matlala | P | P | P | P |
| Mr C Moni | A | A | A | NAM |
| Mr S Mseleku | AA | A | A | NAM |
| Mr J Mthimunye | P | AA | AA | NAM |
| Mr S Ramburuth | A | A | A | A |
| Mr S Siyaka | P | AA | P | NAM |
| Ms P Stratten | AA | P | P | NAM |
| Mr DA Sylvester | P | AA | P | NAM |
| Mr BR Van Rooyen | AA | P | P | NAM |
| Mr R Voller | A | P | P | P |
| Mr WS Yeowart | P | P | P | NAM |

P = Present

A = Absent

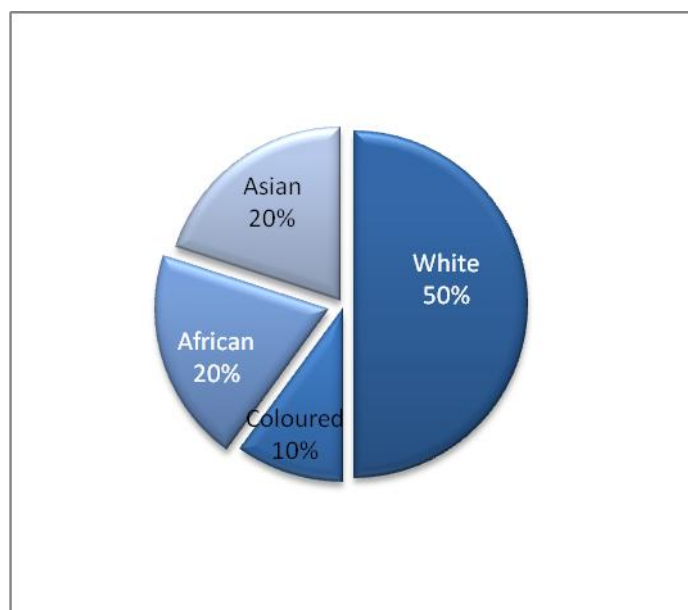
AA = Absent with Apology

NAM = Not a Member

70% of the Panel members are from historically disadvantaged groups.

The Panel's composition in terms of race and gender can be seen from the graphs below.

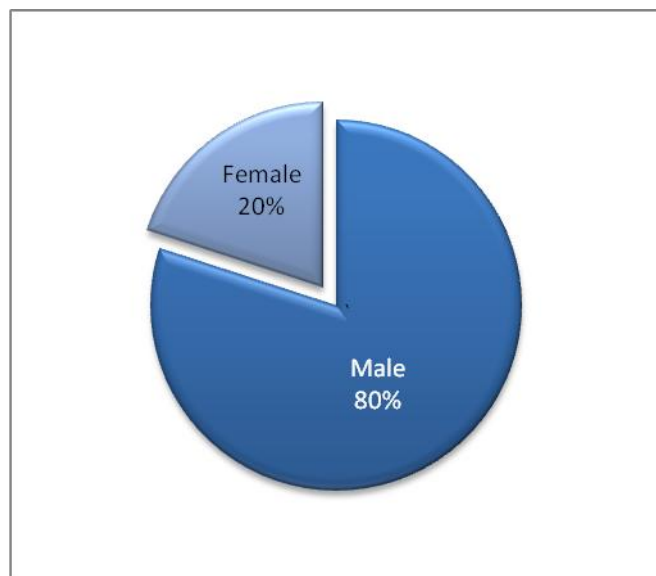
Graph 1: Breakdown by Race



**SECURITIES REGULATION PANEL
CORPORATE GOVERNANCE REPORT (continued)
28 FEBRUARY 2011**

THE PANEL (continued)

Graph 2: Breakdown by Gender



SUB-COMMITTEES

Audit Committee

The Audit Committee consists of three appointed members and one co-opted member. Mr A Khumalo (Chairperson) and Mr NA Matlala were appointed as members of the Audit Committee on 13 January 2011 and Ms A de Bruyn was appointed on 16 May 2011. Mr S Sithebe was co-opted on the 16 May 2011. The term of office of Dr L Konar (Chairperson) and Messrs R Berkowitz, J Mthimunya and WS Yeowart expired on 16 August 2010.

The Audit Committee met once 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.

Remuneration Committee

The Remuneration Committee comprises three members of the Panel. Mr R Loubser (Chairperson), Mr NA Matlala and Mr A Khumalo were appointed to the Remuneration Committee on 13 January 2011. The Remuneration Committee met five times 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 members of the Panel are remunerated in accordance with the Code and Rules of the Panel. The Remuneration Committee also ensures compliance with legislation in terms of employment equity and skills development.

**SECURITIES REGULATION PANEL
CORPORATE GOVERNANCE REPORT (continued)
28 FEBRUARY 2011**

SUB-COMMITTEES (continued)

Administration Committee

The Administration Committee comprises three members of the Panel. Mr NA Matlala (Chairperson) and Ms S Luiz were appointed on 13 January 2011. Mr M Brits was appointed to the Committee for the meeting held on 23 February 2011. Ms A De Bruyn was appointed as a member of the Committee on 19 May 2011. 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 | 21 April 2010 | 19 July 2010 | 23 February 2011 |
|-----------------|----------------------|---------------------|-------------------------|
| Mr RS Berkowitz | P | AA | NAM |
| Mr M Brits | NAM | NAM | P |
| Mr JM Damons | AA | AA | NAM |
| Mr ND Lowenthal | P | P | NAM |
| Prof S Luiz | NAM | NAM | P |
| Mr NA Matlala | P | P | P |
| Mr J Mthimunye | P | P | NAM |

P = Present

AA = Absent with Apology

NAM = Not a Member

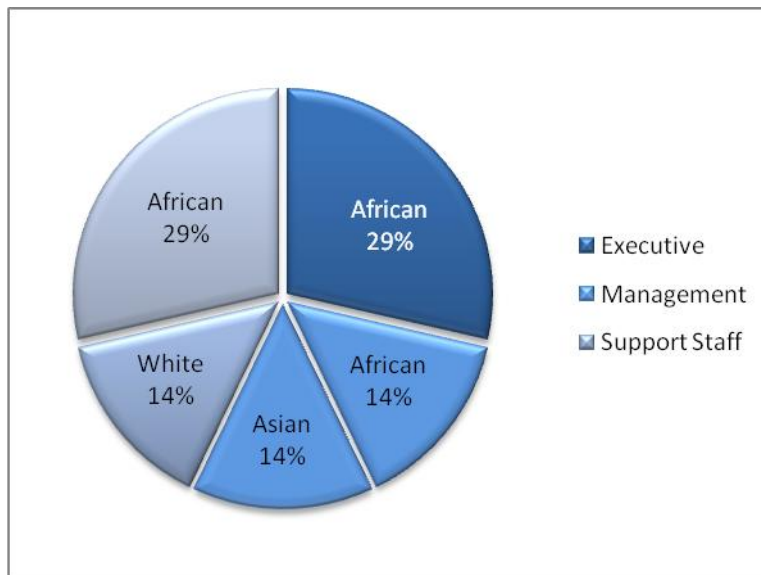
EMPLOYMENT EQUITY

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.

**SECURITIES REGULATION PANEL
CORPORATE GOVERNANCE REPORT (continued)
28 FEBRUARY 2011**

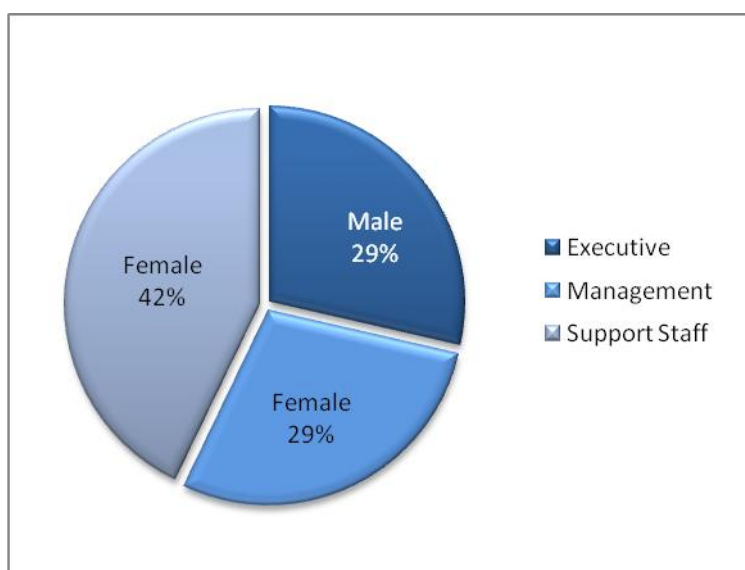
The Panel's staff complement can be seen from the graphs below which are split into Executive, Management and Support staff.

Graph 1: Breakdown by race



The percentage of female staff members is 71% of the workforce as depicted in Graph 2.

Graph 2: Breakdown by gender



**SECURITIES REGULATION PANEL
CORPORATE GOVERNANCE REPORT (continued)
28 FEBRUARY 2011**

CONTROL ENVIRONMENT

The Internal controls are supported by the Administration Committee as well as the Audit Committee, who evaluate 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 CONDUCT

The Panel has a written Code of Conduct with which the executive and staff are required to comply. The Code of Conduct is committed to promoting the highest ethical standards amongst its executive and staff ensuring that the Panel's business practices are conducted in a manner that merits public trust and confidence. The Code of Conduct requires all employees to act with honesty and integrity and to maintain the highest ethical standards.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SECURITIES REGULATION PANEL

We have audited the annual financial statements of the Securities Regulation Panel which comprise the statement of financial position as at 28 February 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 19 to 30.

Panel Members' responsibility for the financial statements

The Panel's members are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 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 judgement, 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 control 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 control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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 28 February 2011, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

The annexure set out on pages 31 is presented as additional information, and does not form part of the annual financial statements. We have not audited these annexure and accordingly we do not express an opinion on it.

Deloitte & Touche
Registered Auditor
Per Riaan Eksteen
Partner

**SECURITIES REGULATION PANEL
STATEMENT OF FINACIAL POSITION
28 FEBRUARY 2011**

| | Notes | <u>2011</u> R | <u>2010</u> R |
|-------------------------------------|-------|-------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Furniture and equipment | 2 | 123 358 | 146 670 |
| | | <u>123 358</u> | <u>146 670</u> |
| Current assets | | | |
| Accounts receivable | 3 | 168 441 | 1 662 140 |
| Cash in bank and funds on deposit | | 10 427 782 | 7 749 212 |
| Cash on hand | | <u>500</u> | <u>500</u> |
| Total current assets | | <u>10 596 723</u> | <u>9 411 852</u> |
| Total assets | | <u>10 720 081</u> | <u>9 558 522</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Accumulated surplus | | 4 351 692 | 6 358 944 |
| Non-current liabilities | | | |
| Employee benefit obligations | 4 | 941 772 | 1 880 465 |
| Current liabilities | | | |
| Accounts payable and provisions | 5 | <u>5 426 617</u> | <u>1 319 113</u> |
| Total equity and liabilities | | <u>10 720 081</u> | <u>9 558 522</u> |

**SECURITIES REGULATION PANEL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2011**

| | Notes | <u>2011</u> R | <u>2010</u> R |
|---------------------------------|----------|---------------------------|---------------------|
| Revenue | | 15 604 955 | 9 624 670 |
| Annual levies | | 8 663 555 | 6 162 270 |
| Fees for services | | 6 666 300 | 3 259 800 |
| Other income | | 275 100 | 202 600 |
| Interest received | | <u>580 780</u> | <u>863 954</u> |
| Operating income | | 16 185 735 | 10 488 624 |
| Operating expenses | 6 | <u>(18 192 987)</u> | <u>(14 164 465)</u> |
| Net loss before taxation | | (2 007 252) | (3 675 841) |
| Taxation | 7 | <u>-</u> | <u>-</u> |
| Net loss for the year | | <u>(2 007 252)</u> | <u>(3 675 841)</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive loss | | <u>(2 007 252)</u> | <u>(3 675 841)</u> |

**SECURITIES REGULATION PANEL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2011**

| | <u>Total</u> R |
|--|---------------------------------|
| Accumulated surplus at 01 March 2009 | 10 034 785 |
| Total comprehensive loss for the year | <u>(3 675 841)</u> |
| Accumulated surplus at 28 February 2010 | 6 358 944 |
| Total comprehensive loss for the year | <u>(2 007 252)</u> |
| Accumulated surplus at 28 February 2011 | <u>4 351 692</u> |

**SECURITIES REGULATION PANEL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2011**

| | Notes | <u>2011</u> R | <u>2010</u> R |
|--|----------|-------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated / (utilised) by operations | A | 2 136 721 | (4 257 912) |
| Interest received | | <u>580 780</u> | <u>863 954</u> |
| Net cash inflow / (outflow) from operating activities | | <u>2 717 501</u> | <u>(3 393 958)</u> |
| Cash flows from investing activities | | | |
| Additions to furniture and equipment | | <u>(38 931)</u> | <u>(16 931)</u> |
| Net cash outflow from investing activities | | <u>(38 931)</u> | <u>(16 931)</u> |
| Net increase / (decrease) in cash and cash equivalents | | 2 678 570 | (3 410 889) |
| Cash and cash equivalents at beginning of year | | <u>7 749 712</u> | <u>11 160 601</u> |
| Cash and cash equivalents at end of year | B | <u>10 428 282</u> | <u>7 749 712</u> |

**SECURITIES REGULATION PANEL
NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2011**

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|--------------------|
| | R | R |
| A. Cash generated / (utilised) by operations | | |
| Total comprehensive loss | (2 007 252) | (3 675 841) |
| Adjusted for: | | |
| Actuarial loss | 325 679 | 302 622 |
| Current service cost for post-retirement medical benefits | - | 106 283 |
| Interest cost for post-retirement medical benefits | 41 323 | 123 561 |
| Post-retirement medical aid | (1 305 695) | - |
| Interest received | (580 780) | (863 954) |
| Disposal of assets | 1 891 | - |
| Depreciation | 60 351 | 60 858 |
| | <hr/> | <hr/> |
| Cash from operations before working capital changes | (3 464 483) | (3 946 471) |
| Decrease / (increase) in accounts receivable | 1 493 699 | (346 481) |
| Increase in accounts payable and provisions | 4 107 504 | 35 040 |
| | <hr/> | <hr/> |
| Net working capital changes | 5 601 203 | (311 441) |
| | <hr/> | <hr/> |
| Cash generated / (utilised) by operations | <u>2 136 721</u> | <u>(4 257 912)</u> |
| B. Cash and cash equivalents at end of year | | |
| Cash and cash equivalents comprises: | | |
| Cash in bank and funds on deposit | 10 427 782 | 7 749 212 |
| Cash on hand | 500 | 500 |
| | <hr/> | <hr/> |
| | <u>10 428 282</u> | <u>7 749 712</u> |

**SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2011**

1. Accounting policies

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. 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 in all material respects.

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 to their residual value over their estimated useful lives which are as follows:

| | |
|-----------|----------|
| Furniture | 10 years |
| Equipment | 5 years |

1.2 Revenue recognition

The revenue is recognised on cash basis. The invoiced value of services rendered comprising surcharge fee income, fees for documentation, hearings and rulings, excluding value added tax, is recognised at the date services are rendered. Annual levies are raised, in advance, on 1 March in terms of Government Gazette No. 21955. 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

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 all fall into the category of loans and receivables for AC144 disclosure purposes. Accounts receivable comprise fees receivable, prepaid expenses and sundry receivables. These assets are measured at amortised cost using the effective interest rate method.

Financial liabilities

The Panel's financial liabilities all fall into the category of financial liabilities measured at amortised cost for AC144 disclosure purposes. Financial liabilities include accounts payable consisting of creditors and accrued expenses and provision for leave pay. All financial liabilities are measured at amortised cost using the effective interest rate method.

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.

**SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
28 FEBRUARY 2011**

1.5 Operating lease

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

| 2. Furniture and equipment | Furniture | Equipment | Total |
|---|------------------|------------------|----------------|
| | R | R | R |
| Net book value at 29 February 2009 | 61 814 | 128 783 | 190 597 |
| Additions for the year | - | 16 931 | 16 931 |
| Depreciation | (22 830) | (38 028) | (60 858) |
| Net book value at 28 February 2010 | 38 984 | 107 686 | 146 670 |
| Additions for the year | 11 | 38 920 | 38 920 |
| Disposals | (804) | (1 088) | (1 892) |
| Depreciation | (22 035) | (38 316) | (60 351) |
| Net book value at 28 February 2011 | 16 156 | 107 202 | 123 358 |
| Depreciation rate | 10% | 20% | |
| Cost | 280 810 | 256 062 | 536 872 |
| Accumulated depreciation | (241 826) | (148 376) | (390 202) |
| Net book value 28 February 2010 | 38 984 | 107 686 | 146 670 |
| Cost | 275 373 | 243 209 | 518 582 |
| Accumulated depreciation | (259 217) | (136 007) | (395 224) |
| Net book value 28 February 2011 | 16 156 | 107 202 | 123 358 |

SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
28 FEBRUARY 2011

| 3. Accounts receivable | 2011 | 2010 |
|-------------------------------|----------------|-----------|
| | R | R |
| Fees receivable | 143 167 | 1 312 976 |
| Prepaid expenses | 25 274 | 34 878 |
| Sundry receivables | - | 314 286 |
| | 168 441 | 1 662 140 |
| | 168 441 | 1 662 140 |

No interest is charged on past due fees receivables. The carrying value of accounts receivables approximates fair value. No provision for doubtful debt has been raised against accounts receivable on the basis that all are considered to be recoverable.

| Ageing of fees receivable | 2011 | 2010 |
|----------------------------------|----------------|-----------|
| | R | R |
| Current | - | 139 650 |
| Past due but not impaired | 143 167 | 1 173 326 |
| 30-60 days | - | 136 800 |
| 60-90 days | - | 85 500 |
| 90+ | 143 167 | 951 026 |
| | 143 167 | 1 312 976 |
| | 143 167 | 1 312 976 |

**SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
28 FEBRUARY 2011**

4. Employee benefit obligations

Defined contribution plan:

All staff members of the Panel are members of the JSE Limited Pension Scheme, which is the defined contribution pension fund of the JSE Limited. The Panel and staff members contribute in accordance with the rules of that pension scheme. Total contributions made to the pension scheme during the year were R370 358 (2010: R738 374).

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 annually in order to measure the post retirement medical aid liability. 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.

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------|----------------|
| | R | R |
| Amounts recognised in income in respect of the scheme are as follows: | | |
| Actuarial loss | 325 679 | 302 622 |
| Current service cost | - | 106 283 |
| Interest cost | 41 323 | 123 561 |
| | <u>367 002</u> | <u>532 466</u> |

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

| | | |
|---------------------------------------|-----------------------|------------------|
| Present value of unfunded obligations | <u>941 772</u> | <u>1 880 465</u> |
| Total liability | <u>941 772</u> | <u>1 880 465</u> |

Employee benefit obligations

Key assumptions used:

| | | |
|----------------------------|-------|-------|
| Discount rate | 3.04% | 7.00% |
| Expected medical inflation | 4.42% | 5.42% |

SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
28 FEBRUARY 2011

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| | R | R |
| 5. Accounts payable and provisions | | |
| Creditors and accrued expenses | 1 831 741 | 1 031 625 |
| Provision for retention bonus | 3 311 610 | - |
| Provision for leave pay | 283 266 | 287 488 |
| | <u>5 426 617</u> | <u>1 319 113</u> |
| Contractual maturity analysis of financial liabilities | | |
| Demand | 5 044 644 | 1 218 241 |
| 1 – 5 years | 381 973 | 100 872 |
| | <u>5 426 617</u> | <u>1 319 113</u> |
| 6. Operating expenses | | |
| Operating expenses include the following items: | | |
| Auditor's remuneration | 247 580 | 187 000 |
| Depreciation | 60 351 | 60 858 |
| Legal fees | 995 311 | 1 801 088 |
| Operating lease payments - building | 550 120 | 572 918 |
| Operating lease payments - other | 245 980 | 37 607 |
| Panel members' fees | 1 075 903 | 877 224 |
| - Executive services - Chairperson | 535 087 | 715 902 |
| - Executive services - Members | 515 277 | 121 073 |
| - Other services | 25 539 | 40 249 |
| Current service cost for post-retirement medical benefits | - | 106 283 |
| Interest cost for post-retirement medical benefits | 41 323 | 123 561 |
| Personnel costs | 15 576 546 | 9 835 344 |
| Included in personnel costs are the following: | | |
| Directors' emoluments: | | |
| | <u>MAL Phakeng</u> | <u>MAL Phakeng</u> |
| Basic salary | 1 487 222 | - |
| Bonuses | 603 607 | - |
| Other | 335 565 | - |
| Pension fund contributions | 92 352 | - |
| | <u>2 518 746</u> | <u>-</u> |
| | <u>RJ Connellan</u> | <u>RJ Connellan</u> |
| Basic salary | 916 589 | 1 180 115 |
| Bonuses | 2 705 600 | 662 920 |
| Other | 148 838 | 26 076 |
| Pension fund contributions | 158 803 | 188 249 |
| | <u>3 929 830</u> | <u>2 057 360</u> |

**SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
28 FEBRUARY 2011**

| | <u>2011</u> | <u>2010</u> |
|----------------------------|---------------------|---------------------|
| | R | R |
| | <u>V I Pitchers</u> | <u>V I Pitchers</u> |
| Basic salary | 560 409 | 1 180 115 |
| Bonuses | - | 662 920 |
| Other | 1 381 653 | 26 076 |
| Pension fund contributions | 44 755 | 188 249 |
| | <u>1 986 817</u> | <u>2 057 360</u> |

7. Taxation

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

| | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|
| | R | R |

8. Commitments

Rental payments in terms of premises lease agreement

| | | |
|---|-----------|---------|
| Future minimum lease payments payable within 1 year | 544 899 | 243 324 |
| Future minimum lease payments payable between 2 and 5 years | 1 861 739 | - |

Parking payments in terms of lease agreement

| | | |
|---|---------|---------|
| Future minimum lease payments payable within 1 year | 71 098 | 243 324 |
| Future minimum lease payments payable between 2 and 5 years | 242 919 | - |

Operating Costs payments in terms of lease agreement

| | | |
|---|---------|---|
| Future minimum lease payments payable within 1 year | 225 058 | - |
| Future minimum lease payments payable between 2 and 5 years | 768 950 | - |

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 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 R460 066 of the tenant installation project.

**SECURITIES REGULATION PANEL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
28 FEBRUARY 2011**

9. Financial Risk Management

9.1 Credit risk

The Panel's income is derived from:

- levies on the annual revision fees charged by JSE Limited 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. As such, the basis of income collection is, to a large degree, out of the control of the Panel.

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 IAS 19 (AC 116) was used for the purpose of this evaluation. 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 annually by Deloitte & Touche Actuarial and Insurance Solutions.

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.

The New Companies Act No. 71 of 2008 came into effect 1 May 2011 and the SRP has been replaced by the TRP which took over the assets and liabilities.

**SECURITIES REGULATION PANEL
ANALYSIS OF MATTERS CONSIDERED BY THE PANEL DURING THE YEAR
28 FEBRUARY 2011**

ANNEXURE 1

| | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|
| 1. Offers by parties other than controlling shareholders | 10 | 6 |
| 1.1 to acquire given percentage (partial offer) | 1 | 1 |
| 1.2 to acquire 100% (scheme of arrangement) | 3 | 1 |
| 1.3 general offer | 4 | 3 |
| 1.4 general offer – Section 440K invoked | 2 | 1 |
| 1.5 to acquire 100% (conversion/redemption) | - | - |
| 2. Take-out of minorities | 12 | 8 |
| 2.1 scheme of arrangement | 11 | 7 |
| 2.2 general offer Section 440K invoked | - | 1 |
| 2.3 conversion/redemption | - | - |
| 2.4 reduction of capital | 1 | - |
| 3. Mandatory offer under rule 8.1 (a) | 25 | 30 |
| 3.1 comparable normal offer | 11 | 14 |
| 3.2 standby offer | - | - |
| 3.3 waivers by shareholders i.t.o. Rule 8.7 | 14 | 16 |
| 4. Section 228 transactions | 17 | 7 |
| | <hr/> | <hr/> |
| | 64 | 51 |
| 5. Rulings issued in respect of: | 33 | 18 |
| 5.1 possible affected transactions | 3 | 5 |
| 5.2 relaxation of Code requirements | 20 | 8 |
| 5.3 changes within control | - | - |
| 5.4 dispensation from making offer | 3 | 1 |
| 5.5 rescue actions | - | - |
| 5.6 condonation of non-compliance | 4 | 2 |
| 5.7 voting at general meetings | - | - |
| 5.8 other | 3 | 2 |