Takeover
Regulation
Panel

a member of the dtic group

Annual REPORT

FOR THE YEAR ENDED
31 MARCH 2023

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Regulation
Panel

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TAKEOVER REGULATION PANEL
ANNUAL REPORT 2023

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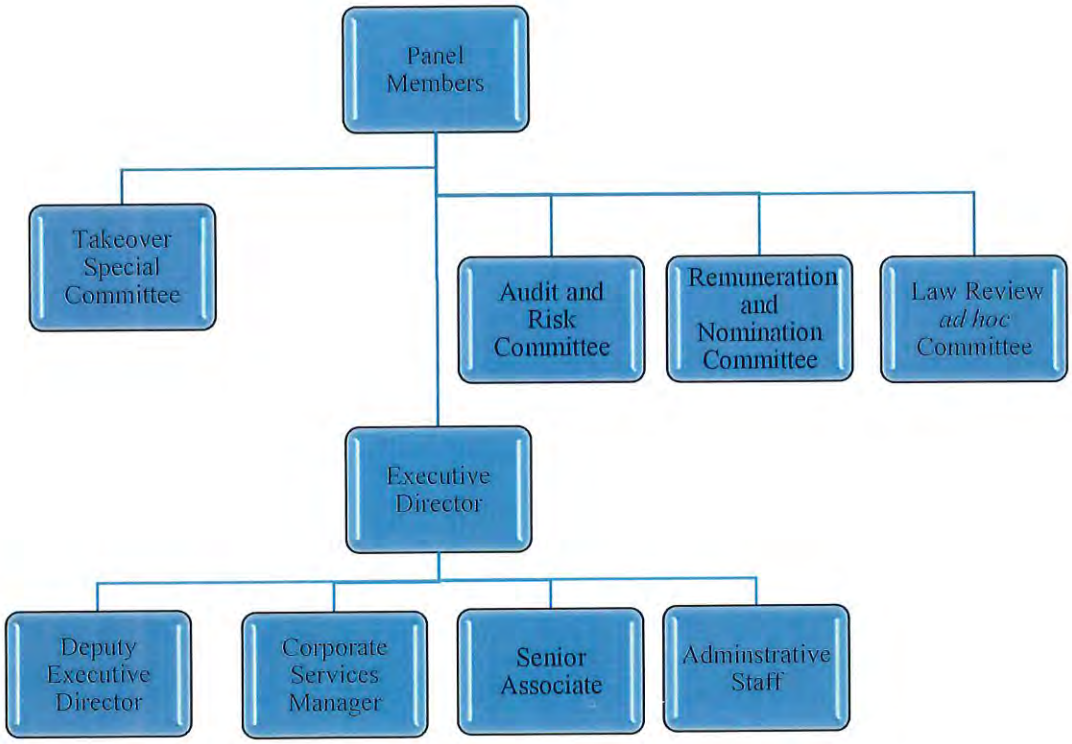
THE PANEL

The Takeover Regulation Panel (the Panel) is established in terms of section 196 of the Companies Act No 71 of 2008 (the Act) as a juristic person. The Panel reports to the Minister of the Department of Trade, Industry and Competition (the dtic). It functions as an organ of state within the public administration, but as an institution outside the public service. The mandate of the Panel is to regulate takeovers (referred to as affected transactions in the Act), with the primary focus on protection of minority shareholders' interests and the maintenance of the market integrity.

THE PANEL STRUCTURES



OUR DETAILS

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PANEL'S RESPONSIBILITIES AND APPROVAL OF THE ANNUAL REPORT

The Members of the Panel are responsible for preparing and presenting annual 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, 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 49 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 dtic. The Panel is satisfied that the Panel 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 23 to 28 in accordance with the applicable financial reporting framework.

The annual financial statements on pages 29 to 52 were approved by the Panel on 30 August 2023 and are signed on its behalf by the undersigned.

Neo Phakama Dongwana
Chairperson

Andile Nikani
Executive Director

MEMBERS, EXECUTIVE AND MANAGEMENT OF THE PANEL

Members

Neo Phakama Dongwana	Chairperson, designated in terms of section 198(1)(a)
Annalie de Bruyn	Johannesburg Stock Exchange Representative appointed in terms of section 197(1)(c)
Mohammed Yakoob	Cape Town Stock Exchange Representative appointed in terms of section 197(1)(c) *(appointed 01 November 2022)*

Members appointed in terms of section 197(1)(d)

Nocamagu Mbulawa	
Ebrahim Moolla	*(retired 31 March 2023)*
Sandile Siyaka	
Nonzukiso Siyotula	
Ntshengedzeni Tshivhase	*(retired 31 March 2023)*

Ex Officio Members

Advocate Rory Voller	Commissioner: Companies and Intellectual Property Commission, appointed in terms of section 197(1)(a)
Doris Tshepe	Commissioner: Competition Commission South Africa, appointed in terms of section 197(1)(b) *(appointed 01 September 2022) (represented by Tamara Paremoer)*
Tembinkosi Bonakele	Commissioner: Competition Commission South Africa, appointed in terms of section 197(1)(b) *(retired 31 August 2022) (represented by Tamara Paremoer)*

EXECUTIVE

Andile Nikani	Executive Director
Zanokuthula Nduli	Deputy Executive Director

MANAGEMENT

Margaret Motsoahae	Corporate Services Manager
Zoliswa Mkwetshana	Senior Associate

SUB-COMMITTEES OF THE PANEL

Audit and Risk Committee

Nocamagu Mbulawa	Chairperson
Annalie de Bruyn	
Neo Phakama Dongwana	
Ebrahim Moolla	*(retired 31 March 2023)*
Sandile Siyaka	*(appointed 18 May 2023)*
Nonzukiso Siyotula	*(appointed 18 May 2023)*

Remuneration and Nomination Committee

Sandile Siyaka	Chairperson *(appointed 18 May 2023)*
Ebrahim Moolla	Chairperson *(retired 31 March 2023)*
Annalie de Bruyn	
Neo Phakama Dongwana	
Ntshengedzeni Tshivhase	*(retired 31 March 2023)*
Mohammed Yakoob	*(appointed 18 May 2023)*

Takeover Regulation Panel

I hereby table the Annual Report of the Takeover Regulation Panel (TRP) for the 2022/23 financial year.

The Panel's role is to look after the interests of minority shareholders by ensuring that certain information is available to shareholders whenever a company takeover occurs. Access to this information allows shareholders to fully consider their position and make an informed decision to protect their investment.

On 28 March 2023, the Minister of Finance published a Notice advising, among other things, that the Panel had been listed as a public entity in terms of Schedule 3A of the Public Finance Management Act, 1999 (PFMA). The listing requires the Panel to account in terms of compliance and reporting requirements set out in the Act. I will request **the dtic** together with support from the National Treasury to evaluate the systems and reporting of the Panel and identify where improvements are required.

A new Panel will be appointed in the upcoming financial year and I will request the members to pay close attention to governance matters and to align to the new reporting requirements.

Ebrahim Patel

Minister of Trade, Industry and Competition

CHAIRPERSON'S REPORT

I am pleased to present the Annual Report of the Takeover Regulation Panel (the Panel) for 2022/2023.

The last financial year saw several milestones for the Panel, including:

1. the celebration of the Panel's three-decades-long existence in its various forms, from the Securities Regulation Panel (the SRP) to its present form, including an accompanying coffee table booklet covering that history for the celebratory gala dinner participants who represented a broad spectrum of our stakeholders;
2. the Panel bilateral visit to our London peers, The Takeover Panel (UK Panel);
3. the Panel's participation in the Asia Pacific Takeovers Regulators Virtual Conference, co-hosted by Hong Kong's Securities and Futures Commission and Malaysia's Securities Commission;
4. the undertaking of various investigations in terms of section 169 of the Companies Act 71, of 2008, involving market-leading companies, including Tongaat Hulett Limited, Royal Bafokeng Platinum Holdings Limited Mpact Limited, which resulted in several Takeover Special Committee (TSC) hearings;
5. a review of the Panel's five-year strategic plan (2019 to 2024);
6. the resumption of our internship and secondment programs; and
7. departures of several long standing Panel Members, due to their retirements when their terms expired.

Celebrating the Panel's three decades of history

On 1 September 2022, the Panel hosted its celebratory gala dinner to celebrate its three-decade history in various guises, from the SRP to its present form. Various stakeholders and industry players attended the gala dinner, which was hosted by the Panel with the Governor of the South African Reserve Bank, Mr Lesetja Kganyago, as our keynote speaker, together with Professor Michael Katz (ENSAfrica) and Mr Ezra Davids (Bowmans), as our other guest speakers on behalf of the industry. The event included representatives from our executive authority from the Department of Trade, Industry and Competition (the dtic), led on the day by Dr Evelyn Masotja. The event included a broad spectrum of various industry participants and, by all accounts, was very successful. This enabled the Panel to bring together its stakeholders under one roof for the first time after more than two years of virtual interactions with them. These events are crucial for the Panel to remain relevant and accessible to its stakeholders to ensure that its activities remain relevant and appropriate to the takeovers industry in South Africa. We appreciate all those who could make it on the day.

London Visit

In July 2022, the Executive Director and I travelled to London on a week-long trip hosted by the UK Panel. The trip included knowledge-sharing initiatives between the Panel and the UK Panel, UK Financial Conduct Authority and a day event with the London Stock Exchange. These initiatives are crucial in fostering close relationships with our peer regulators, such as the UK Panel. Those with an eye for history would know that the Panel was modelled after the UK Panel when it was introduced to this market as the SRP. It was, therefore, quite fitting that in the year that the Panel was able to celebrate its three-decade-long history, it was also able to meet with one of the preeminent takeovers regulators on the global stage, after which it was modelled. Whilst this was coincidental, it was nonetheless crucial in the Panel's constant pursuit of excellence in its sphere of influence.

CHAIRPERSON'S REPORT (continued)

Asia Pacific Takeovers Regulators Virtual Conference

In June 2022, the Panel participated in the virtual conference of the Asia Pacific Takeovers Regulators Forum. The Executive Director led the Panel's team with the Deputy Executive Director, Mr Zano Nduli, and the Senior Associate, Ms Zoliswa Mkhwetshana. Like the visit to London, continued participation in these initiatives is crucial in ensuring that the Panel remains at the forefront of the latest developments in the takeovers space. The Asia Pacific region, which is regulated by the members of this regulators' forum, represents some of the largest capital markets in the world, including Hong Kong and Singapore. The Panel participates in these events as a member regulator. Although the Panel is situated outside the Asia Pacific region, it was invited to become a member of this Forum, which represents the largest association of takeovers regulators globally. This is a credit to the Panel's reputation and strategic foresight that it can participate in this Forum.

Investigations

As mentioned above, the Panel undertook several groundbreaking and market-significant investigations involving several large companies, both listed and unlisted. These investigations ensured that the market is protected from actors that sought to acquire control of South African businesses in breach of South African takeover laws and in total disregard of the rights of shareholders. Further, the Panel was able to return value to shareholders by instructing certain market participants to make offers to shareholders or cease certain conduct in other instances. The increased number of these investigations can be attributed to the Panel's increased profile following several investigations reported in various media outlets. Although the Panel generally does not comment in the media on its regulatory initiatives to protect the integrity of its work, some of these investigations nonetheless end up in prominent media outlets, which has played an important role in increasing the visibility of the Panel. The Panel will continue to encourage stakeholders to continue reporting instances of alleged non-compliance to ensure that the integrity of local equity capital markets is preserved.

Strategic Plan mid-term review

In July 2022, the Panel conducted a mid-term review of its five-year strategic plan. This review was done in conjunction with Management under the leadership of the Executive Director. These included an assessment of strategic and operational risks, particularly after what was an epochal first two years after the adoption of the strategy because of COVID-19. The review, therefore, had to take those events into account when plotting the journey ahead and what adjustments were needed for the remainder of the period covered by the current strategy.

Internship and secondment programs

As part of the Panel's succession planning as well as key transformation initiatives, particularly with the view of giving opportunities and exposure to the Panel's work to members of historically disadvantaged groups, the Panel resumed its internship and secondment programs. In the first year, three interns with backgrounds ranging from legal to accounting tertiary education and without any prior working experience were enrolled on the inaugural internship program. Concurrently with this program, the Panel engaged several professional firms to second candidates for the secondment program. This program is tailored for candidates with practical

experience who would accelerate their expertise in this space by being exposed to the Panel's work during their time at the Panel.

CHAIRPERSON'S REPORT (continued)

This exposure assists the Panel with broadening the talent pool from which it may employ future employees, including executives with relevant experience and steeped in the Panel's work.

The participating firms get an insider's perspective of how the Panel's decisions are made and what drives its policies when regulating these matters.

Retirements

In the last financial year, the Panel parted ways with several former Members who elected to retire at the end of their terms. In this regard, I take this opportunity to thank these Members for their stellar service to the Panel and the country over the years. Following the departure of Mr Nano Matlala (former Chairperson of the Panel) and Mr Chris Ewing (former Chairperson of Audit and Risk Committee) at the end of the March 2022 financial year, we saw the departures of Mr Ebrahim Moolla (Chairperson of the Remuneration and Nomination Committee) and Mr Ntshengedzeni "Tony" Tshivhase (long-serving member of the Panel). Mr Moolla chose to retire from the Panel to coincide with his well-deserved retirement from other professional engagements. Mr Tshivhase will continue as a partner of the international firm, Dentons in Johannesburg. I wish to thank all these gentlemen for their exceptional service to the Panel and, by extension, the people of South Africa.

Governance and other matters

On 28 March 2023, the Minister of Finance published a gazette advising, among other things, that the Panel had been listed as a public entity in terms of Schedule 3A of the Public Finance Management Act, 1999 (PFMA). The listing above is another significant milestone in the history of the Panel, which will fundamentally alter the management of the affairs of the Panel because of the additional compliance and reporting requirements of the organisation. The Panel will, in the coming year, undertake an exercise to determine how these changes will affect the operations and the capacity of the Panel in line with its statutory mandate in terms of section 201 of the Companies Act, 2008 (Act). The Panel looks forward to working closely with its governmental stakeholders, including the Minister as its Executive Authority. This will affect how the Panel will report on its activities in future quarterly and annual reports.

The Takeover Special Committee

The Panel had several important hearings before the Takeover Special Committee (the TSC). These included those involving the following regulated companies:

1. Tongaat Hulett Limited;
2. Royal Bafokeng Platinum Limited; and
3. Mpact Limited.

Two of these matters are set for court review by aggrieved parties against the decisions of the Panel. It is worth pointing out that the TSC, a committee of the Panel in terms of Section 202 of the Companies Act, is functionally an internal appeals body of the Panel in respect of the rulings of the Panel issued by the Executive Director as contemplated in regulation 81(y) of the Companies Regulations, 2011 (Regulations).

CHAIRPERSON'S REPORT (continued)

Regulation 118(8) permits a party issued with a ruling to apply to the TSC for a hearing regarding such ruling. After considering the application, the TSC may either confirm, modify or cancel all or part of the impugned ruling. Functionally, the work of the Panel is important from an administrative law perspective as a party aggrieved by a ruling of the Panel may not challenge such ruling in the courts until it has exhausted all internal remedies within the structures of the Panel.

This means that once a party is issued with a ruling by the Executive Director, an aggrieved party must apply to the TSC for a rehearing of such matter, resulting in a ruling before the TSC. Only after the TSC has made its determination in respect of that ruling by either confirming, modifying or canceling all or part of that ruling will the aggrieved party be able to challenge such ruling of the Panel in the courts.

Acknowledgements

I wish to extend my gratitude not only to all the recently retired Members of the Panel, but also, to the existing Panel Members for their ongoing hard work and dedication. My appreciation extends to the Executive, Management and the team. Last but not least my heartfelt thanks goes to the Minister of Trade, Industry and Competition, Minister Ibrahim Patel as well as the rest of our stakeholders, including the companies we regulate.

Neo Phakama Dongwana
Chairperson
30 August 2023

EXECUTIVE DIRECTOR'S REVIEW

Introduction

It gives me pleasure to present this report, which affords the Panel's stakeholders an overview of our legislative mandate and our performance for the financial year under review.

Mandate of the Panel

Section 201 of the Act sets out the mandate of the Panel, which includes:

- 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; and
- 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 advise 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 transaction 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 the Act; and
- perform any other function assigned to it by legislation.

Reasons for regulating affected transactions and offers

The Panel regulates affected transactions and offers in order to achieve the following objectives:

- ensure the integrity of the marketplace and fairness to the holders of the securities of regulated companies;
- 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.

EXECUTIVE DIRECTOR'S REVIEW (continued)

Companies subject to the Takeover Provisions

- public companies;
- state-owned companies;
- private companies that have volunteered to be subjected to the takeover provisions in their memorandum of incorporation; 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.

Types of affected transactions and offers

- disposals of all or the greater part of the assets or undertaking of regulated companies;
- amalgamations or mergers of regulated companies;
- schemes of arrangement involving regulated companies and their shareholders;
- acquisitions of, or announced intention to acquire, beneficial interest in any voting securities of regulated companies;
- the announced intention to acquire a beneficial interest in the remaining voting securities of regulated companies not already held by a person or persons acting in concert;
- mandatory offers in regulated companies; and
- compulsory acquisitions of shares involving regulated companies.

The Panel in regulating any affected transaction or offer must not have regard to commercial advantages or disadvantages of any transaction or proposed transaction as provided under section 119(1) of the Act. Further, in exercising its powers and performing its functions, the Panel must not express any view or opinion on the commercial advantages or disadvantages of any transaction or proposed transaction as provided under 201(3) of the Act.

Funding of Panel operations and activities

The Panel was funded from the following sources:

Fees paid by parties when submitting circulars for review and approval	R5 460 000 (2022: R7 280 000)
Fees paid by parties in respect of consultations, opinions and rulings	R760 500 (2022: R819 000)
Annual levy paid by companies listed on the Exchanges	R17 853 807 (2022: R19 643 219)
Interest earned on funds invested	R5 835 862 (2022: R3 936 287)

Affected Transactions

There was a general decline in the number of transactions regulated by the Panel compared to last year. The overall decline is approximately 12% on a consolidated basis (refer to Annexure 1). The Panel and the Takeover Special Committee (the "**TSC**") regulated, *inter alia,* a competing offer that involved Royal Bafokeng Platinum Limited (the "**Company**"), Northam Platinum Holdings Limited ("**Northam**") and Impala Platinum Holdings Limited ("**Impala**").

EXECUTIVE DIRECTOR'S REVIEW (continued)

This transaction was the largest in the Panel's history and the most contested since the *Goldfields v Harmony Gold* transaction. It contributed immensely to the development of the Panel's jurisprudence and has raised important questions of law and rights. For this reason, it is important to provide a summary thereof in my review.

On or about 27 October 2021, a cautionary announcement was issued by the Company advising the shareholders of both the Company and Impala that the parties were in discussions relating to a non-binding indicative proposal from Impala to acquire 100% of the Company's total issued shares, other than the treasury shares, (the "**Company shares**") by way of a scheme of arrangement in terms of Section 114 of the Companies Act (the "**Companies Act**"), and should Impala acquire all the Company shares, an application will be made to the JSE Limited (the "**JSE**") for the Company shares to be delisted therefrom.

On 17 November 2021, we received a letter from Impala's legal representatives. They advised that Impala intended to extend a firm intention to make an irrevocable offer to acquire from the holders of the Company shares, more than 50% of the Company shares, subject to certain terms and conditions (the "**General Offer**"). The General Offer was subject to certain conditions precedent, including (i) obtaining the necessary regulatory approvals; and (ii) a minimum acceptance level of 50% plus one of the Company shares.

On 29 November 2021, Impala issued a Firm Intention Announcement to the shareholders of the Company that Impala had, on or about 26 November 2021, communicated to the board of directors of the Company, Impala's firm intention to make a General Offer to the holders of the Company shares for Impala to acquire the Company shares, other than treasury shares, and the Company shares that it does not already hold.

The General Offer was made on the basis contemplated in Section 117(1)(c)(v) of the Companies Act. The announced consideration to the shareholders of the Company was the amount of R150 per share, consisting of (i) a cash amount of R90 per share and (ii) 0.300 ordinary shares in Impala shares per offer share, the value of which equated to R60 at the 3-day volume weighted average price of Impala shares as at the close of business on 24 November 2021. On 7 December 2021, Northam announced that it increased its shareholding in the Company to 34.95%.

The contest between Northam and Impala intensified over the control of RBPlat. As a result, over 10 different rulings were made by the Executive in this matter, and at least 5 were considered by the TSC before 31 March 2023 on appeal or review, and one ruling is currently being challenged in the high court. More appeals are expected, and we encourage market actors to follow this matter closely due to its impact on the jurisprudence relating to competing/hostile takeovers in South Africa. The questions of law that were raised and answered so far included:

EXECUTIVE DIRECTOR'S REVIEW (continued)

1. the independence of the independent board;
2. the defectiveness of the independent expert report;
3. the legal interpretation of frustrating actions by the board of directors;
4. the impact of market fluctuations on the offer consideration that is partly in shares;
5. the powers of the Executive Director to issue a compliance notice under Section 171 of the Companies Act; and
6. the circumstances under which a compliance certificate may or may not be issued.

Governance

Although the Panel's function is largely legislated, it is consistently looking for new ways to improve its governance. This includes adhering to the best international standards and practices, and continuous review of its risk by updating its risk register and operational policies. The Panel's governance structure consists of the Audit & Risk Committee, the Remuneration & Nominations Committee and an *ad hoc* Law Review Committee. These committees play a major role in ensuring that management is held to a high standard of governance.

The Panel adopted a succession plan that includes the recruitment of additional staff that will assist with its operations. Further, the Panel implemented secondment and internship programmes. The secondment programme was a collaborative strategy with key market participants in terms of which market participants placed key personnel at the Panel at their own cost. The internship programme is a plan in terms of which the Panel employs interns at the Panel for a limited period. Both programmes are based on a training program that ensures the transfer of practical skills to interns and secondees with the hope of building a pipeline for the Panel to use for recruitment purposes in the future.

As indicated, the Panel assesses its risks by making use of risk registers that are updated on a regular basis. The risk registers include (i) operational risk register; (ii) ITC risk register; and (iii) strategy risk register. On 28 March 2023, the Minister of Finance (the "**MOF**") published in the Government Gazette the listing of the Panel as a public entity in terms of Schedule 3A of the Public Finance Management Act, 1999 (the "**PFMA**"), with effect from the date of the publication. The listing occurred without the prior knowledge of the Panel, and 3 days prior to the financial year-end, as a result, the Panel was entirely unprepared for the consequences of the listing when it happened.

The Panel does not dispute the decision of the MOF. It is, however, concerned about its reputation due to the sudden listing under the PFMA, which was done without the transition period and onboarding process. In fact, following several engagements with various officials within the Department of Trade, Industry and Competition (the "**dtic**") and the Department of National Treasury, it has become clear that there are likely to be practical challenges with ensuring that the Panel remains a compliant organ of state without certain concessions being granted to it by the MOF (with the concurrence of the Minister of the dtic (the "**Minister**") to facilitate a smooth transition into the PFMA legal framework. The manner in which the Panel was listed under the PFMA raised a new risk for the Panel.

EXECUTIVE DIRECTOR'S REVIEW (continued)

Specialist Committee on Company Law

The Specialist Committee on Company Law (the "**SCCL**") is a dedicated committee that reviews the Companies Act and makes recommendations to the Minister of the dtic. The Panel is a member of the SCCL and contributes to the aims and objectives thereof. For this reporting period, the SCCL dealt with a number of important matters, some of which had an impact on how the Panel believes the investing community ought to be protected. In addition, the Panel made several presentations at the SCCL that included its investigation and ruling on the Tongaat Hulett case.

On matters that had direct relevance to the Panel, the SCCL considered and agreed to amend section 99(2) of the Companies Act. This section falls under Chapter 4 of the Companies Act which regulates the raising of capital in equity markets. The principal purpose of Chapter 4 is to protect investors. The Panel was opposed to the amendment as it felt that the investing public will be left vulnerable and without a remedy should companies be allowed to make an offer to the public without issuing a prospectus.

In the Panel's view, the information provided to the investing public must be correct and fair in order for the investors to place reliance thereon, especially in light of the fact that the law imposes criminal sanctions on directors that mislead the investing public. The Panel felt that allowing firms that listed their shares by way of a private placement not to be obligated to issue a prospectus when making an offer to the public posed a risk to investors and removed an obligation on companies to provide fair and correct information to the investing public.

During this financial year, the SCCL also considered the calculation of the Public Interest Score and the role of corporate directorship. Of great importance to the Panel was the role of corporate directorships. The SCCL undertook a comprehensive study to assess whether South Africa could introduce the concept of directors that are corporate bodies, in addition to directors that are individuals. Research showed that SADC countries have a general ban on corporate directors and that the ban was perhaps influenced by the common law history of countries that make up SADC. Although there was an acknowledgment by the SCCL that corporate directors could bring extensive knowledge to boards of companies and that some jurisdictions were introducing this concept in their regulatory environment, such a stance would not be suitable for South Africa. The Panel felt that the concept was still at its infancy globally, as such it was too early for South Africa to adopt it at this stage. Most importantly, it was not urgently required for the enhancement of corporate governance and shareholder protection in South Africa.

Mergers and Acquisition Environment

The second half of 2022 experienced a muted mergers and acquisitions ("**M&A**") activity. Having said that however, the outlook promises to pick up, especially in the second half of 2023. The upward drive is most likely going to be influenced by companies that are sufficiently capitalised to make acquisitions, the deployment of capital held by financial sponsors, uneven performance in shareholder activism and the possibility of cross-border M&A making its return.

EXECUTIVE DIRECTOR'S REVIEW (continued)

The year 2022 experienced two different waves in M&A activity. The first half of the year showed robustness in global markets, while the second half was muted. It is worth mentioning that the first half of 2022 was predominantly influenced by the momentum of the robustness of 2021. Deals averaged in the billions of US dollars in the first half, and deal activity slowed meaningfully later in the year. The slowdown complicated the exit strategy for most sellers as share prices were depressed, transformational transactions faced significant regulatory oversight, and not to mention increasing inflation and the rapid rise in interest rates.

Economists and market strategists anticipate a mild recession in 2023. However, it is envisaged that the balance sheet of most companies is stronger relative to the same time last year and that this could assist in driving M&A activity in 2023. According to Morgan Stanley, M&A activity in 2023 and 2024 could even take the form of hostile takeovers, or at best, take an unsolicited form in industries such as energy, technology and patent-protected market sectors.

In markets such as the UK, US and Europe that have in excess of 11 000 private equity firms, the anticipation is that such firms were unable to exit the market due to market slow down. The uptick in the market should see these firms driving M&A activity as the conditions for exit improve. The Panel does not believe that South Africa will experience a high M&A activity that is driven by the private equity market due to the structure of the investor universe in public equity markets in South Africa.

Having said that however, South Africa is experiencing an increase in shareholder activism that has led to a successfully concluded high-profile investigation. On 19 August 2022, the Panel announced the initiation of an investigation relating to certain corporate transactions involving, *inter alia*, Extract Group Ltd, Enx Group Ltd, Zarclear Holdings Ltd, and African Phoenix Investment Ltd ("**Investigation**").

The Panel's Investigation, led by its Deputy Executive Director, Mr. Zano Nduli, commenced in September 2022. The inspector then engaged the various parties being investigated (the "**Investigated Parties**") between September 2022 and February 2023 on different aspects of the Investigation and various acquisitions. The result of the Panel's investigation and the settlement reached between the Panel and the Investigated Parties is that an estimated aggregate value of R680,534,155.26 will be offered to shareholders in respect of the mandatory offers that will be made to shareholders by the Investigated Parties.

Stakeholders

During the financial year under review, I visited the UK Takeover Panel. The main purpose of the visit was to exchange experiences and ideas aimed at identifying potential gaps, while at the same time benchmarking the South African Panel to its international peers. The visit was a success, and I presented on SA Takeover Law and the outcome of my research on the causes of delistings on the JSE. In addition, I also visited the London Stock Exchange where I presented on the causes of delistings on the JSE, and the Financial Conduct Authority of the UK where the Panel established a relationship.

EXECUTIVE DIRECTOR'S REVIEW (continued)

During the financial year under review, I have presented papers at conferences, large organisations, and universities such as Harvard University, Wits University and the University of Johannesburg. The Panel assisted New Zealand regulators with the development of certain aspects of takeover laws. We also presented papers on takeover laws at conferences in Hong Kong and Malaysia. Certain papers included research outcomes on various legal topics within the capital markets, regulatory law, and business strategy.

Acknowledgment

The excellent reputation of the Panel is owed mainly to the Panel members. The Panel would be a different institution if it was not for the tireless guidance of the Panel members. The Panel members are an excellent and impressive group of individuals that have assisted greatly in shaping the Panel. I look forward to working with the dtic and numerous other stakeholders. I would be remiss if I failed to thank my Chairperson, Mrs. Neo Dongwana, and staff whose support and commitment has been invaluable.

Andile Nikani
Executive Director
30 August 2023

CORPORATE GOVERNANCE REPORT

To the extent applicable, the Panel has adopted the King IV 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 integrity, competence, responsibility, accountability, fairness and transparency.

The Panel is a regulatory body, established in accordance with Chapter 8 of the Companies Act. The Members of the Panel are appointed by the Minister of the Department of Trade, Industry and Competition. The Executive Director, Deputy Executive Director, Senior Associate and Corporate Services Manager 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 judgements and estimates.

THE PANEL

The Panel Members are independent individuals of high calibre with diverse backgrounds and expertise, each of whom adds value and brings 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, five Panel meetings were held, including a special meeting over and above the quarterly meetings. Details of attendance by Members are set out below:

Member	04 May 2022	27 July 2022	21 September 2022	31 January 2023	24 March 2023
Neo Phakama Dongwana	P	P	P	P	P
Tembinkosi Bonakele / designated representative	P	P	NAM	NAM	NAM
Annalie de Bruyn	P	P	P	P	P
Nocamagu Mbulawa	P	P	P	P	P
Ebrahim Moolla	P	P	P	P	P
Sandile Siyaka	P	P	P	P	P
Nonzukiso Siyotula	P	P	P	P	P
Doris Tshepe / designated representative	NAM	NAM	NAM	AA	P
Ntshengedzeni Tshivhase	P	P	P	P	P
Advocate Rory Voller	P	P	P	P	P
Mohammed Yakoob	NAM	NAM	NAM	P	P

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

CORPORATE GOVERNANCE REPORT (continued)

SUB-COMMITTEES

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a governance committee of the Takeover Regulation Panel (the Panel). Its responsibilities are prescribed by the prescripts of good corporate governance and are outlined in the terms of reference, as approved by the Members of the Panel; which are in line with the King IV Code on good corporate governance as well as international best practice. The terms of reference are reviewed and updated regularly.

The ARC has an independent role in terms of the Companies Act and is accountable to the Panel.

Composition of the ARC

The independent non-executive members of the ARC are:

Nocamagu Mbulawa: Chairperson
Annalie de Bruyn
Neo Phakama Dongwana: Panel Chairperson
Ebrahim Moolla *(retired 31 March 2023)*
Sandile Siyaka *(appointed 18 May 2023)*
Nonzukiso Siyotula *(appointed 18 May 2023)*

All the members of the ARC are independent, and the Panel is satisfied that the ARC has sufficient recent and relevant financial experience to enable the members to carry out their duties and responsibilities and that the members of the ARC bring a wide range of relevant experience.

The ARC meets four times a year. The ARC meets both the external and internal auditors separately in private sessions, without Management being present. The Executive Director, Deputy Executive Director, Senior Associate and Corporate Services Manager as well as the Chairperson of the Panel attend committee meetings as necessary at the invitation of the Chairperson of the ARC.

The Panel's policy on non-audit services is reviewed annually and the ARC considers services that may be provided to the Panel by the external auditors. In addition, the ARC conducts a formal evaluation of the independence of the auditors as is required by law and includes planning/technical abilities, audit process/outputs and quality control as well as business insight. The ARC keeps abreast of current and emerging trends in international accounting standards.

The ARC has satisfied itself as to the effectiveness of the system of financial controls of the Panel and that the annual financial statements of the Panel have been produced in accordance with GRAP and that the external auditor is independent of the Panel.

The ARC, *inter alia*, assists the Panel Members in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems of control and to fairly present the annual financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.

CORPORATE GOVERNANCE REPORT (continued)

SUB-COMMITTEES

Audit and Risk Committee

The ARC has performed its duties in accordance with its terms of reference which among others included the following functions:

- Reviewed and recommended the approval of the annual financial statements;
- Confirmed the going concern status of the Panel as reflected in the annual financial statements;
- Assessed the effectiveness of the internal controls systems;
- Assessed that there were no material breakdowns in the internal control environment;
- Reviewed the internal audit policy in line with the King IV Code;
- Approved the internal audit plan and fees for the financial year;
- Nominated the current auditors as the Panel's external auditors;
- Approved the external audit engagement letter and plan, and also determined the audit fees payable to the external auditors;
- Considered the independence of the auditors;
- Reviewed applicable Panel policies; and
- Assessed the efficacy and effectiveness of the functions performed by internal audit external audit, finance and the ARC sub-committee.

The ARC has satisfied itself that the external auditor appointment complies with the provisions of the Companies Act and that the auditor is independent.

The ARC also satisfied itself that the expertise and experience of the Corporate Services Manager which also includes the finance function of the Panel are appropriate to meet the responsibilities of the position.

Approval of the report:

The ARC confirms, for the period ended 31 March 2023, that it has functioned in accordance with its terms of reference.

On behalf of the Audit and Risk Committee
Nocamagu Mbulawa
Chairperson

CORPORATE GOVERNANCE REPORT (continued)

SUB-COMMITTEES

Remuneration and Nomination Committee

The remuneration of the Panel Executive is in part governed by the provisions of the Companies Act in conjunction with current and historical board policies and best remuneration governance precepts.

However, the Panel has added another layer of oversight to enhance remuneration governance by the establishment of a Remuneration and Nomination Committee with delegated responsibility for ensuring the implementation of the Panel Remuneration policy as approved by the Panel from time to time and making recommendations to it in respect of management, employee and non-executive Panel remuneration for consideration and the final approval of the Panel.

The committee consists of non-executive Panel Members who in turn obtain high level advice from an external independent remuneration specialist.

The independent non-executive members of the Remuneration and Nomination Committee are:

Ebrahim Moolla: Chairperson *(retired 31 March 2023)*
Sandile Siyaka: Chairperson *(appointed 18 May 2023)*
Annalie de Bruyn
Neo Phakama Dongwana: Panel Chairperson
Ntshengedzeni Tshivhase *(retired 31 March 2023)*
Mohammed Yakoob *(appointed 18 May 2023)*

The work of the committee is governed by a Panel approved terms of reference framed largely along the lines recommended by King IV Code and best remuneration practices.

The Panel provides cost effective packages designed to attract and retain executives and staff of the highest calibre and which motivates them to perform to the highest of standards, thereby ensuring alignment between the Panel and its stakeholders.

The Panel and members of its Governance Committee are remunerated by a hybrid model, partly guided in terms of the Treasury Regulations as well as historical antecedents of its predecessor, the Securities Regulation Panel (SRP), in matters involving hearings of the Takeover Special Committee, Panel and Committee meetings involving matters of great complexity, novel points of law and importance and or involving voluminous documentation.

Executive Management attend a part of the meetings of the Committee by invitation but are excused from attendance during the actual deliberation by the Committee of the quantum of remuneration as it relates to Management.

On behalf of the Remuneration and Nomination Committee
Sandile Siyaka ***(appointed 18 May 2023 as the Chairperson of Remuneration and Nomination Committee)***
Chairperson

CORPORATE GOVERNANCE REPORT (continued)

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**
Executive	2	-	**2**
Management	-	2	**2**
Administration Staff	-	4	**4**
Total	**2**	**6**	**8**

CONTROL ENVIRONMENT

Internal control comprises methods and procedures adopted by the Executive and Management 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 annual financial statements.

The audit function is conducted by the internal and external auditors and supported by the Audit and Risk Committee. The Audit and Risk 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
- collaborative
- accessibility and visibility
- informative
- empathy

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Independent Auditor's Report

Independent auditor's report to the Parliament on the Takeover Regulation Panel

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the Takeover Regulation Panel (the public entity) set out on pages 29 to 49, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Takeover Regulation Panel as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Principles (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the public entity in accordance with the Code of professional conduct for auditors of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards).

Victor Sekese [Chief Executive]

A comprehensive list of all Directors is available at the company offices or registered office

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the financial statements (continued)

Basis for opinion (continued)

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

Other matter

6. We draw attention to the matter below. Our audit opinion is not modified in respect of this matter.

Unaudited supplementary schedules

7. The supplementary information set out on pages 50 to 52 does not form part of financial statements and is presented as additional information. We have not audited these schedules and accordingly, do not express an opinion on them.

Responsibilities of the accounting authority for the financial statements

8. The Panel, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

12. In terms of Companies Act 71 of 2008, the public entity is not required to prepare an annual performance report.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of compliance with legislation

13. In terms of Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, the public entity is not required to prepare an annual performance report. Therefore, we did not have a statutory audit obligation to audit the annual performance report.

14. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

15. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

16. We did not identify any material non-compliance with the selected legislative requirements.

Other information

17. The accounting authority is responsible for the other information. The other information comprises the Panel and its structure, Panel's responsibilities and approval of the annual report, disclosure on the Members, Executive and Management of the Panel, disclosure on the sub-committees of the Panel, Foreword by the Minister, Chairperson's report, Executive Director's review, Corporate Governance report and Annexure 1: Analysis of transactions reviewed by the Executive included in the annual report. The other information does not include the financial statements and the auditor's report.

18. Our opinion on the financial statements and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

19. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

20. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

21. We considered internal control relevant to our audit of the financial statements and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor tenure

22. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of Takeover Regulation Panel for 10 (ten) years.

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Nhlanhla Sigasa
Chartered Accountant (SA)
Registered Auditor

30 August 2023

20 Morris Street East
Woodmead
2191

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit; and
- the selected legislative requirements for compliance with the testing.

INDEPENDENT AUDITOR'S REPORT (continued)

Annexure - Auditor's responsibility for the audit of the financial statements

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Annexure – Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Companies Act of South Africa (Act No. 71 of 2008) (the Companies Act)	Section 196

TAKEOVER REGULATION PANEL
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	2023 R	2022 R
ASSETS			
Non-current assets			
Furniture and equipment	2	**496 077**	299 035
Total non-current assets		**496 077**	299 035
Current assets			
Accounts receivable	3	**276 752**	2 962 149
Cash in bank and funds on deposit		**105 465 446**	101 426 232
Total current assets		**105 742 198**	104 388 381
Total assets		**106 238 275**	104 687 416
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		**101 631 312**	102 194 047
Non-current liabilities			
Employee benefit obligations	4	**1 294 637**	1 354 731
Current liabilities			
Accounts payable	5	**2 848 705**	654 963
Provision for leave pay	5	**463 621**	483 675
Total equity and liabilities		**106 238 275**	104 687 416

TAKEOVER REGULATION PANEL
STATEMENT OF FINACIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		R	R
Revenue		**24 074 307**	27 742 219
Annual levies		**17 853 807**	19 643 219
Fees for services		**5 460 000**	7 280 000
Rulings and Consultations		**760 500**	819 000
Other income	6	**3 829 623**	3 363 640
Interest received		**5 835 862**	3 936 287
Operating income		**33 739 792**	35 042 146
Operating expenses	7	**(34 302 527)**	(29 309 448)
Net (deficit)/surplus before taxation		**(562 735)**	5 732 698
Taxation	8	**-**	-
Net (deficit)/surplus for the year		**(562 735)**	5 732 698
Total operating (deficit)/surplus		**(562 735)**	5 732 698

TAKEOVER REGULATION PANEL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2023

	Total
	R
Accumulated surplus as at 31 March 2021	96 461 349
Total operating surplus for the year	5 732 698
Accumulated surplus as at 31 March 2022	102 194 047
Total operating (deficit) for the year	**(562 735)**
Accumulated surplus as at 31 March 2023	**101 631 312**

TAKEOVER REGULATION PANEL
CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash generated by operations	A	**(1 512 069)**	(1 617 388)
Interest received		**5 835 862**	3 936 287
Net cash inflow from operating activities		**4 323 793**	2 318 899
Cash flows from investing activities			
Additions to furniture and equipment		**(284 579)**	(258 034)
Net cash outflow from investing activities		**(284 579)**	(258 034)
Net increase cash and cash equivalents		**4 039 214**	2 060 865
Cash and cash equivalents at beginning of the year		**101 426 232**	99 365 367
Cash and cash equivalents at end of the year	B	**105 465 446**	101 426 232

TAKEOVER REGULATION PANEL
NOTES TO THE CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
		R	R
A.	**Cash generated by operations**		
	Total operating (deficit)/surplus	**(562 735)**	5 732 698
	Adjusted for:		
	Depreciation	**79 541**	38 072
	Disposal of assets	**7 996**	2 723
	Interest received	**(5 835 862)**	(3 936 287)
	Post-retirement medical aid interest	**94 038**	98 060
	Post-retirement medical aid	**(154 132)**	(145 924)
	Cash from operations before working capital changes	**(6 371 154)**	1 789 342
	Decrease/(Increase) in accounts receivable	**2 685 397**	(2 559 530)
	Increase/(Decrease) in accounts payable and provisions	**2 173 688**	(847 200)
	Net working capital changes	**4 859 085**	(3 406 730)
	Cash generated by operations	**(1 512 069)**	(1 617 388)
B.	**Cash and cash equivalents at end of period**		
	Cash and cash equivalents comprise:	**105 465 446**	101 426 232
	Cash in bank and funds on deposit	**105 465 446**	101 426 232

TAKEOVER REGULATION PANEL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

		Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between budget and actuals
Revenue	**Notes**	**R**	**R**	**R**	**R**	**R**
Annual levies	14.1	20 409 881	-	20 409 881	17 853 807	(2 556 074)
Fees for services	14.2	8 008 000	-	8 008 000	5 460 000	(2 548 000)
Rulings and consultations	14.3	900 900	-	900 900	760 500	(140 400)
Other income	14.4	450 000	-	450 000	3 829 623	3 379 623
Interest received	14.5	4 579 953	-	4 579 953	5 835 862	1 255 909
Total operating income		**34 348 734**	**-**	**34 348 734**	**33 739 792**	**(608 942)**
Expenditure						
Audit Fees	14.6	499 497	-	499 497	466 462	(33 035)
Legal fees	14.7	600 000	-	600 000	2 812 409	2 212 409
Operating lease payments	14.8	932 358	-	932 358	994 191	61 833
Panel Members fees	14.9	3 107 367	-	3 107 367	4 925 201	1 817 834
Administrative expenses	14.10	3 393 537	-	3 393 537	3 405 465	11 928
Personnel costs	14.11	21 052 215	-	21 052 215	21 698 799	646 584
Total expenditure		**29 584 974**	**-**	**29 584 974**	**34 302 527**	**4 717 553**
Surplus (Deficit) for the year		**4 763 760**	**-**	**4 763 760**	**(562 735)**	**(5 326 495)**

1. Accounting Policies

Basis of Preparation

The annual financial statements are prepared in accordance with the South African Standards on Generally Recognised Accounting Practice (GRAP). The annual financial statements are prepared on the historical cost basis and going concern basis incorporate the following principal accounting policies, which have been consistently applied for the year ending 31 March 2023 in all material respects. Financial figures have been rounded to the nearest Rand.

These annual financial statements have been prepared on an accrual basis of accounting, unless specified otherwise. The annual financial statements comply with GRAP.

1.1 Furniture and equipment

Furniture and equipment are measured initially at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Furniture and equipment are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Panel, and the cost of the asset can be measured reliably.

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. 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

The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each financial year-end. The Panel also assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the amount of the loss is measured as the difference between the carrying amount of the asset and the recoverable amount.

An item of furniture and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of financial performance in the year the item is derecognised.

1.2 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

The revenue is recognised on an accrual basis. The invoiced value of services rendered comprising annual levies, fees for documentation, hearings, and rulings, excluding value added tax are recognised at the date services are rendered. Annual levies in the current year were raised in advance on 1 April 2022 and recognised on a straight-line basis for the period. Interest income is recognised in the statement of financial performance on an accrual basis using the effective interest rate method based on the capital amounts outstanding.

1. Accounting Policies (continued)

1.2 Revenue from exchange transactions (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest

Revenue arising from the use of Panel assets yielding interest is reconsidered when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Panel, and
- The amount of the revenue can be measured reliably.

1.3 Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised at fair value in 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.

Where there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of financial performance.

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. A financial asset is derecognised when the amount has been settled or the rights to receive cash have expired. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1. Accounting Policies (continued)

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 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Recognition
The entity recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the accounting policy on revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement
The entity initially measures statutory receivables at their transaction amount.

1.6 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1. Accounting Policies (continued)

1.7 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decision of users, and so be material, requires consideration of the characteristics of those users. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.8 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Trade receivables

The Panel assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The Panel reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 5.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in statement of financial performance when there is objective evidence that it is impaired.

1. Accounting Policies (continued)

1.9 Employee benefits

Employee benefits are all forms of consideration given by the Panel in exchange for services rendered by employee.

A constructive obligation is an obligation that derives from the Panel's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the Panel has indicated to other parties that it will accept certain responsibilities and as a result, the Panel has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employee renders the related service.

Short-term employee benefits include items such as:

- Salaries are payable when a service has been rendered. The expense is recognised in that period.
- Short-term compensation for absences (such as paid annual leave and paid sick leave) where the compensation for absences is due to be settled within twelve months after the end of the reporting period in which the employee renders the related service; and
- Bonus, incentive and performance related payments payable at the discretion of the Panel within twelve months after the end of the reporting period in which the employee renders the related service.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefit expected to be paid in exchange for the service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in payment or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the Panel provides post-employment benefits for one employee.

1. Accounting Policies (continued)

1.10 Provisions and contingencies

Provisions are recognised when:

- The Panel has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the Panel has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

2. Furniture and equipment

	Furniture	Equipment	Total
	R	R	R
Net book value as at 31 March 2021	12 136	69 660	81 796
Additions for the period	208 616	49 418	258 034
Depreciation	(4 637)	(33 435)	(38 072)
Disposal of assets	(2 723)	-	(2 723)
Net book value as at 31 March 2022	213 392	85 643	299 035
Additions for the period	168 974	115 605	284 579
Depreciation	(36 441)	(43 100)	(79 541)
Disposal of assets	(4)	(7 992)	(7 996)
Net book value as at 31 March 2023	**345 921**	**150 156**	**496 077**
Depreciation rate	10%	20%	
Cost	413 941	315 978	729 919
Accumulated depreciation	(200 549)	(230 335)	(430 884)
Net book value 31 March 2022	213 392	85 643	299 035
Cost	573 284	271 890	845 174
Accumulated depreciation	(227 363)	(121 734)	(349 097)
Net book value 31 March 2023	**345 921**	**150 156**	**496 077**

3. Accounts receivable

	2023	2022
	R	R
Fees receivable	**849 901**	4 985 743
Provision for doubtful debts	**(761 351)**	(2 268 683)
Fees receivable after the provision for doubtful debts	**88 550**	2 717 060
Prepaid expenses	**128 432**	236 150
Sundry receivables - VAT	**59 770**	8 939
	276 752	2 962 149

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

3. Accounts receivable (continued)

Ageing of fees receivable	2023	2022
	R	R
Current	74 750	872 529
Past due but not impaired	13 800	1 844 531
30-60 days	-	1 550 131
61-90 days	3 450	287 500
91+ days	10 350	6 900
	88 550	2 717 060

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 R1 158 689 (2022: R951 741).

***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 the 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 an actuarial valuation every three years in order to measure the post-retirement medical aid liability. The last valuation was in March 2021 and the next valuation shall be in March 2024. The assumptions made in the valuation include medical inflation, investment returns and number of dependants. The Members believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value.

4. Employee benefit obligations (continued)

Post-retirement medical benefit plan:

	2023 R	2022 R
Amounts recognised in income in respect of the scheme are as follows:		
Interest cost	**436 385**	342 347
	436 385	342 347

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	**1 012 384**	1 158 308
Actuarial loss	**-**	-
Medical payments	**(154 132)**	(145 924)
Present value of unfunded obligations	**858 252**	1 012 384
Total liability	**1 294 637**	1 354 731
Key assumptions used:		
Discount rate	**7.38%**	7.38%
Medical inflation	**3.90%**	3.90%

Sensitivity analysis

The effect of a 1% increase and decrease in the inflation assumption on the service cost, interest cost and accrued liability is shown below:

Sensitivity to medical inflation		
1%	**Base**	**-1%**
R1 382 413	R1 294 637	R1 215 017
6.78%	-	-6.15%

5. Accounts payable and provisions

Accounts payables:		
Creditors and accrued expenses	**2 636 266**	352 990
Unallocated deposits	**212 439**	301 973
	2 848 705	654 963
Provisions		
Provision for leave pay	**463 621**	483 675
Opening balance	**483 675**	700 016
Movement	**(20 054)**	(216 341)
	3 312 326	1 138 638

5. Accounts payable and provisions (continued)

Contractual maturity analysis of financial liabilities	2023 R	2022 R
On demand	**2 750 311**	361 047
1 – 5 years	**98 394**	293 916
	2 848 705	654 963

6. Other income

Bad debts recovered	**1 220 965**	1 399 264
Hearing fees	**2 463 723**	1 933 661
Sundry income	**144 935**	30 715
	3 829 623	3 363 640

7. Operating expenses

Operating expenses include the following items:		
Auditor's remuneration	**466 462**	474 696
Depreciation	**79 541**	38 072
Legal fees	**2 812 409**	1 858 868
Operating lease payments - building	**505 414**	428 284
Operating lease payments - other	**488 777**	476 373
Panel Members' fees	**4 925 201**	3 427 315
- Chairperson	**1 210 112**	953 384
- Members	**3 687 110**	2 473 931
- Panel Members: travel	**27 979**	-
Other administrative expenses	**3 231 886**	3 488 727
Interest cost for post-retirement medical benefits	**94 038**	98 060
Personnel costs	**21 698 799**	19 019 053

Included in personnel costs are the following:

Executive and Management remuneration

2023	Basic Salary	Bonuses	Medical aid and other contributions	Pension fund contributions	Total
Executive					
AM Nikani	**4 302 871**	**4 397 379**	**-**	**413 896**	**9 114 147**
CZ Nduli	**2 363 384**	**2 465 820**	**78 841**	**288 879**	**5 196 924**
Management					
Z Mkwetshana	**1 013 963**	**1 080 000**	**43 759**	**165 078**	**2 302 800**
M Motsoahae	**1 400 341**	**1 691 662**	**90 749**	**232 713**	**3 415 465**

2022	Basic Salary	Bonuses	Medical aid and other contributions	Pension fund contributions	Total
Executive					
AM Nikani	4 071 832	4 187 980	-	391 673	8 651 485
CZ Nduli	2 174 839	2 348 400	74 642	253 419	4 851 300
Management					
Z Mkwetshana	662 105	-	24 395	13 500	700 000
M Motsoahae	1 234 226	1 323 909	85 914	206 033	2 850 082

8. Taxation

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

	2023	2022
	R	R
9. Commitments		
Rental payments in terms of premises lease agreement		
Future minimum lease payments payable within 1 year	**453 830**	422 167
Future minimum lease payments payable less than a year	**76 528**	530 358
Parking payments in terms of lease agreement		
Future minimum lease payments payable within a year	**82 238**	76 500
Future minimum lease payments payable less than a year	**13 867**	96 105
Operating Costs in terms of lease agreement		
Future minimum lease payments payable within 1 year	**257 749**	239 767
Future minimum lease payments payable between less than a year	**43 464**	301 213

The premises lease commenced on 1 June 2021 and remain in force for a period of 3 years, terminating on 31 May 2024. In terms of the lease agreement, no deposit was paid. An irrevocable bank guarantee for the amount of R327 132 was issued and will remain in full force and effect until the expiry of the lease. An amount of R327 132 has been pledged on the FNB Current Account.

10. Financial Risk Management

10.1 Credit risk

The Panel's income is derived from:

- levies on the annual listing fees charged by Exchanges to listed companies. Levies are charged in terms of regulation 171 of the Companies Regulations, 2011;
- documentation fees and fees charged for consultations and rulings. Fees are charged in terms of regulation 122 of the Companies Regulations, 2011; and
- interest received from investments.

The levies and fees charged by the Panel are approved by the Minister of Trade, Industry and Competition 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 of the Panel. Similarly, should there be a considerable fall off in takeover and merger activity, income of the Panel would be adversely impacted.

10. Financial Risk Management (continued)

10.1 Credit risk

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 Companies Act No. 71 of 2008 and Companies Regulation 2011. 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.

The Panel has no significant concentrations of credit risk.

The maximum exposure to credit risk:
Cash and cash receivables R105 465 446
Trade receivables is R276 752

10.2 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 funds.

10.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse movements in market rates. In respect of market risk, the Panel is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that arises on an interest-bearing asset due to variability of interest rates.

11. Accounting estimates and judgments

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

Furniture and equipment
The residual values of the fixed assets are reviewed annually. Management believe that the assets are in good condition, useful and its residual value is nil.

11. Accounting estimates and judgments (continued)

Impairment
Management identifies possible impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against the receivable when their collectability is considered to be doubtful. Management believe that the impairment adjustment is conservative and there are no significant receivables that are doubtful and have not been impaired or provided for. In determining whether a particular receivable could be doubtful, the ageing is taken into consideration.

Provision for leave pay
Management review provisions at each reporting date and is adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. The provision calculation is based on the estimated number of leave days accumulated.

12. Going Concern

Management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of the annual financial statements. Based on the assessment performed, Management notes that the Panel will continue to receive the annual levies and fund will be available for future operations of the Panel. Commitments will occur in the ordinary course of business. As a result, the annual financial statement are prepared on the basis of a going concern.

13. Subsequent Events

On 5 June 2023, the attorneys for Caxton and CTP Publishers and Printers Limited (Caxton) informed the Panel that Caxton intends to initiate a high court review application against the decision of the Takeover Special Committee (TSC) of the Panel in the matter involving Mpact Limited (Mpact). Consequently, the Panel faced the prospect of defending its decision in the Caxton/Mpact before the high court. This high court matter would, in turn, have potential cost implications, the extent of which are as yet unquantifiable.

14. Budget vs actual variance

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

14.1 Annual levies (see regulation 171 of the companies regulations, 2011)

The amounts leviable in this regard fluctuate annually based on several factors, including the market capitalisation of the individual companies listed on various exchanges in South Africa, any discounts offered to those companies by the respective exchanges and the number of companies that get delisted between the period when we prepare the budgets and when we invoice those companies in terms of regulation 171(1) of the Companies Regulations, 2011 (Regulations). Over the last decade, the JSE (the major exchange in this market) has seen a steep decline in the number of listed companies. This trend has since the 2020 COVID-19 pandemic sharply accelerated with no end in sight, unfortunately, although things have tapered in the last year. These fluctuations, which are entirely outside the control of the Panel, may materially impact the operational revenue of the Panel, depending on what happens in local equity capital markets. Historically, the Panel has carefully monitored its income resources to ensure that these fluctuations are mitigated as much as reasonably possible, considering that it has been self funding over the years.

Budget vs actual variance (continued)

14.2 Fees for services

The tapering in the number of affected transactions that had to be presented to the Panel in the past year resulted in fewer transactions in which we could raise fees. Consequently, our budget estimates for these fees were also not achieved.

14.3 Rulings and consultations

Similarly, with 14.2, the tapering in the number of affected transactions that had to be presented to the Panel in the past year resulted in fewer transactions in which we could raise fees regarding such rulings and consultations. Consequently, our budget estimates for these fees were also not achieved.

14.4 Other income

This income line relates to fees and other costs recovered from participants in hearings before the Takeover Special Committee (TSC) in terms of regulations 122(7) to (12) of the Regulations. These review applications are governed by the provisions of section 172 of the Companies Act, 2008 (Act) or regulations 118(9), read with regulations 119 and 120 of the Regulations. These internal reviews must be exhausted before a person may approach a court for other relief. The number of these reviews that go to a decision is small. However, those matters which proceed to a decision of the TSC are typically very complex and may take time to resolve, which may mean that the costs recoverable will, in turn, fluctuate based on the number of matters heard by the TSC in a particular year.

14.5 Interest received

Changes to the repo rate have a commensurate effect on the interest income for the Panel's investments. Because most of the Panel's investments are treasury in nature, the rate of interest will fluctuate in line with the changes to interest rates offered by banks and similar blue chip financial institutions to their clients.

14.6 Audit fees

The underspending is a result of improved time spent on the audit. The audit concerned was the penultimate audit by the Panel's most recent auditors. Consequently, savings were realised by the Panel through careful management of time spent by the auditors in undertaking the audit whilst maintaining the quality of the service received.

14.7 Legal fees

During the fiscal year, there was an increase in the number of TSC reviews that the Panel had to defend. This resulted in the Panel seeking legal representation in several of these reviews. The reviews themselves are typical of high stakes litigation matters involving substantial companies and typically involve large teams of external counsel. The functions of the Panel involve the interpretation of complex company law rules. Therefore, it is not uncommon for the parties involved in these reviews to involve very senior legal professional members, including well known advocates and attorneys. Commensurately, the Panel will appoint equally competent sets of lawyers if it chooses to defend its rulings. The budget estimates were based on the previous two years of expenditures, where significantly fewer matters ended before the TSC for the review. The year under the review saw one of the busiest years for the TSC, including those involving Tongaat Hulett Limited (**Tongaat**) and Royal Bafokeng Platinum Limited (**RBP**), which had several rounds of TSC reviews.

Budget vs actual variance (continued)

14.8 Operating lease payments

The Panel leases premises with a generator backup supplied by the landlord in cases of load shedding. Over the last year, the gradual deterioration of Eskom's ability to provide electricity in the country meant that the landlord relied on backup power supplied by its diesel generator, which was then passed on proportionally to the tenants at the Panel's leased premises. The increase in the rate of load shedding in the country coincided with a weaker Rand, which meant that diesel prices were also higher. All these factors resulted in the Panel's lease operational costs rising more than anticipated when the budget was prepared.

14.9 Panel Member's fees

This difference was influenced by the rise in TSC reviews mentioned above. The TSC is comprised of at least three Panel members. For complex TSC matters, such as those discussed above involving Tongaat and RBP, the TSC may include more Panel members than the minimum of three.

14.10 Administrative Expenses

The difference relates to recording and the transcript costs for TSC matters, which were recovered to the participants as mentioned above, hence the saving.

14.11 Personnel costs

The variance is due to vacancies filled by the Panel during the fiscal year. Five positions were filled last year, two permanent and three temporary.

TAKEOVER REGULATION PANEL
ANALYSIS OF TRANSACTIONS REVIEWED BY THE EXECUTIVE
FOR THE YEAR ENDED 31 MARCH 2023

ANNEXURE 1: ANALYSIS OF TRANSACTIONS REVIEWED BY THE EXECUTIVE

Types of affected transactions and offers regulated

	2023	2022
Fundamental transactions	**21**	31
Sec 112 - Disposal of assets	**5**	6
Sec 113 – Amalgamations and mergers	**-**	-
Sec 114 – Scheme of arrangements	**16**	25
Mandatory offers	**7**	11
Offers under Section 123	**3**	5
Waiver by shareholders Regulation 86.4	**4**	6
General offer	**10**	8
Partial offers – Section 125	**1**	-
	39	50
Rulings	**218**	244
Sec 119.6 - Exemptions	**161**	190
Relaxation of Regulations	**30**	39
Other	**27**	15
Advisory Opinions	**4**	2