

THE TAKEOVER PANEL
REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2012

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PANEL MEMBERS

AS AT 18 JULY 2012

CHAIRMAN AND DEPUTY CHAIRMEN

SIR GORDON LANGLEY		CHAIRMAN Appointed by the Panel	
ANTONY R BEEVOR FORMER SENIOR ADVISER, INVESTMENT BANKING, SOCIETE GENERALE	DEPUTY CHAIRMAN Appointed by the Panel	DAVID J CHALLEN CHAIRMAN, EMEA GOVERNANCE COMMITTEE, CITI	DEPUTY CHAIRMAN Appointed by the Panel
PHILIP J REMNANT SENIOR ADVISER, CREDIT SUISSE	DEPUTY CHAIRMAN Appointed by the Panel		

Each member of the Panel is designated to act as a member of either the Hearings Committee or the Code Committee.

THE HEARINGS COMMITTEE

In addition to the Chairman and the Deputy Chairmen, the membership of the Hearings Committee is as follows:

BARONESS HOGG CHAIRMAN, FINANCIAL REPORTING COUNCIL	Appointed by the Panel	TIDJANE THIAM GROUP CHIEF EXECUTIVE, PRUDENTIAL	Appointed by the Association of British Insurers
SIR DAVID LEES CHAIRMAN OF THE COURT OF THE BANK OF ENGLAND	Appointed by the Panel	SARAH BATES NON EXECUTIVE DIRECTOR, WITAN PACIFIC INVESTMENT TRUST	Appointed by the Association of Investment Companies
LORD MORRIS OF HANDSWORTH FORMER GENERAL SECRETARY, THE TRANSPORT AND GENERAL WORKERS UNION	Appointed by the Panel	JOHN P HALL FORMER CHIEF EXECUTIVE OFFICER, BREWIN DOLPHIN HOLDINGS	Appointed by the Association of Private Client Investment Managers and Stockbrokers
NIGEL RICH CHAIRMAN, SEGRO	Appointed by the Panel	KATE CHEETHAM GENERAL COUNSEL, LLOYDS BANKING GROUP	Appointed by the British Bankers' Association
SIR IAN ROBINSON NON EXECUTIVE DIRECTOR, COMPASS GROUP	Appointed by the Panel	ALAN F PORTER GROUP GENERAL COUNSEL, TESCO	Appointed by the Confederation of British Industry
MARK WARHAM CO-HEAD EMEA M&A, BARCLAYS	Appointed by the Association for Financial Markets in Europe	MARK SPOFFORTH SENIOR PARTNER, SPOFFORTHS	Appointed by the Institute of Chartered Accountants in England and Wales
CHARLES G WILKINSON CO-HEAD OF CORPORATE BROKING, DEUTSCHE BANK	Appointed by the Association for Financial Markets in Europe representing its Corporate Finance Committee	DOUGLAS FERRANS EXECUTIVE CHAIRMAN, INVISTA REAL ESTATE INVESTMENT MANAGEMENT	Appointed by the Investment Management Association
JIM HAMILTON SENIOR ADVISER, GLEACHER SHACKLOCK	Appointed by the Association for Financial Markets in Europe representing its Securities Trading Committee	MARTIN MANNION DIRECTOR, PENSIONS FINANCE & RISK CORPORATE ACCOUNTING, GLAXOSMITHKLINE UK	Appointed by the National Association of Pension Funds

Sir Brian Stewart, former Chairman of Scottish & Newcastle, has been appointed by the Panel to serve as an alternate for Baroness Hogg, Sir David Lees, Nigel Rich and Sir Ian Robinson. Lord Monks has been appointed by the Panel to serve as an alternate for Lord Morris. Alternates for those members appointed by the major financial and business institutions are listed on the Panel's website.

THE TAKEOVER PANEL
2011-2012 REPORT

THE CODE COMMITTEE

The membership of the Code Committee is as follows:

	LINDSAY P TOMLINSON DIRECTOR, NATIONAL ASSOCIATION OF PENSION FUNDS	Chairman, Appointed by the Panel	
JAMES D AGNEW MANAGING DIRECTOR, CHAIRMAN OF UK CORPORATE BROKING, DEUTSCHE BANK	Appointed by the Panel	DAVID GRAHAM GLOBAL HEAD OF WHOLESALE LEGAL, NOMURA	Appointed by the Panel
JONATHAN W BLOOMER CHIEF EXECUTIVE, LUCIDA	Appointed by the Panel	RICHARD A MURLEY VICE CHAIRMAN, ROTHSCHILD	Appointed by the Panel
PHILIP A J BROADLEY GROUP FINANCE DIRECTOR, OLD MUTUAL	Appointed by the Panel	ALAN D PAUL SENIOR CONSULTANT, BERWIN LEIGHTON PAISNER	Appointed by the Panel
ALISTAIR N C DEFRIEZ FORMER MANAGING DIRECTOR, UBS	Appointed by the Panel	JOY SEPPALA CHIEF EXECUTIVE OFFICER, SISU CAPITAL	Appointed by the Panel
GUY ELLIOTT CHIEF FINANCIAL OFFICER, RIO TINTO	Appointed by the Panel	TRELAWNY WILLIAMS GLOBAL HEAD OF CORPORATE FINANCE, FIDELITY INTERNATIONAL	Appointed by the Panel

THE TAKEOVER PANEL
2011-2012 REPORT

THE FINANCE AND AUDIT COMMITTEE

The membership of the Finance and Audit Committee is as follows:

ANTONY R BEEVOR Chairman

DAVID J CHALLEN

JIM HAMILTON

HUW M JONES
DIRECTOR,
CORPORATE FINANCE,
M&G INVESTMENT MANAGEMENT

THE NOMINATION COMMITTEE

The membership of the Nomination Committee is as follows:

SIR GORDON LANGLEY Chairman

ANTONY R BEEVOR

DAVID J CHALLEN

SIR DAVID LEES

ALAN D PAUL

PAUL M W TUCKER
DEPUTY GOVERNOR,
FINANCIAL STABILITY,
BANK OF ENGLAND

MARK WARHAM

THE REMUNERATION COMMITTEE

The membership of the Remuneration Committee is as follows:

JAMES D AGNEW Chairman

ANTONY R BEEVOR

DAVID J CHALLEN

JIM HAMILTON

HUW M JONES

THE PANEL EXECUTIVE

AS AT 18 JULY 2012

*ROBERT A J GILLESPIE DIRECTOR GENERAL
EVERCORE PARTNERS

ANTHONY G B PULLINGER DEPUTY DIRECTOR GENERAL

CHRISTOPHER H JILLINGS DEPUTY DIRECTOR GENERAL

CHARLES M CRAWSHAY DEPUTY DIRECTOR GENERAL

SECRETARIES

*TOM J MERCER SECRETARY
ASHURST

BARBARA A MUSTON SECRETARY

JOHN A DOVEY SECRETARY

JEREMY D EVANS SECRETARY

MARKET SURVEILLANCE

ROSALIND M GRAY MANAGER

CRAIG G ANDREWS DEPUTY MANAGER

CLIVE W DAVIDSON

JAMES R DONOVAN

JESSICA M BONNER

KIERAN J DOWLING

ASSISTANT SECRETARIES

DIPIKA SHAH SENIOR ASSISTANT SECRETARY

*JADE E FINNEGAN ASSISTANT SECRETARY
HAWKPOINT

*JOHN P HOLME ASSISTANT SECRETARY
HOGAN LOVELLS

*MARC J O JONES ASSISTANT SECRETARY
DELOITTE

*JOSEPH R KATZ ASSISTANT SECRETARY
ROTHSCHILD

EXEMPT GROUPS

SUSAN POWELL MANAGER

KEITH OFFORD

ADMINISTRATION AND SUPPORT

JACK W KNIGHT OFFICE MANAGER

JANE M TAYLOR MANAGER, SUPPORT GROUP

* SECONDED

INTRODUCTION TO THE TAKEOVER PANEL

The Panel is an independent body whose main functions are to issue and administer the Takeover Code (the “Code”) and to supervise and regulate takeovers and other matters to which the Code applies in accordance with the rules set out in the Code.

The Code is designed principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The Code is not concerned with the financial or commercial advantages or disadvantages of a takeover. These are matters for the company and its shareholders. In addition, it is not the purpose of the Code either to facilitate or to impede takeovers. Nor is the Code concerned with those issues, such as competition policy, which are the responsibility of government and other bodies.

The Panel was established as a non-statutory body in 1968, since when its composition and powers have evolved as circumstances have changed. On 20 May 2006, the Panel was designated by the Secretary of State for Trade and Industry as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC). Its statutory functions are set out in and under Chapter 1 of Part 28 of the Companies Act 2006 (as amended by The Companies Act 2006 (Amendment of Schedule 2) (No 2) Order 2009) (the “Act”).

The essential characteristics of the Panel system are flexibility, certainty and speed, enabling parties to know where they stand under the Code in a timely fashion. These characteristics are important in order to avoid over-rigid rules and the risk of takeovers becoming delayed by litigation of a tactical nature, which may frustrate the ability of shareholders to decide the outcome of an offer.

The Panel seeks to avoid problems arising during takeovers and other relevant transactions by encouraging and, in some cases, requiring early consultation. The Panel also focuses on the consequences of rule breaches, rather than simply on disciplinary action, with the aim of providing appropriate remedies. Where there has been a breach, the Panel may have recourse to private censure, to public censure, to suspension, withdrawal or amendment to the terms of any exemption, approval or other special status granted by the Panel, or to reporting the offender’s conduct to another regulatory authority or professional body. The Panel can also implement cold-shouldering procedures such that persons authorised by the Financial Services Authority or certain other professional bodies will not be permitted to act for an individual in a transaction subject to the Code.

Under the Act, the Panel also has powers to require documents and information, to make compensation rulings in certain circumstances, and to seek enforcement of its rulings through the courts.

THE PANEL

The Chairman, the Deputy Chairmen and up to 20 other members are appointed by the Panel. In addition, 11 members are nominated by major financial and business institutions thus ensuring a spread of expertise in takeovers, securities markets, industry and commerce.

Each member of the Panel is designated on appointment to act as a member of either the Panel's Hearings Committee or its Code Committee. The Chairman, the Deputy Chairmen and all of the members nominated by the major financial and business institutions are designated as members of the Hearings Committee. Of the possible 20 members appointed by the Panel, up to eight may be designated as members of the Hearings Committee and up to 12 as members of the Code Committee.

No person who is or has been a member of the Code Committee may be a member of the Hearings Committee.

THE HEARINGS COMMITTEE

The principal function of the Hearings Committee is to review rulings of the Executive. It also hears disputed disciplinary cases. The Hearings Committee can be convened at short notice, where appropriate. The quorum for proceedings before the Hearings Committee is five members (or their alternates).

THE CODE COMMITTEE

The Code Committee carries out the rule-making functions of the Panel and is solely responsible for keeping under review and, where appropriate, proposing, consulting upon and making and issuing amendments to the substantive provisions (in the Introduction, the General Principles and Rules) of the Code and the Rules of Procedure of the Hearings Committee.

THE EXECUTIVE

The day-to-day work of takeover supervision and regulation is carried out by the Executive. In carrying out these functions, the Executive operates independently of the Panel. This includes, either on its own initiative or at the instigation of third parties, the conduct of investigations, the monitoring of relevant dealings in connection with the Code and the giving of rulings on the interpretation, application or effect of the Code. The Executive is available both for consultation and also the giving of rulings on the interpretation, application or effect of the Code before, during and, where appropriate, after takeovers or other relevant transactions. The Panel encourages, and in some cases requires, early consultation so that problems can be avoided; a major part of the Executive's role is to provide guidance.

The Executive is headed by the Director General, usually an investment banker on secondment. Some of the Executive's staff are permanent, providing an essential element of continuity. They are joined by lawyers, accountants, corporate brokers, investment bankers and others on two-year secondments.

Further information on the Panel is available on its website at www.thetakeoverpanel.org.uk.

CHAIRMAN'S STATEMENT

The year to 31 March 2012 was characterised by uncertain markets and continued subdued levels of mergers and acquisitions. This reflected the ongoing effects of the financial crisis of late 2008, and concerns over the stability of the Eurozone currency area and over the financial strength of some of the sovereign states within the Eurozone. Against this background, the volume of takeover bids regulated by the Panel has been low by historical standards.

In September 2011 various changes to the Code initiated by the wide ranging consultation published in June 2010 took effect. I am pleased that early indications are that these changes are meeting their principal aims of reducing the tactical advantage obtained by offerors and redressing the balance in favour of offeree companies. At the same time the concerns of some critics, to the effect that the UK would become a difficult place in which to execute takeover offers and that many bidders would be deterred, do not seem to have been borne out.

The European Commission began the process of deciding whether to review the Takeovers Directive, by commissioning a "perception survey" (addressed to a variety of stakeholder groups) to analyse the implementation of the Directive in the Member States and its application in the market. The results of the survey, together with a report from the Commission, were published on 28 June. The Commission has concluded in its report that, generally, the regime created by the Directive is working satisfactorily but it has identified certain areas in which it believes there is scope for clarification "in order to improve legal certainty for the parties concerned and the effective exercise of (minority) shareholder rights". The Panel is pleased that the Commission's proposals for tackling these areas appear to fall short of proposals for amending the Directive but the Commission does indicate that it will take further initiatives to tackle the issues identified, including: the possibility of developing guidelines to clarify the concept of acting in concert at the EU level in order to prevent its inhibiting shareholder co-operation; an examination of the way in which Member States exercise their power to derogate from the mandatory bid rule with a view to ensuring that minority shareholders are protected; and further investigation of rules aimed at protecting the rights of employees, including the provision of information, the disclosure of the offeror's intentions as regards the future of the business of the offeree company and its employees and the views of the offeree board, as well as disclosure of information about the financing of a bid and the identity of the offeror. The Panel will follow the Commission's initiatives closely in the months to come.

The Panel lobbied for amendments to a number of Commission initiatives in the field of financial regulation, with a view to ensuring that they did not, inadvertently, compromise the existing framework of takeover regulation in the Member States. Amendments were secured in the Short-Selling Regulation and the European Market Infrastructure Regulation

and the Panel is continuing to seek amendments in the proposed revision of the Transparency Directive and the proposed Market Abuse Regulation. In addition, the Panel commented on the Commission's Green Paper on a Corporate Governance Framework for EU companies, in the context of which the question of "acting in concert" and shareholder activism is a matter of debate.

During the year Philip Remnant, a Senior Adviser at Credit Suisse, was appointed as a Deputy Chairman of the Panel. Philip has outstanding experience in investment banking and in the wider commercial world, and is a former Director General of the Panel Executive. I am delighted to welcome him to his post.

Mark Powell is stepping down as Chairman of the Remuneration Committee. I would like to thank Mark for the experience and sound judgement that he brought to the role, and to welcome James Agnew, a long-standing member of the Code Committee, as the new Chairman.

On a less happy note, I report with sadness the death of Dr Campbell Christie, the alternate to Lord Morris of Handsworth as a Panel appointee to the Hearings Committee, and pay tribute to his contribution to the Panel. I should like to thank Lord Monks, former General Secretary of the Trades Union Congress and the European Trade Union Confederation, for agreeing to fill the vacancy.



Sir Gordon Langley
18 July 2012

CODE COMMITTEE CHAIRMAN'S REPORT

The Code Committee met three times during the course of the year, publishing one Response Statement (“RS”) and three Public Consultation Papers (“PCPs”). The Committee also, in consultation with the Hearings Committee, approved certain amendments to the Rules of Procedure of the Hearings Committee. Two rule-making Instruments were published.

The Code Committee’s first task of the year was to complete the review of certain aspects of takeover regulation, which it had undertaken following the takeover of Cadbury plc by Kraft Foods Inc. in early 2010. Detailed proposals for Code amendments arising from the review had been published in PCP 2011/1 in March 2011 and elicited nearly 60 responses. The overall objectives of the proposals were to:

- (i) increase the protection for offeree companies against protracted “virtual bid” periods by requiring potential offerors to clarify their position within a short period of time;
- (ii) strengthen the position of the offeree company by prohibiting deal protection measures and inducement fees, other than in certain limited cases, and clarifying that offeree company boards are not limited in the factors that they may take into account in giving their opinion on an offer;
- (iii) increase transparency and improve the quality of disclosure by requiring the disclosure of offer-related fees and disclosure of the same financial information in relation to an offeror and the financing of an offer irrespective of the nature of the offer; and
- (iv) provide greater recognition of the interests of offeree company employees by improving the quality of disclosure by offerors and offeree companies in relation to the offeror’s intentions regarding the offeree company and its employees and by improving the ability of employee representatives to make their views known.

Code amendments arising from the review were published in RS 2011/1 in July 2011. In RS 2011/1, the Code Committee stated that, given the significance of the changes, it intended to carry out a review of the operation of the amendments by reference to a period of not less than 12 months following their implementation subject to the level of bid activity in that period. Instrument 2011/2 was made on 21 July and the amendments came into force on 19 September 2011, when a complete new edition of the Code was published.

Instrument 2011/1, containing the amendments to the Rules of Procedure of the Hearings Committee and minor Code amendments, was made in conjunction with the Panel and the Takeover Appeal Board on 21 July 2011.

The Committee then moved on to consider a number of other issues and three PCPs were published on 5 July.

In PCP 2012/1, the Code Committee put forward proposals for amendments to the provisions of the Code which relate to profit forecasts, merger benefits statements and material changes in information previously published during an offer period. The proposals in PCP 2012/1 supersede those published in March 2010 in PCP 2010/1, in which the Code Committee proposed a number of amendments to the Code “with a view to improving the coherence and consistency of the approach in the Code towards the requirement for certain financial information ... to be accompanied by a report from one or more third parties”. During the summer of 2010, the Executive, on the Code Committee’s behalf, met a number of the respondents to PCP 2010/1, who, while largely supportive of the proposals, put forward suggestions for additional improvements on the relevant Code provisions. However, the process in relation to PCP 2010/1 was put on hold following the initiation of the 2010/2011 Code review referred to above. In the circumstances, the Code Committee decided not to publish a Response Statement to PCP 2010/1 but to incorporate its response in the new PCP 2012/1.

PCP 2012/2 on pension scheme trustee issues arose from a number of responses to PCP 2011/1 that were received from trustees of pension schemes and from advisers to, and representatives of, pension scheme trustees. In summary, these respondents considered that various provisions of the Code which relate to the employee representatives of the offeree company should be extended so as to apply also to the trustees of the offeree company’s pension scheme. Following an informal pre-consultation exercise carried out by the Executive on its behalf, the Code Committee proposed that certain amendments should be made.

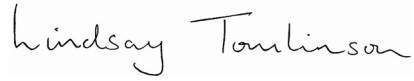
In PCP 2012/3, the Code Committee put forward a proposal to amend the scope of the Code’s jurisdiction by removing the requirement for certain companies that are registered in the United Kingdom, the Channel Islands or the Isle of Man, but which do not have their securities traded on a “regulated market”, to satisfy the “residency test”. This test requires that the company’s place of central management and control must be in the UK, the Channel Islands or the Isle of Man in order for an offer for the company to be covered by the Code. The Code Committee considers that the proposal will provide benefits to investors and remove potential uncertainty surrounding the application of the Code to offers for such companies.

The consultation period for all three PCPs will end on 28 September 2012.

The Code Committee saw the departure this year of one of its founder members. Christopher Smith, whose perceptive insights have made a major contribution to the work of the Committee for eleven years, stood down on 11 April 2012. In turn, five new members were appointed by the Panel. The Committee is delighted to welcome Jonathan Bloomer, Guy Elliott, David Graham, Richard Murley and Trelawny Williams, who together bring a wealth of experience. I would like to take this opportunity to thank all members for their diligent application to the Committee’s work.

I would also like to mention once again the important role made by all those who have contributed to the Committee’s considerations, by submitting written responses or suggestions or by participating in informal consultation with the Executive. These contributions are important and much appreciated.

Finally, my thanks, as ever, go to the Executive for its continuing efficient and effective support for the Committee.

A handwritten signature in black ink that reads "Lindsay Tomlinson". The signature is written in a cursive style with a light grey rectangular background behind it.

Lindsay Tomlinson
18 July 2012

DIRECTOR GENERAL'S REPORT

The number of takeover proposals which became unconditional, were withdrawn, or lapsed during year was 80, a further decrease on last year's figure of 94. Whilst the level of activity has shown year on year decline for five consecutive years, the Panel continues to receive considerable volumes of enquiry in relation to possible offers, whitewashes, concert parties, disciplinary cases and other matters.

PRACTICE STATEMENTS

There were no new Practice Statements issued by the Executive during the course of 2011-12. However, the following Practice Statements were amended as a consequence of the changes to the Code that came into force on 19 September 2011.

- Practice Statement No. 1 - Rule 20.1 — Equality of information to shareholders and the policing of meetings
- Practice Statement No. 6 - Strategic review announcements
- Practice Statement No. 9 - Withdrawn and its contents incorporated into Practice Statement No. 1
- Practice Statement No. 20 - Rule 2 — Secrecy, possible offer announcements and pre-announcement responsibilities
- Practice Statement No. 23 - Rule 21.2 — Inducement fees and other offer-related arrangements

ACCOUNTS

Operating income fell to £10,886,351 from £11,959,206 reflecting lower transaction volumes and reduced levels of market activity.

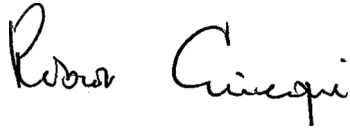
Expenditure fell to £9,201,159 compared with £9,709,844 in the previous year. The primary reason for this reduction was a significant fall in the level of professional fees incurred since only one hearing was held during the year and there was no significant expense relating to other investigations. There was a small increase in the level of personnel expenditure resulting from a change in the mix of seconded personnel and a small increase in compensation costs for the permanent staff.

Interest receivable increased to £556,894 from £384,003.

The surplus for the year was £2,111,440 compared with £2,546,502 for the previous year. The accumulated surplus at the end of the financial year therefore rose to £26,074,321.

THE TAKEOVER PANEL
2011-2012 REPORT

The Finance and Audit Committee continues to believe that the retention of a significant level of accumulated reserves is important given the unpredictable nature of the Panel's sources of income and the periodic need to spend significant sums on professional fees as and when needed by the Panel to discharge its duties properly.

A handwritten signature in black ink, appearing to read "Robert Gillespie". The signature is written in a cursive style with a large initial 'R'.

ROBERT GILLESPIE
18 July 2012

STATISTICS

There were 80 (year ended 31 March 2011 — 94) resolved takeover or merger proposals (i.e. proposals announced under Rule 2.7 of the Code (formerly Rule 2.5) which subsequently became wholly unconditional, lapsed or were withdrawn), of which all 80 (91) reached the stage where formal documents were sent to shareholders. These proposals were in respect of 80 (91) offeree companies.

13 (16) offers were not recommended at the time of the firm offer announcement made under Rule 2.7 and 11 (9) of these were not recommended at the time the offer document was published. 9 (7) of these remained unrecommended at the end of the offer period, of which none (2) lapsed.

7 (9) offers were, at the time of their announcement under Rule 2.7, mandatory bids under Rule 9.

A further 7 (13) proposals announced under Rule 2.7 were still open at 31 March 2012, and are not included in these figures.

	2011-2012	2010-2011
OUTCOME OF PROPOSALS		
Successful proposals involving control	68	71
Unsuccessful proposals involving control	2	6
Proposals involving control withdrawn before publication of documents	0	2
Proposals involving minorities, etc.	10	15
	<u>80</u>	<u>94</u>

There were 19 (37) offeree companies in an offer period as at 31 March 2012 and 103 (134) offeree companies went into an offer period during the year.

73 (93) whitewash circulars were published during the year (i.e. documents seeking a waiver from existing shareholders of an obligation to make a mandatory offer under Rule 9 following an issue of new shares).

5 (26) Code waivers were granted during the year (i.e. dispensations from the application of the Code to offers or proposals for companies with a very limited number of shareholders).

The Executive issued no (1) statements of public criticism during the year and no (5) letters of private criticism.

The Hearings Committee held one meeting to hear an appeal against a ruling by the Executive. The appeal was not successful.

ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2012

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	NOTE	2012 £	2011 £
INCOME			
PTM levy		5,921,405	6,569,614
Document fees		4,166,000	4,637,500
Code sales		153,794	186,401
Exempt fees		425,000	335,000
Recognised Intermediary fees		220,000	230,000
Other income		152	691
		<u>10,886,351</u>	<u>11,959,206</u>
EXPENDITURE			
Personnel costs		6,450,795	6,221,120
Accommodation costs		1,143,803	1,089,870
Other expenditure		1,606,561	2,398,854
		<u>9,201,159</u>	<u>9,709,844</u>
SURPLUS BEFORE INTEREST AND TAXATION			
		1,685,192	2,249,362
Interest receivable		556,894	384,003
Taxation	2	(130,646)	(86,863)
SURPLUS FOR THE YEAR			
		<u>2,111,440</u>	<u>2,546,502</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
		<u>23,962,881</u>	<u>21,416,379</u>
ACCUMULATED SURPLUS AT END OF YEAR			
		<u><u>26,074,321</u></u>	<u><u>23,962,881</u></u>

All activities are classed as being continuing.

The Panel has no recognised gains and losses other than the income and expenditure shown above and therefore no statement of total recognised gains and losses has been presented.

THE TAKEOVER PANEL
2011-2012 REPORT

BALANCE SHEET
AT 31 MARCH 2012

	NOTE	2012 £	2011 £
FIXED ASSETS	3	<u>173,060</u>	<u>175,469</u>
CURRENT ASSETS			
Debtors and prepayments	4	3,134,446	2,578,708
Debtors — Amounts due after one year:			
Rent deposit		<u>469,914</u>	<u>469,914</u>
		3,604,360	3,048,622
Cash and short term deposits		<u>23,020,502</u>	<u>21,936,300</u>
		<u>26,624,862</u>	<u>24,984,922</u>
CURRENT LIABILITIES			
Creditors and accruals	5	592,955	1,110,647
Corporation tax		<u>130,646</u>	<u>86,863</u>
		<u>723,601</u>	<u>1,197,510</u>
NET ASSETS		<u>26,074,321</u>	<u>23,962,881</u>
Representing			
ACCUMULATED SURPLUS		<u>26,074,321</u>	<u>23,962,881</u>

The accounts on pages 18-22 were approved by the Finance and Audit Committee on 18 July 2012 and signed on behalf of the Panel members by:

SIR GORDON LANGLEY

Chairman, Panel on Takeovers and Mergers

ANTHONY BEEVOR

Chairman, Finance and Audit Committee

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	NOTE	2012	2011
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	6	912,468	1,435,635
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received/receivable		351,429	384,003
TAXATION			
UK corporation tax paid		(86,863)	(58,236)
CAPITAL EXPENDITURE		(92,832)	(172,623)
		<u> </u>	<u> </u>
INCREASE IN CASH	7	<u>1,084,202</u>	<u>1,588,779</u>

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION OF ACCOUNTS AND ACCOUNTING POLICIES

- These accounts have been prepared under the historical cost basis of accounting.
- Income comprises the PTM levy, Document fees, Code sales, Exempt fees, Recognised Intermediary fees and other income and is accounted for on an accruals basis.
- Expenditure is accounted for on an accruals basis.
- Interest receivable arises wholly in the UK and relates to interest receivable on deposits held and is recognised on an accruals basis. In 2012, interest receivable per the cash flow statement differs to that shown in the income and expenditure account due to timing of receipts. In 2011, the interest receivable shown in the cash flow statement reflected that disclosed in the income and expenditure account.
- Fixed assets are shown at historical cost net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the income and expenditure account during the financial periods in which they are incurred.

A full year of depreciation is provided on fixed assets in the year of acquisition whilst no depreciation is provided in the year of disposal.

Depreciation is calculated to write down the cost of all tangible fixed assets on a straight-line basis over their estimated useful economic lives. The periods generally applicable are:

Motor vehicles	4 years
Fixtures and fittings	4 years

	2012	2011
	£	£
2. TAXATION		
UK Corporation tax payable:		
Current tax payable	<u>130,646</u>	<u>86,863</u>
Tax charge for the year	<u>130,646</u>	<u>86,863</u>

THE TAKEOVER PANEL
2011-2012 REPORT

NOTES TO THE ACCOUNTS *continued*

In agreement with HM Revenue & Customs, the Panel pays Corporation tax on the bank deposit interest it receives and on any profit it makes on Code sales. For the year to 2012, Corporation tax was charged at the main rate of 26% which after marginal relief resulted in an effective tax rate of 23%.

	Motor vehicles	Fixtures & fittings	Total
	£	£	£
3. TANGIBLE FIXED ASSETS			
Cost			
At 1 April 2011	39,181	342,635	381,816
Additions	—	92,832	92,832
	<u>39,181</u>	<u>435,467</u>	<u>474,648</u>
At 31 March 2012	<u>39,181</u>	<u>435,467</u>	<u>474,648</u>
Depreciation			
At 1 April 2011	39,181	167,166	206,347
Provided during the year	—	95,241	95,241
	<u>39,181</u>	<u>262,407</u>	<u>301,588</u>
At 31 March 2012	<u>39,181</u>	<u>262,407</u>	<u>301,588</u>
Net book value			
At 31 March 2012	<u>—</u>	<u>173,060</u>	<u>173,060</u>
At 31 March 2011	<u>—</u>	<u>175,469</u>	<u>175,469</u>
		2012	2011
4. DEBTORS AND PREPAYMENTS		£	£
PTM levy accrued		1,651,522	1,703,860
Document fees accrued		407,500	154,500
Code sales accrued		—	350
Exempt fees accrued		135,000	25,000
Recognised Intermediary fees accrued		50,000	35,000
Other debtors and prepayments		890,424	659,998
		<u>3,134,446</u>	<u>2,578,708</u>
		2012	2011
5. CREDITORS AND ACCRUALS		£	£
Personnel costs		324,782	142,626
Legal and professional fees		95,922	227,757
Other creditors and accruals		172,251	740,264
		<u>592,955</u>	<u>1,110,647</u>

THE TAKEOVER PANEL
2011-2012 REPORT

NOTES TO THE ACCOUNTS *continued*

	2012	2011
6. NET CASHFLOW FROM OPERATING ACTIVITIES	£	£
Surplus before interest and taxation	1,685,192	2,249,362
Depreciation	95,241	93,685
(Increase)/Decrease in debtors and prepayments	(350,273)	113,936
Decrease in creditors	(517,692)	(1,021,348)
	<u>912,468</u>	<u>1,435,635</u>
Net cash inflow from operating activities	<u>912,468</u>	<u>1,435,635</u>
	2012	2011
7. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS	£	£
Increase in cash in period	<u>1,084,202</u>	<u>1,588,779</u>
Change in net funds	1,084,202	1,588,779
Net funds at 1 April 2011	<u>21,936,300</u>	<u>20,347,521</u>
Net funds at 31 March 2012	<u>23,020,502</u>	<u>21,936,300</u>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TAKEOVER PANEL

We have audited the accounts of the Takeover Panel for the year ended 31 March 2012 which comprise the income and expenditure account, the balance sheet, the statement of cash flows and the related notes 1 to 7. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Panel members, as a body. Our audit work has been undertaken so that we might state to the Panel members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Panel and the Panel members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF PANEL MEMBERS AND AUDITORS

The Panel members' responsibilities for preparing the accounts in accordance with the basis of preparation and accounting policies in note 1 are set out in the Statement of Panel Members' Responsibilities.

Our responsibility is to audit the accounts in accordance with International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts are properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1.

In addition, we also report to you if, in our opinion, the Panel has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. The other information comprises only Panel Members and Executive, Introduction to the Takeover Panel, Chairman's Statement, Code Committee Chairman's Report, Director General's Report, Statistics, Statements issued by the Panel, Statements issued by the Code Committee and the Takeover Appeal Board. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the Panel members in the preparation of the accounts, and of whether the accounting policies are appropriate to the Panel's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts have been properly prepared in accordance with the basis of preparation and accounting policies in note 1 of the accounts.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

MILTON KEYNES
18 July 2012

STATEMENT OF PANEL MEMBERS' RESPONSIBILITIES

Pursuant to section 963 of the Companies Act 2006, the Panel has a duty to include accounts in its Annual Report. The Panel members have determined that these accounts should present fairly the state of affairs of the Panel as at the end of the financial year and of its surplus or deficit for that period.

The Panel members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the accounts for the year ended 31 March 2012. The Panel members also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The Panel members are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the Panel and to prevent and to detect fraud and other irregularities.

STATEMENTS ISSUED BY THE PANEL

2011

6 May	2011/9	LOOKERS PLC <i>(Requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid by 8 June 2011)</i>
10 May	2011/10	KALAHARI MINERALS PLC <i>(Result of Kalahari's appeal against the ruling of the Panel Executive)</i>
25 May	2011/11	KALAHARI MINERALS PLC <i>(Reasons for the Hearings Committee's decision)</i>
8 June	2011/12	LOOKERS PLC <i>(Extension of requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid from 5pm on 8 June 2011 to 5pm on 29 June 2011)</i>
27 June	2011/13	LAIRD PLC <i>(Requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid by 1 August 2011)</i>
4 July	2011/15	CAPITAL PUB COMPANY PLC <i>(Requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid by 1 August 2011)</i>
20 July	2011/16	2011 ANNUAL REPORT <i>(Publication of Panel's Annual Report)</i>
21 July	2011/17	MINOR CODE AMENDMENTS <i>(Minor amendments to the Takeover Code and the Rules of Procedure of the Hearings Committee)</i>
27 July	2011/19	NEW SECRETARY FOR THE TAKEOVER PANEL <i>(Panel Executive appointment)</i>
11 August	2011/20	CHARTER INTERNATIONAL PLC <i>(Requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid by 6 September 2011)</i>
2 September	2011/21	UNIQ PLC <i>(Offer timetable extended)</i>
5 September	2011/22	FORTHCOMING CODE CHANGES <i>(Forthcoming changes to the Takeover Code and the Disclosure Table)</i>
5 September	2011/23	CHARTER INTERNATIONAL PLC <i>(Extension of requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid from 5pm on 6 September 2011 to 5pm on 21 September 2011)</i>
12 September	2011/24	CHARTER INTERNATIONAL PLC <i>(Suspension of requirement for potential offeror to make Rule 2.5 announcement or announce no intention to bid)</i>
19 September	2011/25	AMENDMENTS TO PRACTICE STATEMENTS <i>(Practice Statement amendments following 19 September 2011 changes to the Takeover Code)</i>
17 November	2011/26	CLARITY COMMERCE SOLUTIONS PLC <i>(Requirement for potential offeror to make Rule 2.7 announcement or announce no intention to bid by 21 November 2011)</i>
17 November	2011/27	CLARITY COMMERCE SOLUTIONS PLC <i>(Confirmation of no appeal following previous announcement)</i>
2012		
19 January	2012/1	APPOINTMENT OF PANEL DEPUTY CHAIRMAN <i>(Panel appointment)</i>

STATEMENTS ISSUED BY THE CODE COMMITTEE

2011

1 July	2011/14	CODE COMMITTEE - GUIDANCE RE: PROPOSED CODE AMENDMENTS <i>(Review of certain aspects of the regulation of takeover bids: guidance regarding the publication and implementation of Code amendments)</i>
21 July	2011/18	CODE COMMITTEE - RESPONSE STATEMENT <i>(Publication of RS 2011/1 (Review of certain aspects of the regulation of takeover bids) and Instrument 2011/2)</i>

THE TAKEOVER APPEAL BOARD

AS AT 18 JULY 2012

LORD STEYN	CHAIRMAN
SIR MARTIN NOURSE	DEPUTY CHAIRMAN
ERIC E ANSTEE	CHIEF EXECUTIVE, CITY OF LONDON GROUP
KENNETH E AYERS	FORMER CHAIRMAN, NATIONAL ASSOCIATION OF PENSION FUNDS INVESTMENT COUNCIL
KAREN R COOK	PRESIDENT, GOLDMAN SACHS EUROPE
JOHN K GRIEVES	FORMER SENIOR PARTNER, FRESHFIELDS BRUCKHAUS DERINGER
DAVID L MAYHEW	VICE CHAIRMAN, JP MORGAN
JOHN F NELSON	CHAIRMAN, LLOYD'S OF LONDON AND HAMMERSON
SIMON C T ROBESY	MANAGING DIRECTOR AND HEAD OF MORGAN STANLEY UK, CO-CHAIRMAN OF GLOBAL M&A
ROBERT W A SWANNELL	CHAIRMAN, MARKS & SPENCER
DAVID WEBSTER	CHAIRMAN, INTERCONTINENTAL HOTELS GROUP

The Takeover Appeal Board (the “Board”) is an independent body which hears appeals against rulings of the Hearings Committee. The Chairman and Deputy Chairman are appointed by the Master of the Rolls and will usually have held high judicial office. The other members are appointed by the Chairman or Deputy Chairman of the Board and will usually have relevant knowledge and experience of takeovers and the Takeover Code. No person who is or has been a member of the Code Committee of the Panel may simultaneously or subsequently be a member of the Board.

Any party to a hearing before the Hearings Committee (or any person denied permission to be a party to a hearing before the Hearings Committee) may appeal to the Board against any ruling of the Hearings Committee or of the chairman of the relevant hearing (including in respect of procedural directions).

The procedures of the Board are set out in its Rules which can be viewed on its website at www.thetakeoverappealboard.org.uk.

STATEMENTS ISSUED BY
THE TAKEOVER APPEAL BOARD

2011

21 July

2011/1 RULES OF THE TAKEOVER APPEAL BOARD
(Amendments to the Rules of the Takeover Appeal Board)