

IRISH TAKEOVER PANEL

Report for the year ended 30 June, 2003

This annual report of the Irish Takeover Panel is made to
Mary Harney, T.D., Minister for Enterprise, Trade and Employment as required by section
19 of the Irish Takeover Panel Act, 1997

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Members of the Panel

Irish Association of Investment Managers	
Irish Clearing House Limited	- Nominated by the Irish Bankers Federation
Irish Stock Exchange Limited	
Law Society of Ireland	
Brian Walsh	- Nominated by the Consultative Committee of Accountancy Bodies - Ireland

Directors of the Panel

Chairperson	Daniel O’Keeffe, S.C.	} } Appointed by the Governor of } the Central Bank of Ireland
Deputy Chairperson	William M. McCann	}
	Leonard Abrahamson (Alternate: Brendan O’Connor)	Appointed by the Irish Stock Exchange
	Thomas Byrne (Alternate: John Butler)	Appointed by the Irish Bankers Federation
	Paul D’Alton	Appointed by the Consultative Committee of Accountancy Bodies – Ireland
	Ann Fitzgerald (Alternate: Philip Sykes)	Appointed by the Irish Association of Investment Managers
	Brian J. O’Connor	Co-opted by the Board of the Panel
	Laurence K. Shields (Alternate: David Beattie)	Appointed by the Law Society of Ireland

Director General (and Secretary of the Panel)

Miceal Ryan

Introduction

The Irish Takeover Panel (“the Panel”) is the statutory body responsible for monitoring and supervising takeovers and other relevant transactions in Ireland. The Panel was established by the Irish Takeover Panel Act, 1997 (“the Act”); it is incorporated as a company limited by guarantee. The Panel is responsible for making Rules to ensure that takeovers and other relevant transactions comply with the General Principles set out in the Schedule to the Act. These General Principles are designed to ensure fair and equal treatment of all shareholders in relation to takeovers. The Rules also serve to provide an orderly framework within which takeovers can be conducted.

The Panel has extensive powers under the Act to make rulings and give directions, to hold hearings, to summon witnesses and to require production of documents and other information, where these are appropriate in the discharge of its statutory functions.

Chairperson's Statement

The Panel had a very busy year supervising nine takeovers and meeting on twenty six occasions to consider regulatory issues. The takeovers supervised by the Panel during the year were: Jefferson Smurfit Group plc, Green Property plc, Parthus Technologies plc, Dunloe Ewart plc, Conduit plc, Riverdeep Group plc, alphyra group plc, Sherry FitzGerald plc and Arnotts plc.

In October 2002, the European Commission published a revised proposal for a Takeover Directive. The new proposal had the same scope and laid down the same basic principles as its predecessor whilst being supplemented to incorporate the amendments adopted by the European Parliament in relation to the previous proposal. The revised proposal followed the recommendations set out for the Commission by the High Level Group of Company Law Experts in the Winter Report as regards a common definition of "equitable price" (Article 5) and the introduction of a squeeze-out right (Article 14) and a sell-out right (Article 15) following a takeover bid.

In line with the recommendations of the Winter Report, the new proposal retained the principle (in Article 9) that it is for shareholders to decide on defensive measures once a bid has been made public. It also proposed greater transparency of the defensive structures and mechanisms in the companies affected by the proposal (Article 10).

The Commission's proposal did not take up all the recommendations of the Winter Report as regards neutralisation of defensive measures following a successful takeover bid (the break-through right). However, the proposal stipulated that restrictions on transfers of securities and restrictions on voting rights would be rendered unenforceable against the offeror or cease to have effect during the period for acceptance of an offer (Article 11). The proposal failed to tackle the controversial use of multiple voting rights which some Member States regard as a barrier to takeover bids by enabling some shareholders to exercise a disproportionately greater number of voting rights than their equitable interest in the company.

Following many months of negotiations, no agreement between Member States has, as yet, been reached on the Commission's revised proposal. The major issues centre on Article 9 (frustrating action) and Article 11 (break-through right) with some Member States unwilling to support Article 9 unless Article 11 is extended to enable a bidder neutralise multiple voting rights following a successful takeover bid. The Panel regards Article 9 as the cornerstone of the proposed Takeover Directive. One of the underlying objectives of the Directive is the protection of shareholders. It is by means of Article 9 that the Directive ensures that offeree

directors do not exercise their control inappropriately and to the detriment of shareholders. The deletion of Article 9 would, in the Panel's view, substantially weaken the Directive's capacity to deliver effective takeover regulation.

Part 3 of the Competition Act, 2002 ("the 2002 Act") dealing with mergers and acquisitions came into force on 1 January, 2003. The 2002 Act replaced the Mergers, Takeovers and Monopolies (Control) Act, 1978 as amended, the Competition Act, 1991 and the Competition (Amendment) Act, 1996. Under Part 3, the Competition Authority has taken over responsibility for control of all mergers and acquisitions under the 2002 Act (with the exception of media mergers) from the Minister for Enterprise Trade and Employment ("the Minister"). Consequently, the Panel was required, subject to the approval of the Minister, to amend Rule 12(a) of the Takeover Rules in order to reflect the application of Part 3 of the 2002 Act. The amended Rule 12(a) came into effect on 1 January, 2003.

As reported last year, the Panel commenced drafting new Rules which would apply specifically to takeovers effected by schemes of arrangement. This exercise is still ongoing and has raised a number of complex issues as to how certain of the existing Rules ought to be applied to such takeovers. As a consequence, it is not envisaged, at this time, that these new Rules would come into effect before early next year. The Panel will publish a public consultation paper on the proposed new Rules prior to the Rules coming into effect.

I would like to welcome Paul D'Alton and Laurence Shields on their appointment as Directors of the Panel. Mr. D'Alton replaced Daniel Kitchen as the nominee of the Consultative Committee of Accountancy Bodies – Ireland while Mr. Shields replaced Brian O'Connor as the nominee of the Law Society of Ireland. Mr. O'Connor was subsequently co-opted to the Board in June 2003 for a period of two years. On behalf of the Board and myself, I would like to thank Danny for his much valued contribution and support over his near six year term as a Director of the Panel.

Daniel O'Keeffe

Chairperson

22 September, 2003

Director General's Report

The Panel had one of its busiest years since it was established in 1997 supervising nine takeovers including one of the biggest takeovers to be supervised by the Panel to date; the takeover of Jefferson Smurfit Group plc by MDCP Acquisitions I in September 2002.

Non-executive directors' fees

The Panel has noticed the increasing practice of offeree boards to remunerate non-executive directors for the additional work undertaken by them in connection with an offer. Where payments to non-executive or executive directors have not been approved by the offeree shareholders in general meeting during the course of the offer, Panel consent under Rule 21.1 is required. Such consent will not be granted where the Panel is of the view that such payments would or might frustrate the making or implementation of such offer or indeed any other offer. Furthermore, if, as a result of these fees, the directors have [or may be perceived to have] a conflict of interest they may be excluded under Rule 3.1 from the formulation and communication of advice to shareholders. In this regard, the Panel may consider excessive payments as bringing into question the independence of these directors. Payments which are out of line with the existing levels of remuneration for the relevant directors may be regarded by the Panel as excessive.

The Panel is of the view that it is preferable that any proposal whether formalised or not to make such payments should be disclosed in the first response circular or the offer document, as appropriate. If the relevant offer documentation has already been circulated, the Panel may require an announcement to be made outlining the proposed payments.

Telephone campaigns

Frequently, an offeror or an offeree wishes to undertake a campaign under Rule 19.5 in connection with an offer in which the offeree shareholders are contacted by telephone. In certain circumstances such a campaign requires Panel approval. The persons who conduct any such campaign should inter alia not put any offeree shareholder contacted by them under any pressure. In this regard, the Panel may take the view that a shareholder is being put under pressure in circumstances where the shareholder receives more than one telephone call.

Proposals/offers to holders of convertible securities

Rule 15 requires that, if practicable, an offeror should dispatch the offer or proposal to holders of convertible securities at the same time as the offer document is posted to offeree shareholders. The practice has developed whereby offerors state in the offer document that

appropriate proposals will be made to holders of convertible securities if the offer becomes unconditional in all respects. The Panel takes the view that the offer/proposal to the holders of convertible securities should be posted at the same time as the offer document unless there are specific reasons which render such a course of action unfeasible. The Panel should be consulted in such circumstances.

When an announcement is required

Rule 2.2(e) requires an announcement concerning an offer or possible offer to be made when negotiations or discussions are about to be extended to include more than a very restricted number of people. While it is difficult to be precise as to when an announcement is required under this Rule, the Panel should be consulted (unless an immediate announcement is to be made) when it is intended to extend knowledge of the offer or possible offer to persons other than those who need to know in the offeror and offeree and their immediate financial and legal advisers to those companies.

Financial statements

In the year to 30 June, 2003 operating income increased by over 12% to €1,118,878. The increase was as a result of a significant increase in income from document charges and contract note levies. Expenditure for the year increased by approximately 33.6% to €828,739. A substantial proportion of this increase was due to an increase in professional fees primarily associated with the publication of an amended Rule 12 on 1 January, 2003 and the ongoing work in relation to the drafting of new Rules for takeovers effected by schemes of arrangement.

The Panel's investments and cash balances at 30 June, 2003 were €1,821,545, an increase of over 20% on the previous year's balances. As a consequence, the Panel mitigated the annual charge for relevant companies for the year commencing 1 July, 2003 by a special reduction of almost 59%. Any future such reductions will be dependent upon the Panel's year end balance sheet position.

Miceal Ryan

Director General

22 September, 2003

Directors' Report

The directors present their report and audited financial statements for the year ended 30 June 2003.

Principal activities, review of operations and future developments

The Irish Takeover Panel is a public company limited by guarantee formed and registered under the Companies Acts 1963 to 2001. The company was incorporated on 29 April 1997 in accordance with the Irish Takeover Panel Act, 1997 ("the Act") to:

- a) monitor and supervise takeovers and other relevant transactions so as to ensure that the provisions of the Act and any rules thereunder are complied with; and
- b) make rules under the provisions of the Act in relation to takeovers and other relevant transactions.

A review of operations and future developments is contained in the Chairperson's Statement and the Director General's Report.

Results and transfers to reserves

The results for the year are set out in the Income and Expenditure Account on page 16. An amount of €350,000 (2002: €400,000) was transferred from the Income and Expenditure Account to a contingency reserve.

Health and safety of employees

It is the policy of the company to ensure the safety, health and welfare of employees by maintaining a safe place and system of work. This policy is based on the requirements of employment legislation including the Safety, Health and Welfare at Work Act, 1989.

Accounting records

The directors believe that they have complied with the requirements of section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the company are maintained at 7/8 Upper Mount Street, Dublin 2.

Post balance sheet events

There were no material events since the end of the financial year.

Auditors

In accordance with section 160 (2) of the Companies Act, 1963, KPMG, Chartered Accountants, continue in office.

On behalf of the Board

D. O’Keeffe
Chairperson

W. M. McCann
Deputy Chairperson

22 September, 2003

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2001 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board

D. O'Keeffe
Chairperson

W. M. McCann
Deputy Chairperson

22 September, 2003

Independent Auditors' Report to the members of the Irish Takeover Panel

(limited by guarantee)

We have audited the financial statements on pages 15 to 20.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's 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 company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors in relation to the financial statements

The directors are responsible for preparing the directors' report and, as described on page 12, the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the financial statements agree with the books of account and report to you our opinion as to whether:

- the company has kept proper books of account
- the directors' report is consistent with the financial statements;

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transaction with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company at 30 June 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Directors' Report on page 11 is consistent with the financial statements.

KPMG

Chartered Accountants

Registered Auditors

22 September, 2003

Financial Statements

Statement of accounting policies

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with the financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

Operating income

This represents primarily the invoiced value of annual and document charges that the company is entitled to levy and contract note levies on dealings in quoted securities of relevant companies collected through brokers on an accruals basis.

Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation.

Depreciation is calculated to write off the original cost of tangible fixed assets over their expected useful lives. A full years depreciation is charged in the year of acquisition.

Depreciation is applied at the following annual rates:

Fixtures and fittings	20%
Computers	33%
Motor vehicle	25%

Investments

Interest bearing securities are stated at cost, which excludes accrued income. Income from investments is included in the Income and Expenditure Account on an accruals basis.

Cash flow statement

The company is exempted from the preparation of a cash flow statement as it qualifies as a small company under the Companies (Amendment) Act, 1986.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The annual charge is calculated as a percentage of pensionable payroll and is charged to the Income and Expenditure Account on an accruals basis.

Financial Statements

Income and Expenditure Account

for the year to 30 June, 2003

		Year ended 30 June 2003	Year ended 30 June 2002
	Notes	€	€
Operating income	1	1,118,878	997,776
Operating expenditure	2	(828,739)	(620,122)
		<hr/>	<hr/>
Operating surplus		290,139	377,654
Interest income		51,245	48,426
Profit on disposal of assets		18,707	-
		<hr/>	<hr/>
Operating surplus after interest		360,091	426,080
		<hr/>	<hr/>
Surplus for the financial year		360,091	426,080
Accumulated surplus at beginning of year		203,716	177,636
Transfer to contingency reserve		(350,000)	(400,000)
		<hr/>	<hr/>
Accumulated surplus at end of year		213,807	203,716
		<hr/> <hr/>	<hr/> <hr/>

The results derive from continuing operations.

There were no recognised gains or losses in the financial year or preceding financial year other than those included above in the Income and Expenditure Account.

On behalf of the Board

D. O’Keeffe
Chairperson

W. M. McCann
Deputy Chairperson

Financial Statements

Balance Sheet

as at 30 June, 2003

	<i>Note</i>	30 June 2003	30 June 2002
		€	€
Fixed assets			
Tangible fixed assets	6	40,597	21,246
		<hr/>	<hr/>
Current assets			
Debtors and prepayments	7	78,444	57,763
Investments	8	1,738,944	1,362,052
Cash at bank		82,601	152,562
		<hr/>	<hr/>
		1,899,989	1,572,377
		<hr/>	<hr/>
Current liabilities			
Creditors: amounts falling due within one year	9	(24,475)	(37,603)
		<hr/>	<hr/>
Net current assets		1,875,514	1,534,774
		<hr/>	<hr/>
Total assets less current liabilities		1,916,111	1,556,020
		<hr/>	<hr/>
Accumulated surplus and reserve			
Contingency reserve	10	1,702,304	1,352,304
Income and Expenditure account		213,807	203,716
		<hr/>	<hr/>
		1,916,111	1,556,020
		<hr/> <hr/>	<hr/> <hr/>

On behalf of the Board

D. O’Keeffe
Chairperson

W. M. McCann
Deputy Chairperson

Financial Statements

Notes

1	Operating income	Year ended 30 June 2003	Year ended 30 June 2002
		€	€
	Relevant company annual charges	460,326	543,645
	Document charges	412,452	273,721
	Contract note levies	240,683	171,787
	Other	5,417	8,623
		<hr/>	<hr/>
		1,118,878	997,776
		<hr/> <hr/>	<hr/> <hr/>

2	Operating expenditure	Year ended 30 June 2003	Year ended 30 June 2002
		€	€
	Operating expenditure includes:		
	Depreciation	23,107	20,105
	Auditors' remuneration	2,500	2,500
		<hr/>	<hr/>

3 Employees

The average number of persons employed by the company and the employee costs during the year were as follows:

	Year ended 30 June 2003	Year ended 30 June 2002
	Number	Number
Number:		
Administration	5	5
Directors	7	7
	<hr/>	<hr/>

Financial Statements

Notes (continued)

3 Employees (continued)

Costs:	Year ended 30 June 2003	Year ended 30 June 2002
	€	€
Salaries	255,981	223,178
Directors' remuneration	185,795	164,717
Social Welfare costs	23,751	25,413
Pension costs (note 4)	36,951	30,639
	<hr/>	<hr/>
	502,478	443,947
	<hr/> <hr/>	<hr/> <hr/>

4 Pension costs	Year ended 30 June 2003	Year ended 30 June 2002
	€	€
Pension charge	36,951	30,639
	<hr/>	<hr/>

The company makes contributions to a defined contribution scheme for certain employees, the assets of which are vested in independent trustees for the benefit of members and their dependants. The contributions for the year totalling €36,951 (2002: €30,639) are included within operating expenditure. At 30 June 2003 €8,254 (2002: €5,121) was prepaid within debtors in relation to this scheme.

5 Taxation

Under the provisions of the Taxes Consolidation Act, 1997 the company is exempt from Corporation Tax on its income.

Financial Statements

Notes (continued)

6 Tangible fixed assets

	Motor vehicle €	Fixtures and fittings €	Computers €	Total €
<i>Cost</i>				
At 30 June 2002	31,743	41,453	16,923	90,119
Additions	44,441	-	-	44,441
Disposals	(31,743)	-	-	(31,743)
At 30 June 2003	44,441	41,453	16,923	102,817
<i>Depreciation:</i>				
At 30 June 2002	23,808	36,117	8,948	68,873
Charge for year	17,062	2,057	3,988	23,107
Disposals	(29,760)	-	-	(29,760)
At 30 June 2003	11,110	38,174	12,936	62,220
<i>Net book value:</i>				
At 30 June 2002	7,935	5,336	7,975	21,246
At 30 June 2003	33,331	3,279	3,987	40,597

	As at 30 June 2003 €	As at 30 June 2002 €
7 Debtors and prepayments		
Debtors	1,644	6,646
Prepayments and accrued income	76,800	51,117
	78,444	57,763

All amounts fall due within one year.

Financial Statements

Notes (continued)

	As at 30 June 2003 €	As at 30 June 2002 €
8 Investments		
Commercial paper	1,738,944	1,362,052
	<u> </u>	<u> </u>
	As at 30 June 2003 €	As at 30 June 2002 €
9 Creditors: amounts falling due within one year		
Trade creditors	1,882	209
PAYE and Social Welfare insurance	3,618	3,615
Accrued expenses	18,975	33,779
	<u> </u>	<u> </u>
	24,475	37,603
	<u> </u>	<u> </u>
	As at 30 June 2003 €	As at 30 June 2002 €
10 Contingency reserve		
At beginning of year	1,352,304	952,304
Transfer from Income and Expenditure account	350,000	400,000
	<u> </u>	<u> </u>
At end of year	1,702,304	1,352,304
	<u> </u>	<u> </u>
11 Approval of financial statements		

The Board of Directors approved these financial statements on 22 September, 2003.

Appendix 1

Administrative Appendix

Relevant Companies

The Irish Takeover Panel Act, 1997 (“the Act”) established the Irish Takeover Panel as the body responsible for the monitoring and supervision of takeovers and certain other transactions in relation to securities in relevant companies in Ireland. A relevant company is defined in the Act to include public limited companies or other bodies corporate incorporated in Ireland whose securities are currently being traded, or (if the subject of a takeover or other relevant proposal) were traded within the previous five years, on a market regulated by a recognised stock exchange. In addition, the Minister, after consultation with the Panel, may prescribe any other public limited company as a relevant company in order to secure the protection of its investors. On 26 March, 2001 the Irish Takeover Panel Act, 1997 (Relevant Company) Regulations, 2001 came into operation pursuant to section 2(c) of the Act. These Regulations extended the definition of “relevant company” in the Act to include companies incorporated in Ireland and trading on the London Stock Exchange, the New York Stock Exchange, Nasdaq, Nasdaq Europe or the Neuer Markt.

The Rules

In addition to its supervisory function, the Panel is also entrusted with a rulemaking function. The Irish Takeover Panel Act, 1997, Takeover Rules, 2001 and the Irish Takeover Panel Act, 1997, Substantial Acquisition Rules, 2001 came into effect on 1 July, 2001. In addition, the Irish Takeover Panel Act, 1997, Takeover (Amendment) Rules, 2002 came into effect on 1 January, 2003. These Rules have been made principally to ensure that takeovers and other relevant transactions comply with the principles (referred to in the Rules as “the General Principles”) set out in the Schedule to the Act. The Rules also provide an orderly framework within which takeovers are conducted. They are not concerned with the financial or commercial advantages or disadvantages of a takeover, which are matters for the companies concerned and their shareholders. Neither are the Rules concerned with issues such as competition and merger policies, which are regulated under different legislation. Whilst the Rules are similar to the City Code of the UK Panel on Takeovers and Mergers however, there are significant differences at the detail level.

Members of the Panel and Board of Directors

The Members of the Panel are representative of bodies professionally involved in the securities markets and in the field of takeovers. They comprise the following five bodies, or in certain cases, their corporate or personal nominee:

Consultative Committee of Accountancy Bodies – Ireland

Law Society of Ireland

Irish Association of Investment Managers

Irish Bankers Federation

Irish Stock Exchange Limited

If deemed necessary, the Minister may alter this list by introducing appropriate regulations. Each of the aforementioned bodies has appointed a director to the Board of the Panel. In addition, the Governor of the Central Bank of Ireland has appointed the Chairperson and Deputy Chairperson to the Board.

The Act also provides for the Governor of the Central Bank and the five nominating bodies to designate one or more alternates for each director appointed by them, and four of the nominating bodies have done so. This facilitates the functioning of the Panel when directors are unavailable or are faced with a potential conflict of interest in relation to a case under consideration. Finally, there is also a provision for up to three additional directors to be co-opted by the existing directors. The Board is often required to meet at short notice in order to consider issues requiring urgent decisions.

The Executive

The day-to-day work of the Panel is carried out by the Executive through the office of the Director General. The Executive deals with the general administration of the Panel and the Rules, including consideration of queries and submissions which do not require reference to the Board. The Executive is available for consultation and to give guidance before and during takeover transactions. The Executive is also responsible for monitoring dealings in the shares of relevant companies to ensure compliance with the Rules.

Enforcement of the Rules

The Act gives the Panel statutory authority to make rulings as to whether any activity or proposed activity complies with the General Principles and the Rules. The Panel is also empowered to give directions to any party to a takeover to do or refrain from doing anything specified by the Panel. The Panel may also investigate a person's conduct where it reasonably believes that a contravention of the General Principles or Rules has occurred or may occur. Where appropriate, the Panel may advise, admonish or censure such a person in relation to his or her conduct. In order to carry out its functions, the Panel may conduct a hearing in relation to the matter concerned. For the purposes of such a hearing, the Panel has the same powers, rights and privileges as are vested in the High Court in relation to compelling attendance, examining on oath and compelling the production of documents. The Act also affords witnesses before the Panel the same immunities and privileges as witnesses before the High Court.

Access to Reports

Where it deems it necessary, the Panel (under section 21 of the Act) may require a Court-appointed inspector to furnish it with a copy of a report provided to the Court or the Minister under the Companies Act, 1990. Similarly, the Panel may require a recognised Stock Exchange to furnish it with a copy of any report given to the Director of Public Prosecutions in respect of an insider dealing offence. To date, no such requests have been made.

Charges

In order to defray the expenses incurred in the performance of its functions under the Act, the Panel is authorised to impose charges on relevant companies, on offerors who are not relevant companies, on dealings in the securities of relevant companies and on documentation submitted to the Panel in accordance with the Rules or in relation to Panel proceedings. The consent of the Minister to the current level of charges, which are set out on pages 24 and 25 has been obtained.

Panel Charges

made under section 16 of the Act and effective from 1 July, 2003.

1. *Annual charge payable by relevant companies*

Relevant companies pay an annual charge to the Panel based on Market Capitalisation as at 30 June in each year. The scale is as follows:

Market Capitalisation	Annual Charge
€ Million	€
over 1,250	18,750
625 - 1,250	12,500
125 - 625	6,250
62 - 125	5,000
31 - 62	3,750
12 - 31	2,500
Under 12	1,250

The Panel mitigated the above charges for the year commencing 1 July, 2003 by a special reduction of almost 59%.

2. *Charge on transactions in securities of relevant companies*

Charges are made on contracts in respect of dealings in securities of relevant companies. This charge amounts to €1.25 on each contract note in respect of transactions valued at more than €12,500.

3. *Document charges - takeovers and other relevant transactions*

A document charge is made in respect of documents furnished to the Panel under the rules in connection with takeovers and other relevant transactions. The scale for these charges is:

Value of the Offer € Million	Charge €
Under 5	2,500
5 - 15	10,000
15 - 35	17,500
35 - 65	35,000
65 - 125	50,000
Over 125	62,500

The charge in respect of “whitewash” waiver applications is €2,500.

4. *Charge on offerors which are not relevant companies*

Where an offeror is not a relevant company, or a subsidiary of a relevant company, a charge is made additional to the document charge as set out above. This charge is made for an amount equal to the annual charge payable by a relevant company having a market capitalisation equal to that of the offeree at the offer price.

5. *Document charge - proceedings of the Panel*

The Panel is empowered to charge up to €900 per document in respect of documents furnished to the Panel by a person in relation to proceedings to the Panel.

Note: There are provisions for certain of the above charges to be mitigated in certain circumstances. Further details can be obtained from the Executive.

Appendix 2

Takeovers supervised by Irish Takeover Panel

1 July, 2002 to 30 June, 2003

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| (i) alphyra group plc | Recommended cash offer by Rendina Limited, a company owned by certain members of the management of alphyra group plc and backed by Benchmark Capital. |
| (ii) Arnotts plc | Recommended cash offer by Nesbitt Acquisitions Limited, a company owned and controlled by the Nesbitt and O'Connor families. |
| (iii) Conduit plc | Recommended offer by Kandel plc, a company owned by certain members of the management of Conduit plc. |
| (iv) Dunloe Ewart plc | Recommended cash offer by Rambridge Limited, a company controlled by Mr. Liam Carroll and Mrs. Roisin Carroll. |
| (v) Green Property plc | Recommended cash offer by Rodinheights plc, a company controlled by Mr. Stephen Vernon, Merrill Lynch LP Holdings and ICC Holdings. |
| (vi) Parthus Technologies plc | Combination of Parthus Technologies plc and Ceva, Inc. by means of a scheme of arrangement. |
| (vii) Riverdeep Group plc | Recommended cash offer by Hertal Acquisitions plc, a company controlled by Mr. Barry O'Callaghan and Mr. Patrick McDonagh and backed by Alchemy Partners (Guernsey) Limited and MSD Capital. |

- (viii) Sherry FitzGerald Group plc Recommended cash offer by Renlin Limited, a company owned by Mr. Mark FitzGerald and certain other members of the management of Sherry FitzGerald Group plc.
- (ix) Jefferson Smurfit Group plc Recommended cash offer by MDCP Acquisitions I, an affiliate of Madison Dearborn Partners, L.L.C..

Note: There were no companies in an Offer Period at 30 June, 2003.

Appendix 3

List of Relevant Companies under the Irish Takeover Panel Act, 1997 as at 30 June, 2003

Abbey plc	Glanbia plc	Oakhill Group plc
Allied Irish Banks plc	Glencar Mining plc	Oglesby and Butler Group plc
Alltracel Pharmaceuticals plc	Grafton Group plc	Ormonde Mining plc
Aminex plc	Greencore Group plc	Ovoca Resources plc
Anglo Irish Bank Corporation plc	Gresham Hotel Group plc	
Arcon International Resources plc		
Ardagh plc		Petrel Resources plc
Arnotts plc	Heiton Holdings plc	Paddy Power plc
	Hibernia Foods plc	Providence Resources plc
Bank of Ireland Group	Horizon Technology Group plc	
Barlo Group plc		
		Qualceram Shires plc
	IAWS Group plc	
Celtic Resources Holdings plc	ICON plc	
Conroy Diamonds and Gold plc	IFG Group plc	Readymix plc
CPL Resources plc	Independent News & Media plc	Reflex Group plc
CRH plc	IONA Technology plc	Ryanair Holdings plc
	Irish Continental Group plc	
	Irish Life & Permanent plc	Sherry FitzGerald Group plc
	IWP International plc	Skillsoft plc
Datalex plc		SMF Technologies plc
DCC plc		
Donegal Creameries plc	Jurys Doyle Hotel Group plc	
Dragon Oil plc		
	Kenmare Resources plc	ThirdForce plc
	Kerry Group plc	Trinity Biotech plc
Elan Corporation, plc	Kingspan Group plc	Trintech Group plc
Ennex International plc		
	McInerney Holdings plc	Unidare plc
FBD Holdings plc	Minco plc	United Drug plc
First Active plc	Minmet plc	
Fyffes plc	Norish plc	Waterford Wedgwood plc

Appendix 4

During the course of the financial year the Panel exercised certain of its powers under the Irish Takeover Panel Act, 1997 as follows:

Rulings

The Panel issued ninety eight rulings during the year of which thirty related to the takeover of Arnotts plc. A further seventeen rulings were made in respect of the takeover of Riverdeep Group plc while fourteen rulings were made in respect of the takeover of Dunloe Ewart plc. The majority of the remaining rulings related to the takeovers of alphyra group plc, Jefferson Smurfit Group plc, Green Property plc, Conduit plc and Sherry FitzGerald Group plc.

Derogations

The Panel granted sixteen derogations during the year of which seven related to the takeover of Riverdeep Group plc and five related to the takeover of Arnotts plc. The remaining derogations related to the takeovers of Green Property plc and Dunloe Ewart plc.

Waivers

Ten waivers were granted during the year of which four were in respect of waivers of Rule 37 (redemption or purchase by a company of its own securities) and two in respect of waivers of Rule 9 (mandatory offer and its terms). The remaining four waivers related to waivers of Rule 2.6 (obligation to despatch announcements).

Directions

The Panel issued five directions during the year of which two related to the takeover of alphyra group plc. The remaining directions were issued in relation to the takeovers of Jefferson Smurfit Group plc and Green Property plc.

Enquiries (section 9(5))

Three enquiries were initiated by the Panel under section 9(5) of the Act to procure information required by the Panel in the exercise of its functions.

