

Trans-Caledon Tunnel Authority (TCTA)

WSP4 (LHWP)	ZAG000020009
WSP5 (LHWP)	ZAG000020017

As established by Notice No 2631 in Government Gazette No 10545 of 12 December 1986, and revised by Notice No 277 in Government Gazette No 21017 of 24 March 2000 (the *Notice of Establishment*).
A Schedule 2 Public Finance Management Act No. 1 of 1999 (PFMA) entity.

FURTHER UPDATE ON THE DELAY IN THE RELEASE OF TCTA'S 2018/19 ANNUAL FINANCIAL STATEMENTS

Noteholders are notified of the following with regards to the delay in releasing TCTA's Annual Financial Statements (AFS) for the year ended 31 March 2019.

TCTA's SENS Announcements of 30 August 2019 (titled: *Delay in Completion of TCTA's 2018/19 Audit and Annual Financial Statements*) and 2 October 2019 (titled: *Update on the Delay in Release of TCTA's 2018/19 Annual Financial Statements*) have reference.

Attachment: Minister's letter to the Speaker of the National Assembly of 27 September 2019, titled: *Tabling of the Department of Water and Sanitation 2018/19 Annual Report and Audited Financial Statements (Vote 36) as well as Reports of its Schedule 2 and 3A Entities*, which can be found on TCTA's website (www.tcta.co.za) under Media & News/Investor Relations/SENS Announcements.

UPDATE

TCTA regrets to announce that it will not be able to meet the deadline of 31 October 2019 for the release of the AFS as had previously been announced.

TCTA submitted the adjusted AFS to the AGSA on 21 October 2019. However, due to the AGSA's commitments to other allocated audits for 31 October 2019, the finalisation of the TCTA audit can only resume on the 15 November. In addition, according to the AGSA, the adjustments made to the AFS are material and require substantial further audit work to validate. The AGSA estimates that this will take approximately three to four weeks to conclude, depending on the extent to which the adjustments require additional audit work.

Following the completion of the audit process, the audited AFS will be submitted to TCTA's Board and then to the Minister of Human Settlements, Water and Sanitation before they can be released publicly.

Given this, TCTA believes that the AFS are unlikely to be released before the end of December 2019.

CONSEQUENCES OF THE DELAY:

To date, after submitting the AFS to the AGSA two months after year-end as required by the PFMA, TCTA has missed reporting deadlines to the Department of Water and Sanitation and National Treasury (31 August), *by the Minister of Human Settlements, Water and Sanitation*, to parliament (30 September) and to various lenders under various borrowing agreements (end of July to end of September).

The Department and National Treasury are fully aware of the matter and all developments surrounding it, the Minister has tabled an explanatory letter on the matter before the National Assembly as required by the

PFMA and all the lenders have been engaged as to the nature of the problem. There have been, as yet, no negative consequences for TCTA.

AFS REPORTING DEADLINES THAT HAVE PASSED

Requirement	Deadline	Status	Consequences of Non-Compliance
s55(1)(c) PFMA to Auditors	31 May 2019	Submitted	N/A
s55(1)(d) PFMA submission to Minister/DWS and National Treasury	31 Aug 2019	TCTA continues to engage with DWS and National Treasury on the matter.	Internal
s65(1)(a) PFMA Minister to table AFS to National Assembly	30 Sep 2019	The Minister sent the required explanatory letter to the Speaker of the National Assembly on 27 September, which the Speaker referred to the Portfolio Committee on 4 October.	Minister must table written explanation to the National Assembly setting out the reason for failure s65(2)(a) PFMA . AGSA may issue a special report s65(2)(b) PFMA .
Various Loan Agreements	End Jul to end Sept 2019	TCTA has engaged with the lenders.	Varies, from no consequences to being a potential event of default.

The pending deadlines for submission, which TCTA now believes will be missed, are the FSCA deadline (*extended from 31 August*) and the JSE deadline for the release of the AFS (31 October 2019).

PENDING AFS REPORTING DEADLINES

Requirement	Deadline	Status	Consequences of Non-Compliance
s90(b) FMA Regulated Person must submit AFS to FSCA	31 Aug 2019	Extension granted to 31 Oct. TCTA is engaging the FSCA about the potential for a further extension.	Administrative penalty levied in terms of s167 FSRA .
s7.4 DLR : make AFS publicly available & publish JSE SENS announcement	31 Oct 2019	TCTA is engaging with the JSE to find out what steps it is required to take to convince the JSE not to suspend its notes.	s7.7(b) DLR JSE will publish SENS after deadline informing investors of potential suspension of listing. S7.7(c) DLR if AFS are still outstanding after end of Nov 2019, JSE will suspend listing. s7.8 DLR grants JSE discretion as to the application of 7.7(b) and (c) above.

The potential consequences for missing these deadlines are:

- an administrative fine from the FSCA, and
- potential suspension of TCTA's listing by the JSE should the AFS not be released by the end of November 2019.

TCTA is engaging the FSCA and JSE with regards to the unavoidable nature of the delay, as well as its bona fides in terms of attempting to find a speedy resolution to this matter, to convince them to exercise their discretion in terms of s90 of the Financial Markets Act no. 19 of 2012, s167 of the Financial Sector Regulation Act no. 9 of 2017 and s7.8 of the JSE Debt Listing Requirements with regards to the penalties for non-submission.

TCTA will update Noteholders promptly when there are further developments regarding the matter.

31 October 2019

Nyiko Mageza, TCTA Sponsor +27 12 683 1334, nmageza@tcta.co.za

Wanda Mkutshulwa, Head of Communications +27 12 683 1378, wmkutshulwa@tcta.co.za