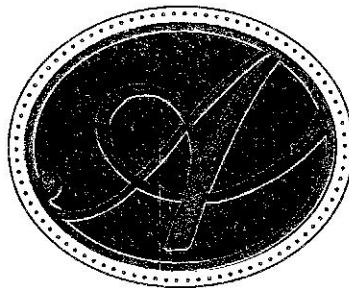


**THE MAIZE TRUST**  
**(Registration number T8214/98)**  
**FINANCIAL STATEMENTS**  
**for the year ended 30 June 2004**



**ASHTON**

**THE MAIZE TRUST**  
**FINANCIAL STATEMENTS**  
for the year ended June 2004

<b>Country of incorporation</b>	South Africa
<b>Type of trust</b>	Non-trading trust
<b>Trustees</b>	Mr HJ Botma Mr CK Ferreira Dr. RP Mohlahlane Mr LA Makenete Mr JK Peele Mr L Wolthers Mr JF de Villiers
<b>Business address</b>	1188 Woodlands Drive Queenswood Pretoria 0186
<b>Bankers</b>	ABSA
<b>Auditors</b>	Ashton Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Accountants and Auditors
<b>Registration</b>	T8214/98

**THE MAIZE TRUST**  
**FINANCIAL STATEMENTS**  
for the year ended June 2004


The reports and statements set out below comprise the financial statements presented to the trustees:

Index	Page
Report of the independent auditors	3
Report of the trustees	4
Balance sheet	5
Income statement	6
Cash flow statement	7
Notes to the financial statements	8 - 14

**Approval**

The financial statements which appear on pages 4 to 14 were approved by the trustees on 02 August 2004 and signed on their behalf.

  
Trustee

  
Trustee



# ASHTON

CHARTERED ACCOUNTANTS INC

Ashton House, 51 Lebombo St,  
Ashlea Gardens, 0181  
PO Box 35555, Menlo Park, 0102  
Tel: +27 (012) 460 3050  
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## REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE MAIZE TRUST

We have audited the annual financial statements of The Maize Trust set out on pages 4 to 14 for the year ended 30 June 2004. These financial statements are the responsibility of the trust's trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope


We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the trust at 30 June 2004 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

  
Ashton Chartered Accountants Inc.  
Chartered Accountants (S.A.)  
Registered Accountants and Auditors

Pretoria  
02 August 2004

**THE MAIZE TRUST  
REPORT OF THE TRUSTEES  
for the year ended June 2004**

The trustees present their report for the year ended 30 June 2004. This report forms part of the audited financial statements.

**1. General review**

The trust's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

**2. Statements of responsibility**

The trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements.

The trustees are also responsible for the trust's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the trustees have every reason to believe that the trust has adequate resources in place to continue in operation for the foreseeable future.

**3. Trustees**

The trustees of the trust during the accounting period and up to the date of this report were as follows:

Dr. RP Mohlahlane  
Mr CK Ferreira  
Mr HJ Botma  
Mr JF de Villiers  
Mr JK Peele  
Mr L Wolthers  
Mr LA Makenete

Trustee since 1 September, 2003

Trustee until 30 August, 2003

Pretoria

02 August 2004

**THE MAIZE TRUST**  
**BALANCE SHEET**  
 at 30 June 2004

	Notes	2004 R	2003 R
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	3	360,157,354	351,212,726
		34,535,623	2,962,993
<b>Current assets</b>			
Debtors	7	1,050,374	1,675,331
Cash and cash equivalents		33,485,249	1,287,662
<b>Total assets</b>		<u>394,692,977</u>	<u>354,175,719</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Donations	9	264,128,772	264,128,772
Non-distributable reserve	5	96,399,451	87,574,260
Distributable reserve		34,085,667	2,392,494
<b>Current liabilities</b>			
Trade and other payables	8	79,087	80,193
<b>Total equity and liabilities</b>		<u>394,692,977</u>	<u>354,175,719</u>

**THE MAIZE TRUST**  
**INCOME STATEMENT**  
for the year ended June 2004

	Note	2004 R	2003 R
<b>Income</b>		55,733,846	19,818,134
Dividends received		9,421,494	9,642,061
Interest received		8,812,352	10,176,073
Profit on disposal of investments		37,500,000	-
<b>Total income</b>		55,733,846	19,818,134
<b>Expenditure</b>		1,060,252	1,552,314
Administrators fees		601,920	604,488
Audit fees- Under provision previous years		7,140	2,980
Auditors' remuneration		40,740	30,830
Bank charges		5,022	4,153
Conference costs		71,479	22,653
Insurance		5,940	5,940
Interest (SARS prior years)		9,179	-
Legal expenses		15,094	12,149
Maize Forum Costs		21,588	14,986
Maintenance of ex Maize Board Archives		-	571,689
Remuneration- Investment advisor		95,547	101,822
Trustees emoluments		186,603	180,624
Net surplus before payments to beneficiaries		54,673,594	18,265,820
Payments to beneficiaries	10	(22,980,421)	(27,166,069)
Net (shortage)/surplus after payments to beneficiaries for year		31,693,173	(8,900,249)
Retained surplus at beginning of year		2,392,494	11,292,743
(Accumulated shortage)/Retained surplus at end of year		34,085,667	2,392,494

**THE MAIZE TRUST**  
**CASH FLOW STATEMENT**  
for the year ended June 2004

	Notes	2004 R	2003 R
<b>Cash flows from operating activities</b>		3,642,215	(26,265,479)
Cash generated by/(utilised in) operating activities	15.1	8,397,969	(18,917,544)
Interest received		8,812,352	10,176,073
Interest paid		(9,179)	-
Dividends received		9,421,494	9,642,061
Allocations to beneficiary		(22,980,421)	(27,166,069)
<b>Cash flows from investing activities</b>		28,555,372	18,831,212
<i>Expenditure to maintain operating capacity</i>			
Proceeds of disposals of investments		37,500,000	-
Investments		(8,944,628)	18,831,212
Increase/(decrease) in cash and cash equivalents		32,197,587	(7,434,267)
Cash and cash equivalents at beginning of the year	15.2	1,287,662	8,721,929
Cash and cash equivalents at end of the year	15.2	33,485,249	1,287,662

**THE MAIZE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended June 2004

**1 Basis of preparation**

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties.

**1.1 Revenue recognition**

Interest and dividends on cash and investments are recognised on an accrual basis. Interest received on investments managed by external Asset Managers are recognised after taking interest paid by such, on operating accounts, into account.

**1.2 Investments**

Investments are reflected at market value, after making provision for any anticipated losses.

Marketable securities are valued at the lower of cost and market value or in the case of short sales the higher of cost and market value.

Increases in the carrying amount of marketable securities classified as non-current assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged to the reserves in shareholders' equity.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement. On disposal of a marketable security classified as a non-current asset, amounts in revaluation and other reserves relating to that marketable security are transferred to retained earnings.

Unlisted investments are stated at Trustees valuation.

Unrealised surpluses resulting from the revaluation of investments are treated as non-distributable reserves.

**THE MAIZE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended June 2004**

**1.3 Financial instruments**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Receivables

Trade receivables are carried at original invoice amount, less provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at market rate of interest for similar borrowings.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments.

Trade and other payables

Trade and other liabilities originated by the group are stated at amortised cost.

Financial Assets

Loans originated by the enterprise are measured at amortised cost. Any change in the carrying amount of these financial assets is taken into account in determining operating profit.

Financial Liabilities

Other liabilities are measured at amortised cost. Any change in the carrying amount of these financial liabilities is taken into account determining operating profit.

**2. Changes in accounting policy**

*2.1 Non-distributable reserve*

In previous years the asset management fees on the marketable securities were recognised in the income statement causing an overstatement of the non-distributable reserve.

During the year the trust changed its accounting policy retrospectively. Investment costs are not seen as a decrease in economic benefits and are therefore not recognised in the income statement, resulting in a more appropriate presentation of the non-distributable reserve.

*2.2 Retained profits at beginning of year*

The comparative amounts have been appropriately restated. The effect of the change in accounting policy referred to in 2.1 on retained profits has been as follows:

	R	R
Retained profits as previously reported	-	(3,354,162)
Prior year adjustment relating to years before 2003	-	3,957,509
Restatement of 2003 results	-	1,789,147
	<u>-</u>	<u>2,392,494</u>

**THE MAIZE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended June 2004

	<b>2004</b>	<b>2003</b>
	<b>R</b>	<b>R</b>
<b>3. Investments</b>		
Unlisted shares at cost- SAGIS	1	1
Allan Gray Limited		
(Cost - R143 564 420; Original Cost R120 000 000)	178,305,320	169,872,568
Prudential Asset Managers		
(Original Cost - R120 000 000)	-	181,340,157
Foord Asset Management	90,544,908	-
(Cost - R102 942 454)		
Oasis Asset Management Ltd	91,307,125	-
(Cost - R103 000 379)		
	<u>360,157,354</u>	<u>351,212,726</u>
Market value of listed shares	360,157,353	351,212,725
Trustees' valuation of unlisted shares	1	1
	<u>360,157,354</u>	<u>351,212,726</u>
The original cost of the investment managed by the Asset Managers was an amount of R240 000 000.		
<b>Asset Management Fees paid</b>		
Allan Gray Ltd	1,228,223	1,158,953
Foord Asset Management (Pty) Ltd	541,225	-
Oasis Asset Management Ltd	767,377	-
Prudential Asset Managers	71,071	630,194
	<u>2,607,896</u>	<u>1,789,147</u>
<b>4. Contingent liabilities</b>		
A contingent liability exist for allocations that were approved subject to certain conditions. The liability as at 30 June 2004 amounts to R17,269,459 (2003-R11,494,588). Refer to note 11.		
<b>5. Non-distributable reserve</b>		
Balance at beginning of year	87,574,260	106,290,226
Movement during year:		
- Revaluation of Investment Surplus	8,825,191	(18,715,966)
Balance at end of year	<u>96,399,451</u>	<u>87,574,260</u>

THE MAIZE TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended June 2004

	2004 R	2003 R
<b>6. Investment income</b>		
Interest income		
- Interest received	8,812,352	10,176,073
Dividend income		
- Dividends received from listed companies	9,421,494	9,642,061
	<u>18,233,846</u>	<u>19,818,134</u>
<b>7. Debtors</b>		
Prudential Assèt Managers	-	841,793
Prepaid Expenses	-	54,020
Allan Gray Asset Managers	394,174	779,518
Foord Asset Managers	207,495	-
Oasis Asset Managers	448,704	-
	<u>1,050,373</u>	<u>1,675,331</u>
<b>8. Creditors</b>		
Ashton Chartered Accountants Inc.	20,000	14,520
SARS- PAYE	1,664	5,669
Legal fees	3,574	-
MGX Outsourcing- Scanning	53,844	60,000
	<u>87,082</u>	<u>80,219</u>
<b>9. Donations</b>		
Donations consist of advances received from the Maize Board		
- Received 1999	244,128,772	244,128,772
- Received 2000	15,000,000	15,000,000
- Received 2001	5,000,000	5,000,000
	<u>264,128,772</u>	<u>264,128,772</u>

THE MAIZE TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended June 2004

10. Actual payments to beneficiaries

	2004 R	2003 R
<b>Nu Farmer and African</b>	378,816	402,942
Approved allocations up to 30 June 2003	-	402,942
Approved in the year ended June 2004	378,816	-
<b>SAGIS</b>	2,931,247	3,065,380
Approved allocations up to 30 June 2003	-	3,065,380
Approved in the year ended June 2004	2,931,247	-
<b>Grain SA</b>	6,709,713	9,232,489
Approved allocations up to 30 June 2003	4,817,765	9,232,489
Approved in the year ended June 2004	1,891,948	-
<b>Agricultural Research Council</b>	9,193,944	11,540,416
Approved allocations 2002 and prior	-	6,704,629
Approved allocations up to 30 June 2003	4,835,788	4,835,787
Approved in the year ended June 2004	4,358,156	-
<b>SA Grain Laboratory</b>	884,670	809,884
Approved allocation up to 30 June 2003	-	809,884
Approved in the year ended June 2004	884,670	-
<b>Limpast</b>	873,000	749,800
Approved allocation up to 30 June 2003	-	749,800
Approved in the year ended June 2004	873,000	-
<b>CSIR</b>	350,000	773,500
Approved allocations up to 30 June 2003	-	773,500
Approved in the year ended June 2004	350,000	-
<b>Agri Inspec- Approved 2003</b>	-	56,660
<b>NAMM- Approved 2003</b>	-	52,695
<b>SACOTA- Approved 2003</b>	-	100,000
<b>University of Pretoria - Approved 2004</b>	200,000	-
<b>University of Cape Town- Approved 2002</b>	622,000	-
<b>University of Free State - Approved 2004</b>	200,000	-
<b>Medical Research Council - Approved 2003</b>	637,032	-
<b>Climatic and Agricultural Bulletin- Approved 2001</b>	-	155,000
<b>AMT (Pty) Ltd- Approved 2003</b>	-	263,550
	<u>22,980,422</u>	<u>27,166,069</u>

THE MAIZE TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended June 2004

	2004 R	2003 R
<b>11. Allocations approved during the year by the trustees</b>		
Agricultural Research Council	9,353,508	9,671,575
Nu Farmer and African Entrepreneur	378,816	329,412
SAGIS	3,152,820	3,065,381
University of The Free State	200,000	-
SA Grain Laboratory	1,103,165	809,884
University of Pretoria	200,000	-
Grain South Africa	12,702,404	9,635,529
Limpast	873,000	749,800
CSIR	894,156	1,355,500
Agri Inspec	-	56,658
NAMM	-	52,695
SACOTA	-	100,000
Medical Research Council	-	637,032
AMT (Pty) Ltd	119,000	263,550
	<u>28,976,869</u>	<u>26,727,016</u>

The payment of the allocations as approved by the Board of Trustees during the year are subject to certain terms and conditions as set out in the Trust Deed and the Norms and Procedures of the Trust.

Reconciliation of approved payments and amounts outstanding is as follows:

Approved during the year ended 30 June 2004	28,976,869
Unpaid allocations up to 30 June 2003	<u>11,494,585</u>
	40,471,454
Allocations paid during the year ended 30 June 2004	(22,980,422)
Allocations not realised	<u>(221,574)</u>
	<u>17,269,458</u>

As referred to in note 3 the following allocations were approved by the Trustees in the past and have not been paid on 30 June 2004 and is made up as follows:

SA Grain	218,495	-
Nu Farmer and African Entrepreneur	4,995,352	-
University of Cape Town	-	622,000
Agricultural Research Council	-	4,835,788
Grain SA	10,810,456	4,817,765
Medical Research Council	-	637,032
AMT (Pty) Ltd	119,000	-
CSIR	<u>1,126,156</u>	<u>582,000</u>
	<u>17,269,459</u>	<u>11,494,585</u>

## 12. Taxation

No provision for taxation has been made for 2004 as the trust is exempted from income tax in terms of the provisions of section 10 (1)(cA)(i) of the SA Income Tax Act. SARS reviewed this exemption with the introduction of new legislation and the Trust must reapply to qualify for the exemption. The application is currently in progress.

THE MAIZE TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended June 2004

13. Risk management

The Trust instituted the following control measures to minimise risks pertaining to listed companies:

- Funds available for investment have been distributed between three reputable asset manager companies;
- An investment adviser to the Trust has been appointed.

14. Fair values

The carrying amount of cash and cash investments and accounts payable were used in the determination of fair value.

15. Notes to the cash flow statement

	2004 R	2003 R
<i>15.1 Cash generated by/(utilised in) operating activities</i>		
Net profit	54,673,594	18,265,820
Adjustments for:		
Investment income	(18,233,846)	(19,818,134)
Finance costs	9,179	-
Profit on disposals of investments	(37,500,000)	-
Revaluation surplus on Investments	8,825,191	(18,715,966)
	<u>7,774,118</u>	<u>(20,268,280)</u>
Movements in working capital		
Decrease in accounts receivable	624,957	1,405,979
Decrease in accounts payable	(1,106)	(55,243)
	<u>8,397,969</u>	<u>(18,917,544)</u>
<i>15.2 Cash and cash equivalents</i>		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and cash equivalents	<u>33,485,249</u>	<u>1,287,662</u>