

THE MAIZE TRUST
(Registration number IT8214/98)
Annual financial statements
for the 6 months ended 31 December 2011



ASHTON

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

General Information

| | |
|---------------------------|---|
| Type of trust | Non-trading trust |
| Trustees | Mr JF De Villiers (Chairperson) Mr JK Peele (Vice Chairperson) Ms KPN Daly Mr CK Ferreira Dr TJ Hewu Mr JDM Minnaar Dr JL Purchase (January 2012) |
| Business address | The Grain Building 477 Witherite Road The Willows Pretoria 0040 |
| Bankers | ABSA |
| Auditors | The Ashton CA (SA) Group Chartered Accountants (S.A.) |
| Trust registration number | IT8214/98 |

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial 6 months and the results of its operations and cash flows for the period then ended, in conformity with the South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

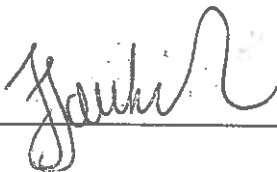
The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the 6 months to 31 December 2011 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the board on 16 February 2012 and were signed on its behalf by:

Trustee



Trustee



Pretoria

16 February 2012



ASHTON GROUP

REGISTERED ACCOUNTANTS
AND AUDITORS

Ashton House, 51 Lebombo St.,
Ashlea Gardens, 0181.
PO Box 1620, Groenkloof, 0027
Tel: +27 (012) 460 3050
Fax: +27 (012) 460 1263
E-mail: karin@ashtongroup.co.za

Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the annual financial statements of The Maize Trust, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months then ended, and a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 4 to 14.

Trustees' Responsibility for the Annual Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The Maize Trust as at 31 December 2011, and its financial performance and its cash flows for the 6 months then ended in accordance with the South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 15 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

The Ashton CA (SA) Group

Partners: A. Robberts B.Compt (Hons) CA (SA) RA, H.J. Windell B.Compt (Hons) CA (SA) RA,

W. Delpont B.Compt (Hons) CA (SA) RA

Assisted by: G.D. de Bruin Professional Accountant (SA)

Practice no: 902161

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Trustees' Report

The trustees submit their report for the 6 months ended 31 December 2011.

1. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial 6 months.

3. Trustees

The trustees of the trust during the 6 months and to the date of this report are as follows:

Name

Mr JF De Villiers (Chairperson)

Mr JK Peele (Vice Chairperson)

Ms KPN Daly

Mr CK Ferreira

Dr TJ Hewu

Mr JDM Minnaar

Dr JL Purchase (January 2012)

4. Auditors

The Ashton CA (SA) Group will continue in office for the next financial period.

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Statement of Financial Position

| Figures in Rand | Note(s) | 31 December 2011 | 30 June 2011 |
|-------------------------------------|---------|---------------------|--------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Investments | 2 | 853 030 764 | 824 378 892 |
| Current Assets | | | |
| Cash and cash equivalents | | 6 587 714 | 7 470 556 |
| Total Assets | | 859 618 478 | 831 849 448 |
| Equity and Liabilities | | | |
| Equity | | | |
| Donations | 4 | 319 234 732 | 319 234 732 |
| Accumulated surplus | | 511 137 442 | 478 374 401 |
| | | 830 372 174 | 797 609 133 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 12 420 | 24 447 |
| Provisions | 7 | 29 233 883 | 34 215 867 |
| | | 29 246 303 | 34 240 314 |
| Total Equity and Liabilities | | 859 618 477 | 831 849 447 |

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Statement of Comprehensive Income

| Figures in Rand | Note(s) | 6 months ended 31 December 2011 | 12 months ended 30 June 2011 |
|--|---------|--|---------------------------------------|
| Income | | 27 458 020 | 31 221 771 |
| Operating expenses | | (1 212 280) | (2 169 080) |
| | | 26 245 740 | 29 052 691 |
| Investment revenue | | 12 698 013 | 21 935 553 |
| Fair value adjustments | | 20 726 517 | 35 416 113 |
| Allocations to beneficiaries (As per note 6) | | (24 876 214) | (62 805 905) |
| Asset management fees (As per note 2) | | (2 031 015) | (4 263 819) |
| Surplus/(Deficit) for the period | | 32 763 041 | 19 334 633 |
| Other comprehensive income | | | |
| Total comprehensive income for the 6 months | | 32 763 041 | 19 334 633 |

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Statement of Changes in Equity

| Figures in Rand | Trust capital | Accumulated surplus | Total equity |
|---|--------------------|---------------------|--------------------|
| Balance at 01 July 2010 | 319 234 732 | 459 039 768 | 778 274 500 |
| Changes in equity | | | |
| Total comprehensive income for 12 months | - | 19 334 633 | 19 334 633 |
| Total changes | - | 19 334 633 | 19 334 633 |
| Balance at 01 July 2011 | 319 234 732 | 478 374 401 | 797 609 133 |
| Changes in equity | | | |
| Total comprehensive income for the 6 months | - | 32 763 041 | 32 763 041 |
| Total changes | - | 32 763 041 | 32 763 041 |
| Balance at 31 December 2011 | 319 234 732 | 511 137 442 | 830 372 174 |

Note(s)

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Statement of Cash Flows

| Figures in Rand | Note(s) | 6 months ended 31 December 2011 | 12 months ended 30 June 2011 |
|---|---------|--|---------------------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 9 | 41 978 245 | 78 335 463 |
| Interest income | | 5 577 316 | 10 500 881 |
| Dividends received | | 7 120 697 | 11 434 672 |
| Asset management fees paid | | (2 031 014) | (4 263 818) |
| Net cash from operating activities | | 52 645 244 | 96 007 198 |
| Cash flows from investing activities | | | |
| Movement in investments | | (28 651 872) | (34 486 108) |
| Allocations to beneficiaries | | (24 876 214) | (62 805 905) |
| Net cash from investing activities | | (53 528 086) | (97 292 013) |
| Total cash movement for the period | | (882 842) | (1 284 815) |
| Cash at the beginning of the period | | 7 470 556 | 8 755 371 |
| Total cash at end of the period | | 6 587 714 | 7 470 556 |

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.2 Provisions and contingencies

Provisions are recognised when:

- the trust has an obligation at the reporting period date as a result of a past event;
- it is probable that the trust will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.3 Revenue

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the trust's right to receive payment has been established.

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Notes to the Annual Financial Statements

Figures in Rand

31 December
2011

30 June 2011

2. Investments

At cost

Unlisted shares at cost - Grain Building (Pty) Ltd

106 741 361

106 741 361

Unlisted shares at cost - SAGIS

1

1

106 741 362

106 741 362

At fair value

Allan Gray Ltd

368 638 906

353 009 516

Book value - R 305 381 802.

Prescient Management Company

128 643 626

127 480 594

Book value - R 119 109 600.

Foord Asset Management

249 006 870

237 147 420

Book value - R 159 213 819.

746 289 402

717 637 530

Total other financial assets

853 030 764

824 378 892

Non-current assets

At cost

106 741 362

106 741 362

At fair value through profit or loss

746 289 402

717 637 530

853 030 764

824 378 892

Asset management fees paid

Allan Gray Ltd

1 085 067

2 247 034

Foord Asset Management (Pty) Ltd

496 655

1 119 723

Prescient Management Company

449 293

897 062

2 031 015

4 263 819

3. Funding recovered from beneficiaries

Emerging Farmers Assistance

-

13 034

No-Till Club

-

8 000

Agricultural Research Council

-

40 000

Limpast

-

383 234

-

444 268

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Notes to the Annual Financial Statements

Figures in Rand

31 December 2011 30 June 2011

4. Donations

Donations consist of advances received from the Maize Board.

| | | |
|-----------------|--------------------|--------------------|
| - Received 2000 | 244 128 772 | 244 128 772 |
| - Received 2000 | 15 000 000 | 15 000 000 |
| - Received 2001 | 5 000 000 | 5 000 000 |
| - Received 2006 | 25 000 000 | 25 000 000 |
| - Received 2010 | 30 105 960 | 30 105 960 |
| | <u>319 234 732</u> | <u>319 234 732</u> |

5. Actual payments to beneficiaries

| | | |
|---|-------------------|-------------------|
| SAGIS | 4 504 075 | 6 760 236 |
| Grain SA | 4 209 190 | 7 981 417 |
| Grain SA - Farmer Development Programme | 10 618 681 | 10 995 244 |
| Agricultural Research Council | 3 695 060 | 14 077 078 |
| SA Grain Laboratory | 571 946 | 3 338 377 |
| GFADA | 3 856 715 | 243 606 |
| University of Cape Town | 6 882 | 384 108 |
| University of Pretoria | 72 000 | - |
| Mycotoxin Coordination | 94 098 | 168 288 |
| Buhle Farmers Academy | 367 349 | 385 084 |
| Dr WJ van der Walt | 22 633 | 21 773 |
| Bursary Scheme | 245 242 | 525 100 |
| No-Till Club | - | 293 030 |
| University of Stellenbosch | 756 000 | 698 407 |
| Sandy Soils Development Committee | 178 100 | 366 900 |
| BFAP | - | 70 000 |
| SIQ (Pty) Ltd | - | 226 748 |
| CA Coordination | 52 226 | - |
| Emerging Farmers Assistance | - | 1 983 661 |
| TUT | 180 000 | 90 000 |
| North West University | 85 001 | 135 500 |
| Medical Research Council | 343 000 | 199 500 |
| | <u>29 858 198</u> | <u>48 944 057</u> |

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Notes to the Annual Financial Statements

Figures in Rand

31 December 2011 30 June 2011

6. Allocations approved during the year by the trustees

| | | |
|---|-------------------|-------------------|
| Agricultural Research Council | 7 015 816 | 12 985 931 |
| - Approved | 7 015 816 | 14 122 428 |
| - Recalculation of allocations | - | (1 136 497) |
| Grain SA | 2 213 565 | 4 885 179 |
| - Approved | 2 752 636 | 5 245 106 |
| - Recalculation of allocations | (539 071) | (359 927) |
| Grain SA - Farmer Development Programme | (378 700) | 27 491 672 |
| - Approved | - | 27 491 672 |
| - Recalculation of allocations | (378 700) | - |
| SAGIS | 10 387 348 | 8 057 747 |
| - Approved | 10 387 348 | 8 063 161 |
| - Recalculation of allocations | - | (5 415) |
| SA Grain Laboratory | (377 158) | 4 146 995 |
| - Approved | 276 500 | 4 214 210 |
| - Recalculation of allocations | (653 658) | (67 215) |
| Bursary Scheme | 302 653 | 473 422 |
| Buhle Farmers Academy | 500 000 | 352 210 |
| Dr WJ van der Walt | 28 650 | 27 217 |
| University of Pretoria | 120 000 | - |
| University of Stellenbosch | 785 000 | 690 496 |
| - Approved | 785 000 | 712 500 |
| - Recalculation of allocations | - | (22 004) |
| Sandy Soils Development Committee | - | 332 500 |
| Medical Research Council | 350 000 | 332 500 |
| GFADA | 3 646 715 | 593 606 |
| TUT | 200 000 | 150 000 |
| Mycotoxin Coordination | 94 098 | 161 654 |
| North West University | (64 000) | 284 501 |
| - Approved | - | 284 501 |
| - Recalculation of allocations | (64 000) | - |
| Emerging Farmers Assistance | - | 1 833 661 |
| CA Coordination | 52 226 | - |
| | 24 876 214 | 62 805 905 |

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

Reconciliation of approved payments and amounts outstanding is as follows:

| | | |
|--|-------------------|-------------------|
| Approved during the year (as above) | 24 876 214 | 62 805 905 |
| Unpaid allocations at end of previous year (as per note 7) | 34 215 867 | 20 354 018 |
| | 59 092 081 | 83 159 923 |
| Allocations paid during the year (as per note 5) | (29 858 198) | (48 944 057) |
| | 29 233 883 | 34 215 867 |

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Notes to the Annual Financial Statements

Figures in Rand

31 December
2011

30 June 2011

7. Provisions

The following allocations were approved by the Trustees but have not been paid at the end of the period and is made up as follows:

| | | |
|---|-------------------|-------------------|
| SA Grain Laboratory | 1 542 591 | 2 491 695 |
| University of Cape Town | 50 748 | 57 630 |
| Agricultural Research Council | 8 433 976 | 5 113 220 |
| Grain SA | 2 125 530 | 4 121 155 |
| Grain SA - Farmer Development Programme | 5 499 047 | 16 496 428 |
| Sandy Soils Development Committee | 66 500 | 244 600 |
| North West University | - | 149 001 |
| Bursary Scheme | 373 913 | 316 501 |
| SAGIS | 10 208 118 | 4 324 845 |
| Buhle Farmers Academy | 200 000 | 67 349 |
| Medical Research Council | 140 000 | 133 000 |
| Dr WJ van der Walt | 11 460 | 5 443 |
| GFADA | 140 000 | 350 000 |
| University of Stellenbosch | 314 000 | 285 000 |
| TUT | 80 000 | 60 000 |
| University of Pretoria | 48 000 | - |
| | <u>29 233 883</u> | <u>34 215 867</u> |

8. Taxation

No provision for taxation has been made for 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 reapplied to qualify for the exemption. The application is currently under consideration.

9. Cash generated from operations

| | | |
|------------------------------------|-------------------|-------------------|
| Surplus before taxation | 32 763 041 | 19 334 633 |
| Adjustments for: | | |
| Allocations to beneficiaries | 24 876 214 | 62 805 905 |
| Asset management fees | 2 031 015 | 4 263 819 |
| Dividends received | (7 120 697) | (11 434 672) |
| Interest received | (5 577 316) | (10 500 881) |
| Movements in provisions | (4 981 984) | 13 861 849 |
| Changes in working capital: | | |
| Trade and other payables | (12 028) | 4 810 |
| | <u>41 978 245</u> | <u>78 335 463</u> |

10. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Notes to the Annual Financial Statements

Figures in Rand

31 December 30 June 2011
2011

11. Risk Management

The trust's investment activities expose it to a variety of financial risks.

Interest rate risk: As the trust has significant interest-bearing assets, the trust's income and operating cash flows are substantially dependent of changes in market interest rates.

Market performance and currency risk: The trust is exposed to equity securities risk, as well as foreign currency risk because of investments held by the trust and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the trust diversifies its portfolio into local and foreign currency. Funds available for investment have been distributed between three reputable asset manager companies. The trust also has an investments advisor.

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

Detailed Income Statement

| Figures in Rand | Note(s) | 6 months ended 31 December 2011 | 12 months ended 30 June 2011 |
|--|---------|--|---------------------------------------|
| Other income | | | |
| Profit on sale of investments | | 27 458 020 | 30 777 503 |
| Funding recovered from beneficiaries (as per note 3) | | | 444 268 |
| Dividend revenue | | 7 120 697 | 11 434 672 |
| Interest received | | 5 577 316 | 10 500 881 |
| | | <u>40 156 033</u> | <u>53 157 324</u> |
| Operating expenses | | | |
| Accounting fees | | (28 003) | (53 964) |
| Advertising | | (2 394) | (5 130) |
| Audit fees | | (52 326) | (101 232) |
| Bank charges | | (57 509) | (127 820) |
| Computer expenses | | (2 985) | (5 684) |
| Professional fees | | (12 164) | - |
| Opening Function: Grain Building | | - | (45 123) |
| Administration costs | | (521 572) | (1 131 495) |
| Remuneration - Investment advisor | | (151 620) | (247 950) |
| Trustees emoluments | | (164 869) | (316 941) |
| Conference costs | | (17 641) | (38 799) |
| Maize Board costs | | (67 716) | (20 518) |
| Insurance | | (65 000) | (68 366) |
| Travel - local | | (68 481) | (6 058) |
| | | <u>(1 212 280)</u> | <u>(2 169 080)</u> |
| Operating surplus before asset management fees, fair value adjustments and allocations to beneficiaries | | 38 943 753 | 50 988 244 |
| Fair value adjustments | | 20 726 517 | 35 416 113 |
| Allocations to beneficiaries (as per note 6) | | (24 876 214) | (62 805 905) |
| Asset Management fees (as per note 2) | | (2 031 015) | (4 263 819) |
| | | <u>(6 180 712)</u> | <u>(31 653 611)</u> |
| Net surplus after fees, fair value adjustments and allocations to beneficiaries | | 32 763 041 | 19 334 633 |