

THE MAIZE TRUST
(Registration number IT8214/98)
Financial statements
for the 6 months ended 31 December 2012



ASHTON

The Maize Trust

(Registration number IT8214/98)

Financial Statements for the 6 months ended 31 December 2012

General Information

Type of trust	Non-trading trust
Trustees	Mr JK Peele (Chairperson) Mr JF De Villiers (Vice Chairperson) Ms KPN Daly Mr CK Ferreira Dr TJ Hewu Dr JL Purchase
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

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Financial Statements for the 6 months ended 31 December 2012

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

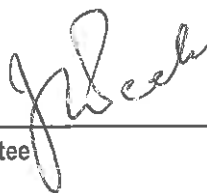
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

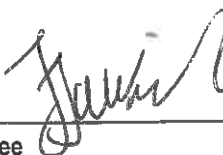
The trustees have reviewed the trust's cash flow forecast for the 6 months to 30 June 2013 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The financial statements set out on pages 4 to 16, which have been prepared on the going concern basis, were approved by the board on 28 February 2013 and were signed on its behalf by:



Trustee



Trustee

Pretoria

28 February 2013



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: karn@ashtongroup.co.za

Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the financial statements of The Maize Trust, which comprise the statement of financial position as at 31 December 2012, 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 15.

Trustees' Responsibility for the Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and in the manner required by the Trust deed. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of The Maize Trust as at 31 December 2012, and its financial performance and its cash flows for the 6 months then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Trust deed.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 16 does not form part of the 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

The Maize Trust

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Financial Statements for the 6 months ended 31 December 2012

Trustees' Report

The trustees submit their report for the 6 months ended 31 December 2012.

1. Going concern

The 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 JK Peele (Chairperson)

Mr JF De Villiers (Vice Chairperson)

Ms KPN Daly

Mr CK Ferreira

Dr TJ Hewu

Dr JL Purchase

4. Auditors

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

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Financial Statements for the 6 months ended 31 December 2012

Statement of Financial Position

Figures in Rand	Note(s)	31 December 2012	30 June 2012
Assets			
Non-Current Assets			
Investments	3	916 795 168	878 170 106
Current Assets			
Trade and other receivables	7	343 576	-
Cash and cash equivalents		179 775	4 320 748
		523 351	4 320 748
Total Assets		917 318 519	882 490 854
Equity and Liabilities			
Equity			
Donations	5	319 234 732	319 234 732
Reserves		154 128 889	108 345 228
Accumulated surplus		404 927 822	390 938 192
		878 291 443	818 518 152
Liabilities			
Current Liabilities			
Trade and other payables			19 473
Provisions	9	39 027 076	63 953 229
		39 027 076	63 972 702
Total Equity and Liabilities		917 318 519	882 490 854

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Statement of Comprehensive Income

Figures in Rand	Note(s)	6 months ended 31 December 2012	12 months ended 30 June 2012
Income		29 523 982	43 679 522
Operating expenses		(1 404 958)	(2 447 325)
		28 119 024	41 232 197
Investment revenue		12 449 344	26 746 872
Special Grants			(30 000 000)
Allocations to beneficiaries (As per note 8)		(24 610 726)	(49 854 425)
Asset management fees (As per note 3)		(1 968 012)	(5 300 214)
Surplus/(Deficit) for the period		13 989 630	(17 175 570)
Other comprehensive income:	11		
Fair value adjustments		45 783 661	38 084 588
Total comprehensive income for the 6 months		59 773 291	20 909 018

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Financial Statements for the 6 months ended 31 December 2012

Statement of Changes in Equity

	Trust capital	Fair value adjustment reserve: Available-for- sale financial assets	Accumulated surplus	Total equity
Figures in Rand				
Opening balance as previously reported	319 234 732	-	478 374 402	797 609 134
Adjustments				
Change in accounting policy	-	70 260 640	(70 260 640)	-
Balance at 01 July 2011 as restated	319 234 732	70 260 640	408 113 762	797 609 134
Changes in equity				
Total comprehensive income for 12 months	-	38 084 588	(17 175 570)	20 909 018
Total changes	-	38 084 588	(17 175 570)	20 909 018
Balance at 01 July 2012	319 234 732	108 345 228	390 938 192	818 518 152
Changes in equity				
Total comprehensive income for the 6 months	-	45 783 661	13 989 630	59 773 291
Total changes	-	45 783 661	13 989 630	59 773 291
Balance at 31 December 2012	319 234 732	154 128 889	404 927 822	878 291 443
Note(s)		11	11	

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Financial Statements for the 6 months ended 31 December 2012

Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 31 December 2012	12 months ended 30 June 2012
Cash flows from operating activities			
Cash generated from operations	12	2 829 822	70 964 586
Interest income		6 340 623	11 753 743
Dividends received		6 108 721	14 993 129
Asset management fees paid		(1 968 009)	(5 300 214)
Net cash from operating activities		13 311 157	92 411 244
Cash flows from investing activities			
Movement in investments		7 158 599	(45 706 626)
Allocations to beneficiaries		(24 610 726)	(49 854 425)
Net cash from investing activities		(17 452 127)	(95 561 051)
Total cash movement for the period		(4 140 970)	(3 149 807)
Cash at the beginning of the period		4 320 748	7 470 555
Total cash at end of the period		179 778	4 320 748

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Financial Statements for the 6 months ended 31 December 2012

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards. The 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, except for the changes set out in note 2 Changes in accounting policy.

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, with fair value adjustments accounted for as Other Comprehensive Income.

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.

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Financial Statements for the 6 months ended 31 December 2012

Notes to the Financial Statements

Figures in Rand

31 December 30 June 2012

2. Changes in accounting policy

The financial statements have been prepared in accordance with the International Financial Reporting Standards on a basis consistent with the prior period except for the following:

Fair value adjustments: Available-for-sale financial assets

During the 6 months, the trust changed its accounting policy with respect to the treatment of fair value adjustments of available-for-sale financial assets. The trust now accounts for all fair value adjustments of available-for-sale financial assets in accordance with the revised IAS accounting statements.

The aggregate effect of the changes in accounting policy on the financial statements for the 6 months ended December 31 2012, is as follows:

Statement of Financial Position

Accumulated Surplus

Previously stated	-	478 374 401
Adjustment	-	(70 260 640)
	-	<u>408 113 761</u>

Fair value adjustment reserve

Previously stated	-	-
Adjustment	-	70 260 640
	-	<u>70 260 640</u>

Statement of Comprehensive Income

Fair value adjustments

Previously stated	-	38 084 588
Adjustment	-	(38 084 588)
	-	<u>-</u>

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Financial Statements for the 6 months ended 31 December 2012

Notes to the Financial Statements

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31 December
2012

30 June 2012

3. 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

400 918 534

377 034 310

Book value - R 311 082 750.

Prescient Management Company

137 092 316

127 699 512

Book value - R 124 918 299.

Foord Asset Management

272 042 956

266 694 922

Book value - R 148 051 511.

810 053 806

771 428 744

Total other financial assets

916 795 168

878 170 106

Non-current assets

At cost

106 741 362

106 741 362

At fair value through profit or loss

810 053 806

771 428 744

916 795 168

878 170 106

Asset management fees paid

Allan Gray Ltd

1 096 890

2 168 001

Foord Asset Management (Pty) Ltd

570 719

2 240 328

Prescient Management Company

300 403

891 885

1 968 012

5 300 214

4. Funding recovered from beneficiaries

Agricultural Research Council

65 789

GFADA

569 245

569 245

65 789

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Notes to the Financial Statements

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5. 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
	319 234 732	319 234 732

6. Actual payments to beneficiaries

Agricultural Research Council	2 186 598	11 459 783
BFAP	-	85 289
Buhle Farmers Academy	100 000	467 349
Bursary Scheme	329 730	608 472
CA Coordination	64 141	102 423
Dr WJ van der Walt	-	28 363
Effect of mining co-ordination	30 998	-
GFADA	30 000 100	3 996 715
Grain SA	4 102 710	7 615 683
Grain SA - Farmer Development Programme	8 065 927	10 998 094
Medical Research Council	-	343 000
Mycotoxin Coordination	91 637	193 994
No-Till Club	-	375 020
North West University	-	144 701
SA Grain Laboratory	668 562	3 399 194
SAGIS	3 881 659	8 860 165
Sandy Soils Development Committee	-	388 100
TUT	-	180 000
University of Cape Town	14 817	42 718
University of Pretoria	-	72 000
University of Stellenbosch	-	756 000
	49 536 879	50 117 063

7. Trade and other receivables

Foord Asset Management - Dividend Withholding Tax	343 576	-
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Notes to the Financial Statements

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8. Allocations approved during the year by the trustees

Agricultural Research Council	10 799 753	11 245 406
BFAP	-	85 289
Buhle Farmers Academy	-	500 000
Bursary Scheme	24 368	605 306
CA Coordination	64 141	102 423
Dr WJ van der Walt	27 650	28 650
Effect of mining co-ordination	30 998	-
GFADA	100	3 646 715
Grain SA	2 656 577	4 044 125
- Approved	3 045 719	4 583 196
- Recalculation of allocations	(389 142)	(539 071)
Grain SA - Farmer Development Programme	(832 832)	13 443 212
- Approved	-	13 821 912
- Recalculation of allocations	(832 832)	(378 700)
Medical Research Council	893 601	350 000
Mycotoxin Coordination	91 637	193 994
NAMC	80 000	-
No-Till Club	-	625 024
North West University	-	35 500
- Approved	-	99 500
- Recalculation of allocations	-	(64 000)
SAGIS	7 643 990	10 387 348
SA Grain Laboratory	-	3 106 433
- Approved	1 742 960	3 766 157
- Recalculation of allocations	-	(659 724)
Sandy Soils Development Committee	-	350 000
TUT	200 005	200 000
University of Pretoria	137 775	120 000
University of Stellenbosch	1 050 000	785 000
	24 610 723	49 854 425

Included in approved amounts for the Medical Research Council, is an amount of R 234 156 for the ARC co-worker project.

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)	24 610 723	49 854 425
Special Grants approved during the year	-	30 000 000
Unpaid allocations at end of previous year (as per note 9)	63 953 229	34 215 867
	88 563 952	114 070 292
Allocations paid during the year (as per note 6)	(49 536 879)	(50 117 063)
	39 027 076	63 953 229

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Notes to the Financial Statements

Figures in Rand

31 December 2012 30 June 2012

9. Provisions

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

Agricultural Research Council	13 511 998	4 898 843
Buhle Farmers Academy	-	100 000
Bursary Scheme	7 972	313 333
Dr WJ van der Walt	33 380	5 730
GFADA - Special Grant	-	30 000 000
Grain SA	3 768 968	3 298 409
Grain SA - Farmer Development Programme	5 377 284	16 192 735
Medical Research Council	1 033 601	140 000
NAMC	80 000	-
No-Till Club	250 004	250 003
North West University	39 800	39 800
SA Grain Laboratory	3 273 332	2 198 934
SAGIS	9 614 360	5 852 028
Sandy Soils Development Committee	206 500	206 500
TUT	280 005	80 000
University of Cape Town	97	14 914
University of Pretoria	185 775	48 000
University of Stellenbosch	1 364 000	314 000
	<u>39 027 076</u>	<u>63 953 229</u>

10. 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)(cN) of the SA Income Tax Act.

11. Other comprehensive income

Components of other comprehensive income - 31 December 2012

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	45 783 661	-	45 783 661

Components of other comprehensive income - 30 June 2012

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains (losses) - arising during the year	38 084 588	-	38 084 588

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Figures in Rand

31 December 2012 30 June 2012

12. Cash generated from operations

Surplus (deficit) before taxation	13 989 630	(17 175 570)
Adjustments for:		
Allocations to beneficiaries	24 610 726	49 854 425
Asset management fees	1 968 012	5 300 214
Dividends received	(6 108 721)	(14 993 129)
Interest received	(6 340 623)	(11 753 743)
Special Grants	-	30 000 000
Movements in provisions	(24 926 153)	29 737 362
Changes in working capital:		
Trade and other receivables	(343 576)	-
Trade and other payables	(19 473)	(4 973)
	2 829 822	70 964 586

13. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

14. 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 on changes in market interest rates.

Market performance and currency risk: The Trust is exposed to equity securities risk and foreign currency risk because of investments held by the Trust and classified on the balance sheet 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 with diversified risk strategies. The Trust also appointed an investment advisor.

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Detailed Income Statement

Figures in Rand	Note(s)	6 months ended 31 December 2012	12 months ended 30 June 2012
Other income			
Profit on sale of investments		28 954 737	43 613 733
Funding recovered from beneficiaries (as per note 4)		569 245	65 789
Dividend revenue		6 108 721	14 993 129
Interest received		6 340 623	11 753 743
		<u>41 973 326</u>	<u>70 426 394</u>
Operating expenses			
Accounting fees		(20 762)	(55 787)
Advertising		(2 394)	(4 494)
Audit fees		(56 000)	(108 326)
Bank charges		(63 331)	(117 727)
Computer expenses		(3 284)	(2 985)
Professional fees		(21 936)	(16 541)
Administration costs		(669 790)	(1 085 134)
Remuneration - Investment advisor		(114 798)	(289 378)
Trustees emoluments		(281 014)	(385 775)
Conference costs		(22 870)	(84 896)
Maize Board costs		(26 009)	(135 509)
Insurance		(65 000)	(68 927)
Printing and stationery		(809)	-
Travel - local		(56 961)	(91 846)
		<u>(1 404 958)</u>	<u>(2 447 325)</u>
Operating surplus before asset management fees, allocations to beneficiaries and special grants		40 568 368	67 979 069
Special Grants		=	(30 000 000)
Allocations to beneficiaries (as per note 8)		(24 610 726)	(49 854 425)
Asset Management fees (as per note 3)		(1 968 012)	(5 300 214)
		<u>(26 578 738)</u>	<u>(85 154 639)</u>
Net surplus after fees, special grants and allocations to beneficiaries		13 989 630	(17 175 570)

