

Kgalagadi Relief Trust

(Registration number IT2245/2006)

Annual Financial Statements for the year ended 28 February 2008

General Information

Country of incorporation and domicile	South Africa
Type of trust	Non profit organisation
Trustees	BDG Gibson P Camay Dr M Heitz
Business address	Eton Building, Sherborne Square 5 Sherborne Road Parktown 2193
Postal address	P O Box 86 Parklands 2121
Auditors	BDO Spencer Steward (Johannesburg) Incorporated Registered Auditors
Trust registration number	IT2245/2006

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**BDO Spencer Steward
(Johannesburg) Inc**
Chartered Accountants (SA)

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Report of the Independent Auditors

To the trustees of the Kgalagadi Relief Trust

We have audited the accompanying annual financial statements of The Kgalagadi Relief Trust, which comprise the trustees' report, the balance sheet as at 28 February 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 10.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, 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 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 the trustees, 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 trust as at 29 February 2008, and of its financial performance and its 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 trust deed.

BDO Spencer Steward (Johannesburg) Incorporated
Registered Auditors

08 July 2008

13 Wellington Road
Parktown
2196

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Trustees' Responsibilities and Approval

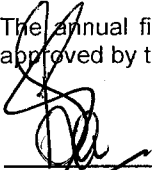
The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with 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 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 responsible for the system of internal financial control established by the trust and set 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.

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.

The annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the trustees on 08 July 2008 and were signed on its behalf by:



BDG Gibson



P Camay

Johannesburg

08 July 2008

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Trustees' Report

The trustees submit their report for the year ended 28 February 2008.

1. Review of activities

Main business and operations

The trust is engaged in providing compensation to qualifying claimants in respect of asbestos-related diseases.

The operating results and state of affairs of the trust are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Payment of costs

- In terms of the clause 6.2.2 of the Deed of Trust, the Trustees have set aside R 2,248,704 of the Trust Funds to meet administration costs.

2. Post balance sheet events

Subsequent to the year end the founder contributed a total of R3,300,000 (including R 2,248,704 referred to in note 4) for purposes of covering administrative costs of the trust. In addition, the founder contributed R19,100,000 (including the R5,474,465 claims approved and not paid referred to in note 5) for purposes of covering grant payments.

3. Trustees

The trustees during the year and to the date of this report are as follows:

Name	Nationality
BDG Gibson	
P Camay	
Dr M Heitz	Swiss

4. Beneficiaries

The beneficiaries of the trust are:

- Qualifying claimants for the life of the trust
- To the extent that the trustees may deem appropriate, any charitable organisations having as one of its principal objectives the promotion of welfare affected by asbestos mining

5. Founders of the trust

The trust's founder is Becon AG ("Becon") incorporated in Switzerland.

The founder, in terms of an agreement, has agreed to settle fully and finally and without any admission of liability, all disputes arising out of, or in connection with exposure to asbestos dust or the contraction of asbestos related diseases by any occupational, environmental or dependant claimants, as defined in the trust deed or any of the founder's operations. In terms of this settlement agreement funds were paid to the trust for compensation to the qualifying claimants. These funds will be used to settle the obligation to the beneficiaries of the trust. Accordingly the trust's assets represent an obligation to the beneficiaries of the trust. The income generated by the trust from the assets represents income to the trust. The trust will apply this income to meet the expenses of the trust. Any income in excess of the expenses of the trust will increase the obligation to the beneficiaries.

6. Auditors

BDO Spencer Steward (Johannesburg) Incorporated will continue in office for the next financial period.

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Annual Financial Statements for the year ended 28 February 2008

Balance Sheet

Figures in Rand	Note(s)	2008	2007
Assets			
Current Assets			
Trade and other receivables	2	29,011	106,713
Amount recoverable from founder	4	2,751,247	-
Cash and cash equivalents	3	4,431,596	11,962,999
		7,211,854	12,069,712
Total Assets		7,211,854	12,069,712
Trust capital and Liabilities			
Trust capital			
Contribution introduced by founder		100	100
Liabilities			
Current Liabilities			
Trade and other payables	5	7,211,754	4,686,901
Funds available for distribution	4	-	7,382,711
		7,211,754	12,069,612
Total Equity and Liabilities		7,211,854	12,069,712

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Income Statement

Figures in Rand	Note(s)	2008	2007
Other income			
Interest received		873,953	1,129,631
Operating expenses			
Administration and management fees		(1,227,437)	(921,383)
Auditors remuneration		(29,000)	(23,028)
Bank charges		(10,641)	(7,083)
Computer expenses		(2,109)	(3,534)
Consulting and professional fees		(229,953)	(295,117)
Meeting expenses		(19,566)	(1,590)
Trustees fees		(224,474)	(201,150)
Petty cash expenses		-	(794)
Claims related expenses		(390,480)	(525,621)
Medical evaluation costs		(215,853)	(313,692)
Work records scanning costs		(180,241)	-
Social projects grants		(384,610)	-
Postage and courier		(994)	(1,758)
Printing and stationery		-	(22,794)
Communications		(161,543)	(138,696)
Travel		(45,756)	(34,698)
		(3,122,657)	(2,490,938)
Operating deficit		(2,248,704)	(1,361,307)
Interest expense		-	(140)
Deficit for the year		(2,248,704)	(1,361,447)

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Cash Flow Statement

Figures in Rand	Note(s)	2008	2007
Cash flows from operating activities			
Cash used in operations	6	(3,140,298)	(765,018)
Interest income		873,953	1,129,631
Interest expense		-	(140)
Claims paid		(13,596,071)	(6,401,474)
Net cash from operating activities		(15,862,416)	(6,037,001)
Cash flows from financing activities			
Funds introduced by founder		8,331,013	18,000,000
Total cash movement for the year		(7,531,403)	11,962,999
Cash at the beginning of the year		11,962,999	-
Total cash at end of the year	3	4,431,596	11,962,999

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with 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.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Initial recognition

The trust classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.2 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

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Notes to the Annual Financial Statements

Figures in Rand	2008	2007
2. Trade and other receivables		
Interest receivable	29,011	106,713
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	177,547	2,397,919
Short-term deposits	4,254,049	9,565,080
	4,431,596	11,962,999
4. Funds available for distribution		
For beneficiaries		
Opening balance	5,744,158	-
Funds introduced	6,401,474	15,000,000
Reversal of claims approved and not paid (prior year)	2,854,268	-
Founding capital	-	(100)
Claims paid	(13,596,071)	(6,401,474)
Claims approved not paid	(5,474,465)	(2,854,268)
	(4,070,636)	5,744,158
Other		
Opening Balance	1,638,553	-
Funds introduced	1,929,538	3,000,000
Net expenses	(2,248,703)	(1,361,447)
	1,319,388	1,638,553
Total	(2,751,247)	7,382,711
The deficit on funds available for distribution is recoverable from the founder and has been disclosed as a current asset in the balance sheet.		
5. Trade and other payables		
Trade payables	1,529,592	1,832,633
Claims Payable	5,474,465	2,854,268
Amount owing in respect of share of social projects	207,697	-
	7,211,754	4,686,901
6. Cash used in operations		
Deficit before taxation	(2,248,703)	(1,361,447)
Adjustments for:		
Interest received	(873,953)	(1,129,631)
Finance costs	-	140
Changes in working capital:		
Trade and other receivables	77,702	(106,713)
Trade and other payables	(95,344)	1,832,633
	(3,140,298)	(765,018)