



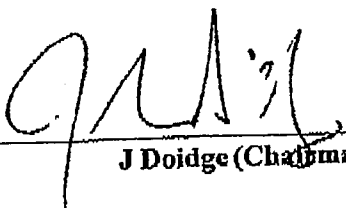
Asbestos Relief Trust
(IT. 1734/2003)

Annual Financial Statements
for the year ended 28 February 2006

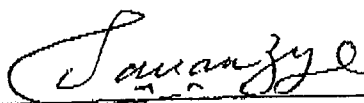
<i>Contents</i>	<i>Page</i>
Report of the independent auditors	2
Trustees' report	3 – 4
Balance sheet	5
Income statement	6
Statement of changes in trust capital and accumulated funds	7
Cash flow statement	8
Notes to the financial statements	9 – 14

Trustees' approval of the annual financial statements

The annual financial statements for the for the year ended 28 February 2006 are set out on pages 3 to 14 were approved by the trustees on 14 July 2006 and are signed on its behalf by –



J Doidge (Chairman)



P van Zyl

Trustees



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (11) 647 7111
Fax +27 (11) 647 8000
Docex 472 Johannesburg
Internet <http://www.kpmg.co.za/>

Report of the independent auditors

To the trustees of Asbestos Relief Trust

We have audited the financial statements of Asbestos Relief Trust set out on pages 3 to 14 for the year ended 28 February 2006. These financial statements are the responsibility of the trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust at 28 February 2006 and the results of its operations and cash flows for the year then ended in accordance with South African Generally Accepted Accounting Practice and in the manner required by the Trust Deed dated 12 March 2003.

KPMG Inc.
Registered Auditors
Chartered Accountants (SA)

Per N Keshav
Director
14 July 2006



Asbestos Relief Trust

Trustees' report

for the year ended 28 February 2006

The trustees have pleasure in presenting their report for the year ended 28 February 2006.

1. Objective of the trust

The primary object of the trust is to provide compensation to claimants that qualify, as defined in the trust deed, in respect of asbestos-related diseases as fully, fairly and effectively as its means allow.

2. Founders of the trust

The founders of the trust are Gencor Limited ("Gencor"), Griqualand Exploration and Finance Company Limited ("Gefco") and Msauli Asbes Beperk ("Msauli"). The funds provided by the founders are detailed in Note 5 to the financial statements.

The founders, in terms of a settlement agreement, have 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 claimant, as defined in the trust deed at any of the founders' 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 these assets represents income of 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.

The Gencor settlement account is specifically utilised by the Trustees to make awards to the following beneficiaries:

- All persons who have contracted an asbestos related disease with a lung function impairment who had occupational exposure to asbestos dust at the qualifying operations solely during the period 1965 to 1988 inclusive.
- All persons who have contracted an asbestos related disease with a lung function impairment who had environmental (non-occupational exposure) to asbestos dust in the vicinity of any of the qualifying operations and who have no prior history of any occupational exposure to asbestos dust at any time.
- All persons who have contracted mesothelioma or asbestos related lung cancer who had occupational exposure to asbestos dust at any time of the qualifying operations partly during 1965 to 1988 and partly outside this period.
- The dependants of persons who have died and a cause of death is mesothelioma or asbestos related lung cancer in circumstances where it is satisfied that the deceased had asbestos dust exposure at a qualifying operation or, as a case may be, environmental exposure to asbestos dust in the vicinity of any of the qualifying operations and who had no history of any occupational exposure to asbestos dust at any time.

m



Asbestos Relief Trust

Trustees' report

for the year ended 28 February 2006 (continued)

Beneficiaries

Beneficiaries of the trust are:

- Qualifying claimants for the life of the trust.
- To the extent that upon the expiry of the life of the trust the assets left in the trust, any charitable organisation having as one of its principal objectives the promotion of welfare of persons or communities detrimentally affected by asbestos mining.

Financial results

The financial statements reflect the financial position of the trust at 28 February 2006 and the results of its activities for the year ended 28 February 2006.

Trustees at 28 February 2006

J Doidge	(Chairman)
J de Bruyn	
Dr S Kisting	(Resigned as trustee during June 2005)
C Moni	
P van Zyl	
P Camay	(Appointed September 2005)

The business and postal address of the trust is:

32 Fricker Road	PO Box 781396
Illovo	Sandton
2196	2146



Asbestos Relief Trust

Balance sheet

at 28 February 2006

	Note	2006 R	2005 R
Assets			
Non-current assets			
Investments	2	297 449 768	353 019 674
Equipment	3	814 468	462 113
		60 118 569	41 799 588
Current assets			
Accounts receivable		5 882 564	5 178 971
Taxation prepaid		709 039	-
Cash and cash equivalents	4	53 526 966	36 620 617
		358 382 805	395 281 375
Total assets			
Trust capital and liabilities			
Trust capital			
Contribution made by a founder		300	300
Non current liabilities			
Available for distribution to beneficiaries	5	347 217 572	389 338 469
Current liabilities			
Approved claims payable	5	9 583 331	2 876 906
Accounts payable		1 581 602	941 065
Taxation payable		-	2 124 635
		358 382 805	395 281 375
Total trust capital and liabilities			



Asbestos Relief Trust

Income statement

for the year ended 28 February 2006

	Note	28 February 2006 R	8 months ended 28 February 2005 R
Income		22 725 145	17 321 579
Interest received		5 977 880	4 952 608
Dividends received		18 920 856	14 252 692
less: Portfolio fees		(2 173 591)	(1 883 721)
Expenditure		(15 952 475)	(6 227 499)
Service providers costs		9 050 469	3 353 525
Claim handlers fees		5 790 987	2 192 397
Medical practitioners fees		3 259 482	1 161 128
Administration fees		2 556 320	1 194 350
Actuarial fees		218 495	41 895
Accounting fees		84 775	106 355
Auditors remuneration		93 074	111 610
Current year		80 000	70 000
Prior year under provision		13 074	41 610
Bank charges		6 059	4 791
Computer expenses		143 764	28 437
Depreciation		240 589	24 954
– office equipment		2 279	190
– motor vehicles		39 992	6 665
– office equipment		10 780	446
– computer equipment		56 757	17 653
– computer software		130 781	–
Expenditure on equipment written off		9 061	57 130
Insurance		43 512	13 838
Internal audit fees		15 675	61 550
Interest and penalties on tax		59 955	–
Legal expenses		44 433	35 838
Meeting expense – AGM		20 908	–
Payroll costs		1 824 253	–
Petty cash expenses		55 710	7 222
Printing and stationery		50 958	64 551
Professional fees – other		34 685	247 142
Professional fees – trustees		422 879	314 646
Rental and related expenses		362 077	105 355
Repairs and maintenance		18 094	35 563
Telephone		127 115	50 917
Training		16 202	2 000
Travel and accommodation		259 802	234 020
Trustees fees		193 611	131 800
Net income in excess of expenditure before taxation		6 772 670	11 094 080
Taxation	6	–	341 905
Net income in excess of expenditure for the year		6 772 670	11 435 985

m



Asbestos Relief Trust

Statement of changes in trust capital and accumulated funds

for the year ended 28 February 2006

	Trust capital R	Accumulated funds R	Total R
Balance at 1 March 2005	300	-	300
Net income in excess of expenditure for the year		6 772 670	6 772 670
Net income in excess of expenditure for the year transferred available for distribution to beneficiaries (Refer note 5)		(6 772 670)	(6 772 670)
Balance at 28 February 2006	300	-	-
2005			
Balance at 1 July 2004	300	-	300
Net income in excess of expenditure for the period		11 435 985	11 435 985
Net income in excess of expenditure for the period transferred available for distribution to beneficiaries (Refer note 5)		(11 435 985)	(11 435 985)
Balance at 28 February 2005	300	-	300

M



Asbestos Relief Trust

Cash flow statement

for the year ended 28 February 2006

	<i>Note</i>	2006 R	8 months ended 28 February 2005 R
Net income in excess of expenditure before taxation		6 772 670	11 094 080
Adjustment			
– Depreciation of equipment		240 589	24 954
– (Increase)/ decrease in accounts receivable		(703 593)	2 776 631
– Increase in accounts payable		640 537	229 269
– Increase in approved claims payable		6 706 425	2 647 415
Cash generated by operations		13 656 628	16 772 349
– Taxation paid	A	(2 833 674)	(11 901 582)
Net cash inflow from activities		10 822 954	4 870 767
Acquisition of investments		54 976 962	(10 655 395)
Dividends, interest net of portfolio fees reinvested		(10 339 077)	(17 385 330)
Realisation of investments		65 908 983	7 170 064
Acquisition of equipment		(592 944)	(440 129)
Cash effect of amounts available to beneficiaries		(48 893 567)	(18 257 205)
Contributions by founders		1 082 943	1 938 340
Claims paid		(49 639 205)	(19 963 006)
Social projects grants		(337 305)	(232 539)
Increase/(decrease) in cash and cash equivalents for the year		16 906 349	(24 041 833)
Cash and cash equivalents at beginning of year		36 620 617	60 662 450
Cash and cash equivalents at end of year		53 526 966	36 620 617
Notes to the cash flow statement			
A Taxation paid			
Taxation payable at beginning of year		(2 124 635)	(14 368 122)
Tax charge per income statement		–	(341 905)
Taxation (prepaid)/ payable at end of year		(709 039)	2 124 635
		2 833 674	11 901 582

m



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2006

1. Accounting policies

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies.

1.1 Statement of compliance

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

1.2 Financial instruments

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The principal financial assets are investments, accounts receivable and cash and cash equivalents.

Investments are classified as held to maturity financial instruments and are carried at amortised cost.

Accounts receivable are stated at their nominal value and reduced by an appropriate allowance for estimated irrecoverable amounts.

Bank and cash are stated at carrying value.

Financial liabilities

Comprise available for distribution to beneficiaries, approved claims payable and accounts payable.

Available for distribution to beneficiaries represents the contributions made by founders, adjusted for claims paid and payable and net income in excess for the period. This is carried at amortised cost.

Approved claims payable and accounts payable are stated at cost.

1.3 Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight line basis, at rates deemed appropriate to reduce the book values of such assets at the end of their lives. Useful lives and residual values as re-assessed annually.

The following depreciation rates are used –

Motor vehicles	20%
Computer equipment	33,33%
Office equipment	20%
Office furniture	10%
Software	50%

1.4 Interest income

Interest income is recognised on a time apportionment basis.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2006 (continued)

1. Accounting policies (continued)

1.5 Dividends income

Dividends are recognised when the right to receive payment is established.

1.6 Employee benefits

Short term employee benefits

The cost of all short term benefits is recognised during the year in which date the employee renders the related service. The provisions for employee benefits represent the amount which the company has a present obligation to pay as a result of employees' services provided to the balance sheet date.

1.7 Judgements made by administrators

The preparation of financial statements requires the administrators to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the administrators in the application of South African Statements of Generally Accepted Accounting Practice that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year have been considered. No estimates or judgements which would have a significant effect on the 2007 results were made by the administrators in applying the accounting policies at 28 February 2006.

m



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2006 (continued)

2. Investments

Portfolio analysis

		2006		2005	
		Number of instruments held	Carrying value R	Number of instruments held	Carrying value R
PRF001	Nedbank Preference shares *	125 000	125 000 000	125 000	125 000 000
PRF003	ABSA Preference shares *	100 000	100 000 000	100 000	100 000 000
PRF004	Investec Preference shares	—	—	75 000	75 000 000
PRF009	First Rand Preference shares *	35 000 000	35 000 000	—	—
ABS1-A	ABSA Promissory note *	2 000 000	2 000 000	—	—
IND516P	IDWWA Promissory note	—	—	10 000 000	9 722 185
ND0106	First Rand Promissory note *	4 000 000	3 809 981	—	—
PND0106	Newshelf Promissory note	—	—	10 000 000	12 409 885
PNI0074	Newshelf Promissory note	—	—	14 000 000	17 387 604
PNI0094	Newshelf Promissory note **	6 000 000	7 948 878	—	—
PNI0119	First Rand Non coupon *	8 000 000	8 222 023	—	—
NCD075	Nedbank Non coupon **	15 381 199	15 468 886	—	—
NECA	Auto Loan Investments Limited	—	—	10 000 000	10 000 000
AUT032	Auto Loan Investments Limited	—	—	3 500 000	3 500 000
AUT041					
			297 449 768		353 019 674

* Held in the name of Nedbank Nominees Limited on behalf of the Trust.

** Held in the name of Nedbank Limited on behalf of the Trust.

m



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2006 (continued)

3. Equipment	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
2006				
Motor vehicles	20,00	199 959	(46 657)	153 302
Computer equipment	33,33	224 731	(76 917)	147 814
Office equipment	20,00	11 394	(2 469)	8 925
Office furniture	10,00	176 370	(11 226)	165 144
Software	50,00	470 064	(130 781)	339 283
		1 082 518	(268 050)	814 468
Net book value reconciliation				
	Net value at beginning of year R	Additions R	Accumulated depreciation R	Carrying value at end of year R
Motor vehicle	193 294	-	(39 992)	153 302
Computer equipment	119 643	84 928	(56 757)	147 814
Office equipment	11 204	-	(2 279)	8 925
Office furniture	49 373	126 551	(10 780)	165 144
Software	88 599	381 465	(130 781)	339 283
	462 113	592 944	(240 589)	814 468
2005				
Motor vehicle	-	199 959	(6 665)	193 294
Computer equipment	46 938	90 358	(17 653)	119 643
Office equipment	-	11 394	(190)	11 204
Office furniture	-	49 819	(446)	49 373
Software	-	88 599	-	88 599
	46 938	440 129	(24 954)	462 113

mu



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2006 (continued)

	2006 R	2005 R		
4. Cash at bank				
Comprises:				
Probanker accounts	14 740 829	10 023 190		
Probanker account – Gencor	11 727 357	8 767 570		
Probanker account – Gefco	1 940 021	832 006		
Probanker account – Msauli	325 625	139 737		
Administration expense bank accounts	747 826	283 877		
Call accounts	38 786 137	26 597 427		
Fixed deposits – Calyon	10 000 000	–		
Fixed deposit – Bank of Taiwan	–	8 000 000		
Call balance – RSA Newshelf	–	923		
Call balance – QRMBOI	28 000 000	18 000 000		
Call balance – Settlement	786 137	596 504		
	53 526 966	36 620 617		
	Gencor settlement account R	Gefco settlement account R	Msauli settlement account R	Total R
5. Available for distribution to beneficiaries				
Opening balance	376 597 537	6 826 435	5 914 497	389 338 469
Contributions receivable	–	1 082 643	–	1 082 643
Donations	288	8	4	300
Net income in excess of expenditure for the period	6 508 841	175 772	88 057	6 772 670
Claims paid	(29 798 888)	(7 134 345)	(3 122 641)	(40 055 874)
Amounts transferred to approved claims payable	(8 076 659)	(941 862)	(564 810)	(9 583 331)
Social project grants	(324 319)	(8 651)	(4 335)	(337 305)
Closing balance	344 906 800	–	2 310 772	347 217 572



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2006 (continued)

	2006 R	2005 R
6. Taxation		
South African normal taxation		
Current year		
Net income in excess of expenditure before taxation	6 772 670	11 094 080
Less: awarded to beneficiaries	<u>(6 772 670)</u>	<u>(11 094 080)</u>
Taxable income	-	-
Tax at rate of 40% of taxable income	-	-
Overprovision for taxation in 2004	-	<u>341 905</u>

7. Investments risk management

7.1 Management of risk

The trustees have mandated Taquanta Asset Managers (TAM), a division of Nedbank, to manage the investment portfolio on behalf of the trust.

Although TAM has discretion in managing the portfolio they are required to invest only in institutions with a Fitch IBCA (or equivalent) credit rating of AI and instruments issued by specific identified entities. TAM is required not to invest in instruments that could result in a capital loss by changes in the capital value through movements in the market value of the underlying investments.

TAM indemnifies the trust against any losses, liabilities, costs, charges or expenses caused by the negligence, default, fraud or dishonesty of its representatives.

	2006 R	2005 R
7.2 Reconciliation of Taquanta Assets Managers statement		
Disclosed as:		
Investments	297 449 768	353 019 674
Call accounts in cash at bank	38 786 138	26 597 427
Interest and dividend accrual included in accounts receivable	<u>4 755 156</u>	<u>5 133 962</u>
Balance per statement at 28 February 2006	<u>340 991 062</u>	<u>384 751 063</u>

8. Related parties

The founders and trustees of the trust are set out in the trustees report.

The trustees fees and fees for professional services are set out in the income statement.