



Asbestos Relief Trust

Balance sheet

at 28 February 2007

	Note	2007 R	2006 R
Assets			
Non-current assets			
Investments	2	53 595 206	297 449 768
Equipment	3	628 290	475 185
Intangible asset	4	107 672	339 283
		301 670 881	60 118 569
Current assets			
Accounts receivable		1 937 954	5 882 564
Taxation prepaid		1 097 850	709 039
Cash and cash equivalents	5	298 635 077	53 526 966
		356 002 049	358 382 805
Total assets			
Trust capital			
Contribution made by a founder		300	300
Liabilities			
Non current liabilities			
Available for distribution to beneficiaries	6	344 594 739	347 217 572
		11 407 010	11 164 933
Current liabilities			
Approved claims payable	6	10 590 146	9 583 331
Accounts payable		816 864	1 581 602
		356 002 049	358 382 805
Total trust capital and liabilities			



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Income statement

for the year ended 28 February 2007

	Note	28 February 2007 R	28 February 2006 R
Income		23 499 576	22 725 145
Interest received		7 061 628	5 977 880
Dividends received		18 677 799	18 920 856
less: Portfolio fees		(2 239 761)	(2 173 591)
Sundry income		831 435	-
Profit on disposal of equipment		2 781	-
Recoveries from Kgalagadi Relief Trust and others		828 654	-
Total income carried forward		24 331 011	22 725 145

16 437 948 <

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67.5%

3.5%

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Income statement (continued) for the year ended 28 February 2007

	Note	28 February 2007 R	28 February 2006 R
Total income brought forward		24 331 011	22 725 145
Expenditure		(10 938 484)	(15 952 475)
Service providers costs		3 151 547	9 050 469
Claim handlers fees		1 345 864	5 790 987
Medical practitioners fees		1 805 683	3 259 482
Administration fees		145 675	2 556 320
Actuarial fees		244 456	218 495
Accounting fees		27 450	84 775
Amortisation of intangibles		236 440	130 781
Auditors remuneration		132 910	93 074
Current year		120 000	80 000
Prior year under provision		12 910	13 074
Bank charges		19 524	6 059
Communication expenses		103 797	-
Computer expenses		171 955	143 764
Depreciation		149 959	109 808
- office and fire control equipment		17 443	2 279
- motor vehicles		41 098	39 992
- office equipment		15 025	10 780
- computer equipment		76 393	56 757
Expenditure on equipment written off		44 567	9 061
Insurance		41 368	43 512
Internal audit fees		54 727	15 675
Interest and penalties on tax		5 608	59 955
Legal expenses		21 955	44 433
Meeting expenses		8 110	20 908
Payroll costs		4 367 360	1 824 253
Petty cash expenses		49 014	55 710
Printing and stationery		47 625	50 958
Professional fees - other		208 677	34 685
Professional fees - trustees		236 591	422 879
Rental and related expenses		647 662	362 077
Repairs and maintenance		15 250	18 094
Telephone		146 605	127 115
Training		17 160	16 202
Travel and accommodation		321 546	259 802
Trustees fees		320 946	193 611
Income in excess of expenditure before taxation		13 392 527	6 772 670
Taxation credit	7	1 821 352	-
Income in excess of expenditure for the year		15 213 879	6 772 670



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Statement of changes in trust capital and accumulated funds for the year ended 28 February 2007

	Trust capital R	Accumulated funds R	Total R
Balance at 1 March 2005	300	-	300
Income in excess of expenditure for the year		6 772 670	6 772 670
Income in excess of expenditure for the year transferred available for distribution to beneficiaries (Refer note 6)		(6 772 670)	(6 772 670)
Balance at 28 February 2006	300	-	-
Balance at 1 March 2006	300	-	300
Income in excess of expenditure for the year		15 213 879	15 213 879
Income in excess of expenditure for the year transferred available for distribution to beneficiaries (Refer note 6)		(15 213 879)	(15 213 879)
Balance at 28 February 2007	300	-	300

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Cash flow statement

for the year ended 28 February 2007

	Note	2007 R	2006 R
Income in excess of expenditure before taxation		13 392 527	6 772 670
Adjustment			
- Amortisation of intangible asset		236 440	130 781
- Depreciation of equipment		149 959	109 808
- Decrease/(increase) in accounts receivable		3 944 610	(703 593)
- (Decrease)/increase in accounts payable		(764 738)	640 537
- Increase in approved claims payable		1 006 815	6 706 425
Cash generated by operations		17 965 613	13 656 628
- Taxation refund/(paid)	A	1 432 541	(2 833 674)
Net cash inflow from activities		19 398 154	10 822 954
Cash inflow from investing activities		243 546 669	54 976 962
Investment income reinvested		(22 564 341)	(10 339 077)
Contribution received reinvested		(14 324 902)	-
Realisation of investments		39 887 193	65 908 983
Transfers of funds to cash and cash equivalents		240 856 612	-
Acquisition of intangible asset		(4 829)	-
Acquisition of equipment		(313 718)	(592 944)
Proceeds on disposal of equipment		10 654	-
Cash effect of amounts available to beneficiaries		(17 836 712)	(48 893 567)
Contributions by founders		9 959 052	1 082 943
Claims paid		(27 531 229)	(49 639 205)
Social projects grants		(264 535)	(337 305)
Increase in cash and cash equivalents for the year		245 108 111	16 906 349
Cash and cash equivalents at beginning of year		53 526 966	36 620 617
Cash and cash equivalents at end of year		298 635 077	53 526 966

Notes to the cash flow statement

A Taxation refund/(paid)

Taxation prepaid/(payable) at beginning of year	709 039	(2 124 635)
Tax credit per income statement	1 821 352	-
Taxation prepaid at end of year	(1 097 850)	(709 039)
	1 432 541	(2 833 674)

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Notes to the financial statements

for the year ended 28 February 2007

1. Significant accounting policies

The Asbestos Relief Trust (the "trust") is domiciled in the Republic of South Africa.

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 and the Interpretations of the statements of SA GAAP and the requirements of the Trust Deed dated 12 March 2003.

1.2 Basis of preparation

The financial statements are presented in South African Rand. They are prepared on the historical cost basis.

The preparation of financial statements in conformity with SA GAAP requires management to make reasonable judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of South African Statements of Generally Accepted Accounting Practice that have 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 2008 results were made by management in applying the accounting policies at 28 February 2007.

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 impairment for estimated irrecoverable amounts.

Bank and cash are stated at carrying value.

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Notes to the financial statements for the year ended 28 February 2007

1. Significant accounting policies (continued)

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 are re-assessed annually.

The following depreciation rates are used –

Motor vehicles	20%
Computer equipment	33.33%
Office and fire control equipment	20%
Office furniture	10%

1.4 Intangible assets

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

The following amortisation rate is used:

Software	50%
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1.5 Impairment of assets

The carrying amounts of the trust's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

1.6 Financial income

Interest income is recognised in the income statement as it accrues, using the effective interest.

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Notes to the financial statements

for the year ended 28 February 2007 (continued)

1. Accounting policies (continued)

1.7 Dividends income

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

1.8 Tax

Income tax on profit or loss for the year comprises current. Income tax is recognised in the income statement. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable in previous years.

1.9 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 accrual for employee benefits represent the amount which the trust has a present obligation to pay as a result of employees' services provided to the balance sheet date.

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Notes to the financial statements for the year ended 28 February 2007 (continued)

2. Investments

Portfolio analysis

		2007		2006	
		Number of instruments held	Carrying value R	Number of instruments held	Carrying value R
PRF001	Nedbank Preference shares *	-	-	125 000	125 000 000
PRF003	ABSA Preference shares *	-	-	100 000	100 000 000
PRF009	First Rand Preference shares *	35 000 000	35 000 000	35 000 000	35 000 000
ABS1-A	ABSA Promissory note *	2 000 000	2 000 000	2 000 000	2 000 000
PND0106	First Rand Promissory note *	-	-	4 000 000	3 809 981
PNI0119	Newshof Promissory note **	-	-	6 000 000	7 948 878
NCD075	First Rand Non coupon *	-	-	8 000 000	8 222 023
NECA	Nedbank Non coupon **	-	-	15 381 199	15 468 886
NECA	Nedbank cash plus fund	16 508 919	16 595 206	-	-
			<u>53 595 206</u>		<u>297 449 768</u>

* 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.

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Notes to the financial statements for the year ended 28 February 2007 (continued)

3.	Equipment	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
	2007				
	Motor vehicles	20,00	332 666	(87 755)	244 911
	Computer equipment	33,33	231 482	(149 212)	82 270
	Fire control equipment	20,00	139 479	(13 948)	125 531
	Office equipment	20,00	18 690	(5 964)	12 726
	Office furniture	10,00	189 104	(26 252)	162 852
			<u>911 421</u>	<u>(283 131)</u>	<u>628 290</u>
	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
			<u>612 454</u>	<u>(137 269)</u>	<u>475 185</u>
	Net book value reconciliation				
		Net value at beginning of year R	Net additions R	Depreciation R	Carrying value at end of year R
	2007				
	Motor vehicle	153 302	132 707	(41 098)	244 911
	Computer equipment	147 814	10 849*	(76 393)	82 270
	Fire control equipment	–	139 479	(13 948)	125 531
	Office equipment	8 925	7 296	(3 495)	12 726
	Office furniture	165 144	12 733	(15 025)	162 852
		<u>475 185</u>	<u>303 064</u>	<u>(149 959)</u>	<u>628 290</u>
	2006				
	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
		<u>373 514</u>	<u>211 479</u>	<u>(109 808)</u>	<u>475 185</u>

*Includes disposals of R10 654.



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Notes to the financial statements

for the year ended 28 February 2007 (continued)

4	Intangible asset	Depreciation rate %	Cost R	Accumulated amortisation R	Carrying amount R
	2007				
	Computer software	30%	474 893	(367 221)	107 672
	2006				
	Computer software	30%	470 064	(130 781)	339 283
	Net book value reconciliation	Net value at beginning of year R	Net additions R	Amortisation R	Carrying value at end of year R
	2007				
	Computer Software	339 283	4 829	(236 440)	107 672
	2006				
	Computer software	88 599	381 465	(130 781)	339 283
5.	Cash at bank			2007 R	2006 R
	Comprises:				
	<i>Probanker accounts</i>			15 207 415	14 740 829
	Probanker account – Gencor			10 204 036	11 727 357
	Probanker account – Gefco			622 428	1 940 021
	Probanker account – Msauli			319 205	325 625
	Probanker account – Social Projects			2 730 506	–
	Administration expense bank accounts			1 331 240	747 826
	<i>Call accounts</i>			283 427 662	38 786 137
	Fixed deposits – Calyon			–	10 000 000
	Call balance – NIB306			10 000 000	–
	Call balance – QRMBOI			144 000 000	28 000 000
	Call balance – Settlement			129 427 662	786 137
				298 635 077	53 526 966



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2007 (continued)

	Gencor settlement account R	Gefco settlement account R	Msauli settlement account R	Total R
6. Available for distribution to beneficiaries				
Opening balance	344 906 800	-	2 310 772	347 217 572
Contributions received	9 397 912	561 140	-	9 959 052
Net income in excess of expenditure for the period	14 980 244	33 641	199 994	15 213 879
Claims paid	(14 641 202)	(1 291 578)	(1 008 003)	(16 940 783)
Amounts transferred to approved claims payable	(7 703 218)	(2 579 501)	(307 427)	(10 590 146)
Allocation of funds assigned for social projects to settle Gefco claims	(3 234 197)	3 276 298	(42 101)	-
Social project grants - Other	(261 132)	-	(3 703)	(264 835)
Closing balance	343 445 207	-	1 149 532	344 594 739
			2007 R	2006 R
7. Taxation credit				
South African normal taxation				
Current year				
Net income in excess of expenditure before taxation			13 392 527	6 772 670
Less: awarded to beneficiaries			(13 392 527)	(6 772 670)
Taxable income			-	-
Tax at rate of 40% of taxable income			-	-
Refunds in respect of prior years			1 821 352	-



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2007 (continued)

8 Investments risk management

8.1 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 A1 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.

	2007 R	2006 R
8.2 Reconciliation of Taquanta Assets Managers statement		
Disclosed as:		
Investments	53 595 206	297 449 768
Call accounts in cash at bank	283 427 662	38 786 138
Interest and dividend accrual included in accounts receivable	970 244	4 755 156
Balance per statement at 28 February 2007	<u>337 993 113</u>	<u>340 991 062</u>

9. 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.

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