



Asbestos Relief Trust
(IT. 1734/2003)

Annual Financial Statements
for the year ended 29 February 2008

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Asbestos Relief Trust

Trustees' responsibility for the annual financial statements

for the year ended 29 February 2008

The trustees are responsible for the preparation and fair presentation of the annual financial statements, comprising the balance sheet at 29 February 2008, and the income statement, statement of changes in trust capital and accumulated funds for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the trustees' report, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Trust Deed dated 12 March 2003.

The trustees' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these 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.

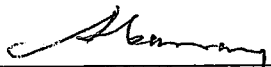
The trustees' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The trustees have made an assessment of the trust's ability to continue as a going concern and have no reason to believe that the trust will not be a going concern in the year ahead.

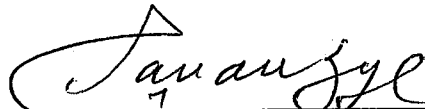
The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Trustees' approval of the annual financial statements

The annual financial statements for the for the year ended 29 February 2008 are set out on pages 5 to 23 were approved by the trustees on 19 September 2008 and are signed on its behalf by trustees.



P Camay (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
Docèx 472 Johannesburg
Internet <http://www.kpmg.co.za/>

Independent auditor's report

To the trustees of Asbestos Relief Trust

We have audited the annual financial statements of Asbestos Relief Trust, which comprise the balance sheet at 29 February 2008, and the income statement, the statement of changes in trust capital and accumulated funds for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the trustees' report as set out on pages 5 to 23.

Trustees' responsibility for the financial statements

The trustees' are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Trust Deed dated 12 March 2003. 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.

Auditor's 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 auditor's judgment, 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, these financial statements present fairly, in all material respects, the financial position of Asbestos Relief Trust at 29 February 2008, and its financial performance and 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 dated 12 March 2003.

KPMG Inc.

Per N Keshav
Chartered Accountant (SA)
Registered Auditor
Director
19 September 2008

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:

Chief Executive: RM Kgosana

Executive Directors: TH Bashall*, DC Duffield, A Hari, TH Hoole, FB Leith, JS McIntosh, AM Mkgabudi, D van Heerden

Other Directors: LP Fourie, A Jaffer, E Magondo, CM Read, Y Suleman (Chairman of the Board), A Thunström, JM Vice

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

* British



Asbestos Relief Trust

Trustees' report

for the year ended 29 February 2008

The trustees have pleasure in presenting their report for the year ended 29 February 2008.

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 available for distribution to beneficiaries are detailed in note 6 to the annual 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.

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Asbestos Relief Trust

Trustees' report

for the year ended 29 February 2008 (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 29 February 2008 and the results of its activities for the year ended 29 February 2008.

Trustees at 29 February 2008

P Camay (Chairman)
J Doidge
J de Bruyn
C Moni
P van Zyl

The business and postal address of the trust is:

Eton Building, Sherbone Square
5 Sherbone Road
Parktown
2193

PO Box 86
Parklands
2121

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Asbestos Relief Trust

Balance sheet at 29 February 2008

	Note	2008 R	2007 R
Assets			
Non-current assets			
Investments	2	113 201 553	53 595 206
Equipment	3	697 656	628 290
Intangible asset	4	7 108	107 672
		237 539 818	301 670 881
Current assets			
Accounts receivable		1 805 252	1 937 954
Taxation prepaid		—	1 097 850
Cash and cash equivalents	5	235 734 566	298 635 077
		351 446 135	356 002 049
Total assets			
Trust capital			
Contribution made by a founder		300	300
Liabilities			
Non current liabilities			
Available for distribution to beneficiaries	6	335 856 493	344 594 739
		15 589 342	11 407 010
Current liabilities			
Approved claims payable		14 017 251	10 590 146
Accounts payable		1 572 091	816 864
		351 446 135	356 002 049
Total trust capital and liabilities			



Asbestos Relief Trust

Income statement

for the year ended 29 February 2008

	Note	28 February 2008 R	28 February 2007 R
Income		32 928 827	23 499 576
Interest received		25 647 551	7 061 628
Dividends received		1 702 032	18 677 709
Net change in fair value of financial assets at fair value through profit or loss		9 137 162	-
Loss on disposal of investments		(2 244 390)	-
less: Portfolio fees and costs		(1 313 528)	(2 239 761)
Sundry income		2 008 431	831 435
Profit on disposal of equipment		8 593	2 781
Recoveries from Kgalagadi Relief Trust and others		1 999 838	828 654
Total income		34 937 258	24 331 011
Expenditure		(3 258 568)	(4 383 713)
Service providers costs		2 119 250	3 151 547
Claim handlers fees & related expenses		856 313	1 345 864
Medical practitioners fees		1 262 937	1 805 683
Administration fees		28 750	145 675
Actuarial fees		68 043	244 456
Accounting fees		20 125	27 450
Amortisation of intangibles		107 931	236 440
Auditors remuneration		164 500	132 910
-Current year		150 000	120 000
-Prior year under provision		14 500	12 910
Bank charges		1 069	19 524
Communication expenses		91 032	103 797
Computer expenses		249 400	171 955
Courier & postage		52 737	-
Database maintenance		141 065	-
Depreciation		214 666	149 959
- office equipment		3 738	3 495
- motor vehicles		66 533	41 098
- fire control equipment		27 896	13 948
- office equipment		16 298	15 025
- computer equipment		100 201	76 393
Income in excess of expenditure carried forward		31 678 690	19 947 298



Asbestos Relief Trust

Income statement (continued) for the year ended 29 February 2008

	Note	28 February 2008 R	28 February 2007 R
Income in excess of expenditure brought forward		31 678 690	19 947 298
Expenditure		(8 550 304)	(6 554 771)
Expenditure on equipment written off		–	44 567
Finance charges		304	–
Insurance		45 943	41 368
Internal audit fees		61 800	54 727
Interest and penalties on tax		–	5 608
Legal expenses		20 930	21 955
Meeting expenses		33 260	8 110
Office relocation expenses		179 124	–
Membership fees		940	–
Payroll costs		5 213 585	4 367 360
Petty cash expenses		–	49 014
Printing and stationery		48 333	47 625
Professional fees – other		140 522	208 677
Professional fees – trustees		379 098	236 591
Rental and related expenses		866 573	647 662
Repairs and maintenance		46 788	15 250
Retrenchment costs		134 505	–
Sundry expenses		1 012	–
Telephone		137 564	146 605
Training		1 103	17 160
Travel and accommodation		338 020	321 546
Trustees fees		468 000	320 946
Work records scanning project		432 900	–
Income in excess of expenditure before taxation		23 128 386	13 392 527
Taxation	7	–	1 821 352
Income in excess of expenditure for the year		23 128 386	15 213 879



Asbestos Relief Trust

Statement of changes in trust capital and accumulated funds

for the year ended 29 February 2008

	Trust capital R	Accumulated funds R	Total R
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
Income in excess of expenditure for the year		23 128 386	23 128 386
Income in excess of expenditure for the year transferred available for distribution to beneficiaries (Refer note 6)		(23 128 386)	(23 128 386)
Balance at 29 February 2008	300	–	300

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Asbestos Relief Trust

Cash flow statement

for the year ended 29 February 2008

	Note	2008 R	2007 R
Income in excess of expenditure before taxation		23 128 386	13 392 527
Adjustments			
– Amortisation of intangible asset		107 931	236 440
– Depreciation of equipment		214 666	149 959
– Decrease in accounts receivable		132 702	3 944 610
– Increase/(decrease) in accounts payable		755 227	(764 738)
– Increase in approved claims payable		3 427 105	1 006 815
– Loss on disposal of investments		2 244 390	–
– Profit on disposal of equipment		(8 593)	(2 781)
– Net change in fair value of financial assets at fair value through profit or loss		(9 137 162)	–
Cash generated by operations		20 864 652	17 962 832
– Taxation refund	A	1 097 850	1 432 541
Net cash inflow from activities		21 962 502	19 395 373
Cash inflow from investing activities		(52 996 381)	243 549 450
Investment income reinvested		(26 038 487)	(22 564 341)
Contribution received reinvested		(2 546 950)	(14 324 902)
Realisation of investments		18 537 029	39 887 193
Transfer of funds to investments		(104 085 955)	–
Transfers of funds to cash and cash equivalents		61 420 788	240 856 612
Acquisition of intangible asset		(7 367)	(4 829)
Acquisition of equipment		(300 286)	(313 718)
Proceeds on disposal of equipment		24 847	13 435
Cash effect of amounts available to beneficiaries		(31 866 632)	(17 836 712)
Contributions by founders		2 546 950	9 959 052
Claims paid		(33 592 612)	(27 531 229)
Social projects grants		(820 970)	(264 535)
(Decrease)/ increase in cash and cash equivalents for the year		(62 900 511)	245 108 111
Cash and cash equivalents at beginning of year		298 635 077	53 526 966
Cash and cash equivalents at end of year		235 734 566	298 635 077

Notes to the cash flow statement

A Taxation refund

Taxation prepaid at beginning of year	1 097 850	709 039
Tax credit per income statement	–	1 821 352
Taxation prepaid at end of year	–	(1 097 850)
	1 097 850	1 432 541



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008

1. Significant accounting policies

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

The financial statements incorporate the following principal accounting policies which are consistent with those adopted in the previous year.

1.1 Statement of compliance

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP") 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, rounded to the nearest Rand. They are prepared on the historical cost basis, except for financial instruments which are measured at fair value.

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 2009 results were made by management in applying the accounting policies at 29 February 2008.

Financial assets

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

Investments are classified at fair value through profit or loss if they are designated as such upon initial recognition. These assets are managed and evaluated on a fair value basis and changes therein are recognised in profit or loss. Investments that are classified as held to maturity financial instruments 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.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008

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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Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (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 and deferred tax. 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 the employee renders the related service. The accrual for employee benefits represents 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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Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

	<i>Note</i>	2008 R	2007 R
2. Investments			
<i>Taquanta Asset Managers</i>			
Promissory note		–	2 000 000
Cash plus fund investments		–	16 595 206
Domestic equities		14 755 383	35 000 000
Fixed interest investments – inflation linked		13 213 620	–
Total Taquanta investments		27 989 003	53 595 206
<i>Prescient Investment Management</i>			
Domestic equities		85 232 550	–
		113 201 553	53 595 206

	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
3. Equipment				
2008				
Motor vehicles	20,00	332 666	(154 288)	178 378
Computer equipment	33,33	335 244	(233 157)	102 087
Fire control equipment	20,00	139 479	(41 844)	97 635
Office equipment	20,00	18 690	(9 702)	8 988
Office furniture	10,00	353 118	(42 550)	310 568
		1 179 197	(481 541)	697 656

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Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

Notes to the financial statements

for the year ended 29 February 2008 (continued)

3. Equipment (continued)	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
		911 421	(283 131)	682 290
Net book value reconciliation				
	Net value at beginning of year R	Net additions R	Depreciation R	Carrying value at end of year R
2008				
Motor vehicle	244 911	-	(66 533)	178 378
Computer equipment	82 270	120 018#	(100 201)	102 087
Fire control equipment	125 531	-	(27 896)	97 635
Office equipment	12 726	-	(3 738)	8 988
Office furniture	162 852	164 014	(16 298)	310 568
	628 290	284 032	(214 666)	697 656
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
	475 185	303 064	(149 959)	628 290

#Includes disposals of R16 254.

*Includes disposals of R10 654.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

4	Intangible asset	Depreciation rate %	Cost R	Accumulated amortisation R	Carrying amount R
	2008				
	Computer software	50%	482 260	(475 152)	7 108
	2007				
	Computer software	50%	474 893	(367 221)	107 672
	Net book value reconciliation				
		Net value at beginning of year R	Net additions R	Amortisation R	Carrying value at end of year R
	2008				
	Computer Software	107 672	7 367	(107 931)	7 108
	2007				
	Computer software	339 283	4 829	(236 440)	107 672
				2008 R	2007 R
5.	Cash at bank				
	Comprises:				
	Corporate Saver accounts		8 176 701	15 207 415	
	Corporate Saver accounts–Gencor		2 195 816	10 204 036	
	Corporate Saver accounts–Gefco		–	622 428	
	Corporate Saver accounts–Msauli		1 296 182	319 205	
	Corporate Saver accounts–Social Projects		4 108 045	2 730 506	
	Administration expense bank accounts		566 379	1 331 240	
	Petty cash on hand		10 279	–	
	Cash investments		227 557 865	283 427 662	
	Taquanta Asset Managers		101 553 532	283 427 662	
	Prescient Investment Management		44 858 667	–	
	Investec Asset Management		81 145 666	–	
			235 734 566	298 635 077	



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

	Gencor settlement account R	Gefco settlement account R	Msauli settlement account R	Total R
6. Available for distribution to beneficiaries				
Opening balance	343 445 207	–	1 149 532	344 594 739
Contributions received	–	1 643 782	903 168	2 546 950
Recovery of funds assigned for social projects to settle Gefco claims from contributions received	1 573 900	(1 594 388)	20 488	–
Net income in excess of expenditure for the year	22 831 186	–	297 200	23 128 386
Claims paid	(20 280 473)	–	(636 992)	(20 917 465)
Amounts transferred to approved claims payable	(11 703 252)	(49 394)	(922 501)	(12 675 147)
Social project grants – Other	(810 421)	–	(10 549)	(820 970)
Closing balance	335 056 147	–	800 346	335 856 493

	2008 R	2007 R
7. Taxation		
South African normal taxation		
Current year		
Net income in excess of expenditure before taxation	23 128 386	13 392 527
Less: awarded to beneficiaries	(23 128 386)	(13 392 527)
Taxable income	–	–
Tax at rate of 40% of taxable income	–	–
Refunds in respect of prior years	–	1 821 352

In terms of section 25B of the income tax Act, the income in excess of expenditure for the year will be taxed in the hands of the beneficiaries.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

8. Financial risk management

Overview

The trust has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The trustees have overall responsibility for the establishment and oversight of the trust's risk management framework.

The trustees have mandated various assets managers namely, Taquanta Asset Managers, Investec Asset Management and Prescient Investment Management to manage the investment portfolio on its behalf. These asset managers have discretion in managing the portfolio, however they seek to create a balance to provide short term liquidity and long term capital growth through investment in securities across all mature sectors of the economy. They indemnify the trust against any losses, liabilities, costs, charges or expenses caused by the negligence, default, fraud or dishonesty of their representatives.

Market risk

Market risk is the risk that changes in market prices, such as equity prices and interest rates will affect the trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Liquidity risk

Liquidity risk is the risk that the trust will not be able to meet its financial obligations as they fall due. The trust's approach to managing liquidity, through the use of portfolio managers, is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the trust's reputation.

The trust ensures that it has sufficient cash on call to meet expected claims, operating expenses and other financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Credit risk

Credit risk is the risk of financial loss to the trust if a third party to a financial instrument fails to meet its contractual obligations, and arises principally from the trust's receivables from third parties and investment securities.

Price risk

The trust is exposed to price risk due to changes in the market values of its quoted securities that are classified as fair value through profit or loss. Although the portfolio managers follow a policy of diversification some concentration of price risk towards certain sectors does exist and is analysed in the following table:



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

8. Financial risk management (continued)

Price risk (continued)

	2008 R
Investments	
Sector composition of quoted equity securities	
Oil and gas	5 719 928
Basic materials	49 027 358
Industrials	8 267 933
Consumer goods	13 659 893
Health care	303 111
Consumer services	1 589 884
Telecommunication	6 416 420
Technology	991 996
Domestic Equity	65 056
Inflation linked investments	13 213 619
Financials	13 946 355
	113 201 553

The table below summarises the sensitivity of the trust's income for the year as a result of market fluctuations on the assumption that market prices increase or decrease by 1% with all other variables held constant:

	1% increase 2008	1% decrease 2008
Impact on income for the year	1 132 016	(1 132 016)
<i>Interest rate risk</i>		
	2008 R	2007 R
Interest received	25 647 551	7 061 628

Inflation rate risk

The trust is exposed to inflation risk due to changes in the market values of its investments which are inflation linked.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

8. Financial risk management (continued)

Inflation Rate Risk (continued)

	2008 R	2007 R
Inflation linked investments	13 213 620	-

The table below summaries the sensitivity of the trust's income for the year as a result of market fluctuations on the assumption that inflation rate linked investments increase or decrease by 1% with all other variables held constant.

	1% increase 2008	1% decrease 2008
Impact on income for the year	132 136	(132 136)

Liquidity risk

The table below analyses the trust's financial assets into relevant maturity groupings based on their maturity dates:

	Carrying amount R	Less than 1 year R	Between 1 and 5 years R	Over 5 years R
At 29 February 2008				
Money market	183 772 782	183 772 782	-	-
Cash at bank and on call	51 961 784	51 961 784	-	-
	<u>235 734 566</u>	<u>235 734 566</u>	<u>-</u>	<u>-</u>
At 28 February 2007				
Cash at bank and on call	298 635 077	298 635 077	-	-
	<u>298 635 077</u>	<u>298 635 077</u>	<u>-</u>	<u>-</u>

Credit risk

Accounts receivable

The trust's exposure to credit risk is limited as there are minimal trade activities or services rendered to third parties.

	2008 R	2007 R
<i>Accounts receivable fair value:</i>		
Accounts receivable	1 805 252	1 937 954
Taxation prepaid	-	1 097 850
Total receivables	<u>1 805 252</u>	<u>3 035 804</u>



Asbestos Relief Trust

Notes to the financial statements for the year ended 29 February 2008 (continued)

8. Financial risk management (continued)

	Carrying amount 2008 R	Carrying amount 2007 R
Exposure to credit risk		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
Accounts receivable	1 805 252	1 937 954
Cash and cash equivalents	235 734 566	298 635 077
Total exposure to credit risk	237 539 818	300 573 031

Impairment losses

Based on past experience and present assessments the trust believes that no impairment is necessary in respect of accounts receivable.

	Carrying amount 2008 R	Carrying amount 2007 R
Non-derivative financial liabilities		
Approved claims payable	14 017 251	10 590 146
Accounts payable	1 572 091	816 864
Total	15 589 342	11 407 010



Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

8. Financial risk management (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2008		2007	
	Carrying amount R	Fair value R	Carrying amount R	Fair value R
Accounts receivable	1 805 252	1 805 252	1 937 954	1 937 954
Cash and cash equivalents	235 734 566	235 734 566	298 635 077	298 635 077
Investments	113 201 553	113 201 553	53 595 206	53 595 206
Approved claims payable	(14 017 251)	(14 017 251)	(10 590 146)	(10 590 146)
Accounts payable	(1 572 091)	(1 572 091)	(816 864)	(816 864)

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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Asbestos Relief Trust

Notes to the financial statements

for the year ended 29 February 2008 (continued)

10. Standards not yet effective

In terms of South African statement of Generally Accepted Accounting Practice, the trust is required to include in its annual financial statements disclosure about the future impact of Standards and Interpretation issued but not yet effective at the reporting date.

At the date of authorisation of the financial statements of Asbestos Relief Trust for the year ended 29 February 2008, the following Standards and Interpretations were in issue but not yet effective.

	Standard/Interpretation	Effective date
AC 101	<i>Presentation of financial Statements</i>	Annual periods commencing on or after 1 January 2009
AC 114	<i>Borrowing costs</i>	Annual periods commencing on or after 1 January 2009
AC 132	<i>Consolidated and separate financial statements</i>	Annual periods commencing on or after 1 July 2009
AC 125 & AC 101	<i>AC 125 financial instruments: Presentation and AC 101 Presentation of financial statements: Puttable Financial Instruments and Obligations Arising on Liquidation</i>	Annual periods commencing on or after 1 January 2009
AC 139	<i>AC 139 Share-based Payment: Vesting Conditions and Cancellations</i>	Annual periods commencing on or after 1 January 2009
AC 145	<i>Operating Segments</i>	Annual periods commencing on or after 1 January 2009
AC 446	<i>Customer Loyalty Programmes</i>	Annual periods commencing on or after 1 January 2009

All standards and interpretations will be adopted at their effective date, except for those standards and interpretations that are not applicable to the trust.

The trustees have reviewed the above standards and are of the opinion that the majority of the standards and interpretations are not applicable to the trust and will therefore have no impact on the future financial statements.