



Asbestos Relief Trust
(IT. 1734/2003)

Annual Financial Statements
for the year ended 28 February 2009

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Asbestos Relief Trust

Trustees' responsibility for the annual financial statements

for the year ended 28 February 2009

The trustees are responsible for the preparation and fair presentation of the annual financial statements, comprising the balance sheet at 28 February 2009, 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 be not 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 28 February 2009 are set out on pages 4 to 23 were approved by the trustees on 21 July 2009 and are signed on its behalf by –

J de Bruyn (Chairman)

P van Zyl

Trustees



KPMG Inc
KPMG Crescent
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Docex 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 28 February 2009, 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 4 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 28 February 2009, 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
21 July 2009

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 Mokgabudi, 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 28 February 2009

The trustees have pleasure in presenting their report for the year ended 28 February 2009.

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 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 28 February 2009 (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 2009 and the results of its activities for the year ended 28 February 2009.

Trustees during the year and at the date of this report

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

The business and postal address of the trust is:

Eton building, Sherborne Square
5 Sherborne Road
Parktown
2193

PO Box 86
Parklands
2121



Asbestos Relief Trust

Balance sheet

at 28 February 2009

	Note	2009 R	2008 R
Assets			
Non-current assets			
Investments	2	91 220 445	113 201 553
Property and equipment	3	7 500 860	697 656
Intangible asset	4	13 625	7 108
		239 540 238	237 539 818
Current assets			
Trade and other receivables		1 428 725	1 805 252
Cash and cash equivalents	5	238 111 513	235 734 566
		338 275 168	351 446 135
Total assets			
Trust capital			
Contribution made by a founder		300	300
Liabilities			
Non current liabilities			
Available for distribution to beneficiaries	6	322 521 030	335 856 493
Current liabilities			
Approved claims payable	6	13 554 102	14 017 251
Trade and other payables		2 199 736	1 572 091
		338 275 168	351 446 135
Total trust capital and liabilities			



Asbestos Relief Trust

Income statement

for the year ended 28 February 2009

	Note	28 February 2009 R	28 February 2008 R
Income		29 168 915	32 928 827
Interest received		31 360 723	25 647 551
Dividends received		4 125 639	1 702 032
Net (loss)/gain in fair value of financial assets at fair value through profit or loss		(26 356 771)	9 137 162
Profit/(loss) on disposal of investments		21 643 093	(2 244 390)
less: Portfolio fees (including costs)		(1 603 769)	(1 313 528)
Sundry income		2 170 872	2 008 431
Profit on disposal of property and equipment		—	8 593
Recoveries from Kgalagadi Relief Trust and others		2 170 872	1 999 838
Total income		31 339 787	34 937 258
Expenditure		(5 174 474)	(3 637 666)
Claim handlers fee & related expenses		1 733 901	856 313
Medical practitioners fees		1 587 350	1 262 937
Administration fees		20 519	28 750
Actuarial fees		104 585	68 043
Accounting fees		12 605	20 125
Amortisation of intangibles		6 836	107 931
Auditors remuneration		256 500	164 500
– current year		188 100	150 000
– prior year under provision		68 400	14 500
Bank charges		4 531	1 069
Communication expenses		76 255	91 032
Computer expenses		199 432	249 400
Consulting fees – trustees		215 917	379 098
Courier & postage		45 629	52 737
Database maintenance		486 072	141 065
Depreciation		424 342	214 666
– office building		202 809	—
– motor vehicles		74 119	66 533
– computer equipment		64 693	100 201
– fire control equipment		27 896	27 896
– office equipment		13 295	3 738
– office furniture		41 530	16 298
Income in excess of expenditure carried forward		26 165 313	31 299 592



Asbestos Relief Trust

Income statement *(continued)*
for the year ended 28 February 2009

	<i>Note</i>	28 February 2009 R	28 February 2008 R
Income in excess of expenditure carried forward		26 165 313	31 299 592
Expenditure		(7 796 541)	(8 171 206)
Donations		9 983	–
Finance charges		–	304
Insurance		81 838	45 943
Internal audit fees		50 234	61 800
Legal expenses		6 521	20 930
Loss on disposal of property and equipment		319	–
Management fees		86 961	–
Meeting expenses		19 708	33 260
Membership fees		2 070	940
Office relocation expenses		242 668	179 124
Payroll costs		4 635 844	5 213 585
Printing and stationery		67 840	48 333
Professional fees – other		129 433	140 522
Rental and related expenses		899 088	866 573
Repairs and maintenance		9 823	46 788
Retrenchment provision		–	134 505
Subscription fees		932	–
Sundry expenses		2 870	1 012
Telephone		184 044	137 564
Training		51 139	1 103
Travel and accommodation		388 606	338 020
Trustees attendance fees		608 794	468 000
Vat adjustment		253 262	–
Work records scanning project		64 564	432 900
Income in excess of expenditure before taxation		18 368 772	23 128 386
Taxation	7	–	–
Income in excess of expenditure for the year		18 368 772	23 128 386

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Asbestos Relief Trust

Statement of changes in trust capital and accumulated funds

for the year ended 28 February 2009

	Trust capital R	Accumulated funds R	Total R
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
Income in excess of expenditure for the year		18 368 772	18 368 772
Income in excess of expenditure for the year transferred available for distribution to beneficiaries (Refer note 6)		(18 368 772)	(18 368 772)
Balance at 28 February 2009	300	–	300

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Asbestos Relief Trust

Cash flow statement

for the year ended 28 February 2009

	2009 R	2008 R
Income in excess of expenditure before taxation	18 368 772	23 128 386
Adjustments		
– Amortisation of intangible asset	6 836	107 931
– Depreciation of property and equipment	424 342	214 666
– Decrease in trade and other receivables	376 527	132 702
– Increase in trade and other payables	627 645	755 227
– (Decrease)/increase in approved claims payable	(463 149)	3 427 105
– (Profit)/loss on disposal of investments	(21 643 093)	2 224 390
– Loss/(profit) on disposal of property and equipment	319	(8 593)
– Net loss/(gain) in fair value of financial assets at fair value through profit or loss	26 356 771	(9 137 162)
Cash generated by operations	24 054 970	20 864 652
– Taxation refund	–	1 097 850
Net cash inflow from activities	24 054 970	21 962 502
Cash inflow/(outflow) from investing activities	10 026 212	(52 996 381)
Investment income reinvested	(33 882 593)	(26 038 487)
Other movements in investments	51 150 023	(26 675 088)
Acquisition of intangible asset	(13 353)	(7 367)
Acquisition of property and equipment	(7 260 942)	(300 286)
Proceeds on disposal of equipment	33 077	24 847
Cash effect of amounts available to beneficiaries	(31 704 235)	(31 866 632)
Contributions by founders	–	2 546 950
Claims paid	(30 359 874)	(33 592 612)
Social projects grants	(1 344 361)	(820 970)
Increase/(decrease) in cash and cash equivalents for the year	2 376 947	(62 900 511)
Cash and cash equivalents at beginning of year	235 734 566	298 635 077
Cash and cash equivalents at end of year	238 111 513	235 734 566

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Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009

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 judgements, estimates and assumptions that affect the application of accounting policies and the 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 SA GAAP that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year have been considered. No estimates or judgements which would have a significant effect on the 2010 results were made by management in applying the accounting policies at 28 February 2009.

1.3 Financial instruments

Financial assets

The principal financial assets are investments, trade and other receivables and cash and cash equivalents.

Held-to maturity investments

If the Trust has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses.

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Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

1. Significant accounting policies (continued)

1.3 Financial instruments (continued)

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the trust manages such investments and makes purchase and sale decisions based on their fair value in accordance with the trust's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Trade and other receivables

Trade and other receivables are stated at their nominal value and reduced by an appropriate impairment for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts, all of which are available for use by the trust unless otherwise stated. Bank overdrafts that are repayable on demand and form an integral part of trust cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities

Comprise available for distribution to beneficiaries, approved claims payable and trade and other payables.

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 cost.

Approved claims payable and trade and other payables are stated at cost.

1.4 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The trust recognises in the carrying amount of an item of plant and equipment the cost of replacement of part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the trust and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

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Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

1. Significant accounting policies (continued)

1.4 Property and equipment (continued)

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. Depreciation is not provided on land.

The following depreciation rates are used –

Office buildings	5%
Motor vehicles	20%
Computer equipment	33,33%
Office and fire control equipment	20%
Office furniture	10%

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised in profit or loss.

1.5 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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1.6 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.

1.7 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.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

1. Significant accounting policies (continued)

1.8 Provisions

A provision is recognised if, as a result of a past event, the trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.9 Financial income

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

1.10 Dividends income

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

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Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

	2009 R	2008 R
2. Investments		
<i>Taquanta Asset Managers</i>		
Preference shares	771 888	–
Domestic equities	7 860 626	14 755 31
Fixed interest investments – inflation linked	15 236	13 213 6
Total Taquanta investments	<u>23 869</u>	<u>27 989 00</u>
<i>Prescient Investment Management</i>		
Domestic equities	67 351	85 232 5
	<u>91 220</u>	<u>113 201 55</u>

3. Property and equipment	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
2009				
Office buildings	5,00	7 057 861	(202 809)	6 855 052
Motor vehicles	20,00	351 245	(228 407)	122 838
Computer equipment	33,33	377 604	(284 490)	93 114
Fire control equipment	20,00	139 479	(69 740)	69 739
Office equipment	20,00	96 741	(22 997)	73 744
Office furniture	10,00	355 492	(69 119)	286 373
		<u>8 378 422</u>	<u>(877 562)</u>	<u>7 500 860</u>

Property represents section 1 on Sherborne Square situated at Parktown, City of Johannesburg in terms of a Sectional Plan to the extent of 479 metres square.

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
		<u>1 179 197</u>	<u>(481 541)</u>	<u>697 656</u>



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

3. Property and equipment (continued)

Net book value reconciliation	Net value at beginning of year R	Net Additions R	Depreciation R	Carrying value at end of year R
2009				
Office buildings	–	7 057 861	(202 809)	6 855 052
Motor vehicles	178 378	18 579	(74 119)	122 838
Computer equipment	102 087	55 720	(64 693)	93 114
Fire control equipment	97 635	–	(27 896)	69 739
Office equipment	8 988	78 051	(13 295)	73 744
Office furniture	310 568	17 335*	(41 530)	286 373
	697 656	7 227 546	(424 342)	7 500 860
2008				
Motor vehicles	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

*Includes disposals of R33 396.

Includes disposals of R16 254.

	Depreciation rate %	Cost R	Accumulated amortisation R	Carrying amount R
4 Intangible asset				
2009				
Computer software	50%	495 613	(481 988)	13 625
2008				
Computer software	50%	482 260	(475 152)	7 108



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

4. Intangible asset (continued)

Net book value reconciliation	Net value at beginning of year R	Net Additions R	Amortisation R	Carrying value at end of year R
2009				
Computer Software	7 108	13 353	(6 836)	13 625
2008				
Computer software	107 672	7 367	(107 931)	7 108
			2009 R	2008 R

5. Cash and cash equivalents

Comprises:

Corporate Saver accounts

Corporate Saver accounts–Gencor	9 849 604	8 176 701
Corporate Saver accounts–Msauli	4 086 991	2 195 816
Corporate Saver accounts–Social Projects	1 130 379	1 296 182
Administration expense bank accounts	3 591 606	4 108 045
Petty cash on hand	1 039 636	566 379
	992	10 279

Cash investments

Taquanta Asset Managers	228 261 909	227 557 865
Prescient Investment Management	117 458 343	101 553 532
Investec Asset Management	72 329 309	44 858 667
	38 474 257	81 145 666

238 111 513	235 734 566
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Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

6. Available for distribution to beneficiaries

2009	Gencor settlement account R	Gefco settlement account R	Msauli settlement account R	Total R
Opening balance	335 056 147	–	800 346	335 856 493
Recovery of funds assigned for social projects to settle Gefco claims from contributions received	(5 873)	5 949	(76)	–
Net income in excess of expenditure for the period	18 132 744	–	236 028	18 368 772
Claims (paid)/refunded	(17 901 973)	470 002	626 199	(16 805 772)
Amounts transferred to approved claims payable	(12 449 534)	(475 951)	(628 617)	(13 554 102)
Social project grants – other	(1 327 087)	–	(17 274)	(1 344 361)
Closing balance	321 504 424	–	1 016 606	322 521 030
<hr/>				
2008				
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 period	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

	2009 R	2008 R
7. Taxation		
South African normal taxation		
Net income in excess of expenditure before taxation	18 368 772	23 128 386
Less: awarded to beneficiaries	(18 368 772)	(23 128 386)
Taxable income	–	–

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 28 February 2009 (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 its 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.



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

8. Financial risk management (continued)

Price risk (continued)

	2009 R	2008 R
8.1 Analysis of price risk		
Investments		
Sector composition of quoted equity securities		
Oil and gas	5 376 168	5 719 928
Basic materials	33 302 747	49 027 358
Industrials	2 984 142	8 267 933
Consumer goods	9 076 333	13 659 893
Health care	–	303 111
Consumer services	3 170 789	1 589 884
Telecommunication	6 160 238	6 416 420
Technology	503 225	991 996
Domestic equity	116 807	65 056
Preference shares	771 888	–
Inflation linked investments	15 236 877	13 213 619
Financials	14 521 231	13 946 355
	<u>91 220 445</u>	<u>113 201 553</u>

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:

	2009 1% increase	2009 1% decrease
Impact on income for the year	912 204	(912 204)

8.2 Inflation rate risk

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

	R 2009	R 2008
Inflation linked investments	15 236 877	13 213 620

The table below summarises 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 2009	1% decrease 2009
Impact on income for the year	152 368	(152 368)



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

8. Financial risk management (continued)

8.3 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 28 February 2009				
Money market	190 401 554	190 401 554	–	–
Cash at bank and on call	47 709 959	47 709 959	–	–
	238 111 513	238 111 513	–	–
At 29 February 2008				
Money market	183 772 782	183 772 782	–	–
Cash at bank and on call	51 961 784	51 961 784	–	–
	235 734 566	235 734 566	–	–

8.4 Credit risk

Trade and other receivables

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

	2009 R	2008 R
<i>Trade and other receivables fair value :</i>		
Trade and other receivables	1 428 725	1 805 252
Total receivables	1 428 725	1 805 252



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

8. Financial risk management (continued)

8.4 Credit risk (continued)	Carrying amount 2009 R	Carrying amount 2008 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:		
Trade and other receivables	1 428 725	1 805 252
Cash and cash equivalents	<u>238 111 513</u>	<u>235 734 566</u>
Total exposure to credit risk	<u>239 540 238</u>	<u>237 539 818</u>

Impairment losses

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

	Carrying amount 2009 R	Carrying amount 2008 R
Non-derivative financial liabilities		
Approved claims payable	13 554 102	14 017 251
Trade and other payables	<u>2 199 736</u>	<u>1 572 091</u>
Total	<u>15 753 838</u>	<u>15 589 342</u>

8.5 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:

	2009		2008	
	Carrying amount R	Fair value R	Carrying amount R	Fair value R
Trade and other receivables	1 428 725	1 428 725	1 805 252	1 805 252
Cash and cash equivalents	238 111 513	238 111 513	235 734 566	235 734 566
Investments	91 220 445	91 220 445	113 201 553	113 201 553
Approved claims payable	(13 554 102)	(13 554 102)	(14 017 251)	(14 017 251)
Trade and other payables	<u>(2 199 736)</u>	<u>(2 199 736)</u>	<u>(1 572 091)</u>	<u>(1 572 091)</u>



Asbestos Relief Trust

Notes to the financial statements

for the year ended 28 February 2009 (continued)

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.

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 28 February 2009, 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 142	<i>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</i>	Annual periods commencing on or after 1 July 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.