



Asbestos Relief Trust

Financial Statements

for the period 17 March 2003 (date of registration) to 30 June 2004



Asbestos Relief Trust
(IT. 1734/2003)


Financial Statements

for the period 17 March 2003 (date of registration) to 30 June 2004


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Trustees' approval of the financial statements

The financial statements for the for the period 17 March 2003 (date of registration) to 30 June 2004 are set out on pages 3 to 11 were approved by the trustees on 29 September 2004 and are signed on its behalf by –



J Doidge (Chairman)



J De Bruyn

} Trustees



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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 11 for the period 17 March 2003 (date of registration) to 30 June 2004. These financial statements are the responsibility of the trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the trust at 30 June 2004 and the results of its operations and cash flows for the period 17 March 2003 (date of registration) to 30 June 2004 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 Accountants and Auditors
Chartered Accountants (SA)

Norman

Per N Keshav
Director
29 September 2004



Asbestos Relief Trust

Trustees' report

for the period 17 March 2003 (date of registration) to 30 June 2004

The trustees have pleasure in presenting their report for the period 17 March 2003 (date of registration) to 30 June 2004.

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 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 during the period 1965 to 1988 inclusive. 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 whom 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 whom 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 whom 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 decease 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 period 17 March 2003 (date of registration) to 30 June 2004 (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 30 June 2004 and the results of its activities for the period 17 March 2003 (date of registration) to 30 June 2004.

Trustees

J Doidge (Chairman)
J de Bruyn
Dr S Kisting
C Moni
P van Zyl

Administrators

Maitland Trust Limited
1st Floor,
1 Protea Place
Sandown
2196

KPMG Inc.



Asbestos Relief Trust

Balance sheet

at 30 June 2004

	<i>Note</i>	2004 R
Assets		
Non-current assets		
Investments	2	342 804 408
Equipment	3	46 938
Current assets		
Accounts receivable		68 618 052
Cash at bank	4	7 955 602
		60 662 450
Total assets		411 469 398
 Trust capital, funds and liabilities		
Trust capital		
Contribution made by a founder		300
Funds		
Accumulated funds		-
Non current liabilities		
Available for distribution to beneficiaries	5	396 159 689
Current liabilities		
Approved claims payable	5	15 309 409
Accounts payable		229 491
Taxation payable		711 796
		14 368 122
Total trust capital, funds and liabilities		411 469 398

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Asbestos Relief Trust

Income statement

for the period 17 March 2003 (date of registration) to 30 June 2004

	Note	2004 R
Income		42 445 259
Interest received		35 088 555
Dividends received		8 142 158
less: Portfolio fees		(785 454)
Expenditure		(2 235 654)
Fees paid		709 246
– claim handlers		532 000
– medical practitioners		177 246
Accounting fees		127 605
Actuarial fees		179 265
Advertising and promotions		14 018
Administration fees		428 119
Auditors remuneration		45 600
Bank charges		5 598
Computer expenses		12 335
Depreciation of computer equipment		2 506
Legal expenses		9 776
Meals and refreshments		8 475
Medical equipment cost expensed		43 389
Printing and stationery		28 951
Professional fees for setting up systems and procedures		218 052
Rental expenses		8 556
Repairs and maintenance		3 114
Research expenses		15 732
Travel and accommodation		175 317
Trustees fees		200 000
Net income in excess of expenditure before taxation		40 209 605
Taxation	6	(14 368 122)
Net income in excess of expenditure for the period		25 841 483

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Asbestos Relief Trust

Statement of changes in trust capital and accumulated funds

for the period 17 March 2003 (date of registration) to 30 June 2004

2004	Trust capital R	Accumulated funds R	Total R
Founders contribution of trust capital	300		300
Net income in excess of expenditure for the period		25 841 483	25 841 483
Net income in excess of expenditure for the period transferred available for distribution to beneficiaries (Refer note 5)		(25 841 483)	(25 841 483)
At end of year	300	—	300

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Asbestos Relief Trust

Cash flow statement

for the period 17 March 2003 (date of registration) to 30 June 2004

	2004 R
Net income in excess of expenditure before taxation	40 209 605
Adjustment	
– Depreciation of computer equipment	2 506
– Increase in accounts receivable	(7 955 602)
– Increase in accounts payable	711 796
– Increase in approved claims payable	229 491
– Taxation paid	–
Net cash inflow from activities	33 197 796
Cash outflows from investing activities	(342 853 852)
Acquisitions of investments	(342 804 408)
Acquisition of computer equipment	(49 444)
Cash effect of amounts available to beneficiaries	370 318 506
Contribution by founder to trust capital	300
Contributions by founders	380 951 053
Claims paid	(10 632 847)
Cash and cash equivalents at end of period	60 662 450

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Asbestos Relief Trust

Notes to the financial statements

for the period 17 March 2003 (date of registration) to 30 June 2004

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 bank and cash.

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 fair 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 up normal value.

1.3 Equipment

Computer equipment is stated at cost less accumulated depreciation and impairment losses.

1.4 Interest income

Interest income is recognised as a time apportioned basis.

1.5 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 period 17 March 2003 (date of registration) to 30 June 2004 (continued)

		2004 R	
2. Investments			
Portfolio analysis			
		Number of instruments held	Carrying value
PRF001	Nedbank Preference shares*	125 000	125 000 000
PRF002	Investec Preference shares*	75 000	75 000 000
PRF003	ABSA Preference shares*	100 000	100 000 000
STB0043	STB 310804	16 000 000	15 000 779
STB0082	Nedbank STB 300904	19 000 000	17 972 450
PNY124	Rand Merchant Bank promissory note	5 000 000	5 000 659
CPB0014	Eskom Commercial Paper Bill CPB 171104	5 000 000	4 830 520
			342 804 408

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

2004	Depreciation	Cost R	Accumulated depreciation R	Carrying amount R
	rate %			
Computer equipment	33,33	49 444	2 506	46 938

All assets were acquired in the current period and there were no disposals during this period.

4. Cash at bank

Comprises:

Probanker account – Gencor	8 751 766
Probanker account – Gefco	133 117
Probanker account – Msauli	138 017
Administration expense bank accounts	104 907
Call balance – Nedbank Limited	25 534 643
Call balance – Nedbank Financial Products – QNED1	5 000 000
Cash balance – Nedbank Financial Products – TRSA01	14 000 000
Fixed deposit – Bank of Taiwan	7 000 000
	60 662 450



Asbestos Relief Trust

Notes to the financial statements

for the period 17 March 2003 (date of registration) to 30 June 2004 (continued)

5. Obligation to beneficiaries

	Gencor settlement account R	Gefco settlement account R	Msauli settlement account R	Total R
Contributions received	366 505 000	9 777 368	4 898 176	381 180 544
Contributions to cost account	11 734 253	512 154	256 077	12 502 484
Amounts transferred to Ntuli Noble and Spoor Inc.	(11 734 253)	(512 154)	(256 077)	(12 502 484)
Net income in excess of expenditure for the period	24 865 410	650 472	325 601	25 841 483
Claims paid	(10 038 170)	(443 213)	(151 464)	(10 632 847)
Amounts transferred to approved claims payable	(229 491)	-	-	(229 491)
Closing balance	381 102 749	9 984 627	5 072 313	396 159 689

2004
R

6. Taxation

Net income in excess of expenditure before taxation	40 209 605
Less: awarded to beneficiaries	(2 742 288)
Income retained	37 467 317
Less: portion of dividend exempt	(1 547 010)
Taxable income	35 920 307
Taxation at rate of 40% of taxable income	14 368 122

7. Investments risk management

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 only required to invest 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.

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