

THE MAIZE TRUST

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TWELFTH ANNUAL GENERAL MEETING OF THE MAIZE TRUST

ADDRESS BY THE CHAIRPERSON OF THE BOARD OF TRUSTEES MR. J.F. (JANNIE) DE VILLIERS

Ladies and Gentlemen, it is an honour for me to welcome you to the 12th Annual General Meeting of the Maize Trust.

Initiatives Finalised

In the past financial year of the Trust quite a few interesting initiatives were completed.

The largest and most exciting is most probably the completion of the Grain Building, where we are meeting today. Initial excavations commenced at the end of 2008 and the first tenants started to occupy the building on 31 March 2010. Currently the entire building is occupied with a total of nine contractual tenants. Some initial teething problems were experienced, but most of these have been successfully resolved. The building was officially opened on 13 August 2010 with good attendance by many industry representatives and other interested parties. The press statement in respect of the opening function was provided to you. As is customary for the Trust, the function was based on a challenge regarding food security and helping those in need.

The second initiative that deserves mention is the drive towards a common and focused goal for mycotoxin research. The ground work relating to this initiative was completed earlier this year and a selected Peer Review Panel, under the leadership of Prof. Piet Steyn, considered a large number of concept proposals on mycotoxin research. The Panel provided its recommendations to the applicants and the successful ones are now to submit comprehensive applications for consideration by the industry committees and the Trust. These are expected by 15 September and the final consideration process will be completed in November 2010. We firmly believe that this initiative will produce better collaboration between researchers, with a coordinated and focused outcome.

TRUSTEES: Mr. J.K. Peele (Chairperson) , Mr. J.F. de Villiers (Vice-Chairperson) ,
 Mr. C.K. Ferreira, Mr. J.D.M. Minnaar, Mr. W.M. Ngxekana, Ms. L. Thahane.

ADMINISTRATORS: L & L Agricultural Services

The Grain Farmer Development Association also seems to have resolved its initial problems. It is hoped that this Association will be fully operational before the end of 2010. The Trust made an amount of R150 000 available for a consultant to assist GFADA in developing the necessary modus operandi and also to assist with the phasing out of the Trust's Pilot Project for assisting black emerging maize farmers. The Pilot Project was launched in 2007 and has proven to be successful in the development of emerging farmers. GFADA should be able to expand on these successes and, as a founding member of the Association, the Trust will be part of the operations thereof.

The Pap Idols marketing campaign ended on 31 July 2009 and it was decided not to launch a new marketing campaign for the time being. This decision was guided by economic principles, the current conditions prevailing in the industry and the status of the financial markets.

Bursary Scheme

It still remains a problem to find suitable positions for all the Trust's bursary students within agriculture. Fortunately some industry role-players have started exciting new programmes in an effort to accommodate the students, but unfortunately these programmes only assist for short periods of time and do not provide long-term employment opportunities for the students. A number of MSc and PhD bursary students of the Trust will again be completing their studies at the end of 2010. Please assist us in getting suitable positions for these students. The details of the students will be circulated to all industry role-players once their studies are completed and could also be obtained from the Trust's Administrators. Please help the industry to maintain these qualified students which the Trust has sponsored over the years.

Market Conditions

The Trust, like the rest of us, experienced the effect of the worldwide economic crunch. This led to the Trust once again having to scale down on the number of projects that it could fund. Communications to this effect were sent to all the beneficiaries of the Trust. The Trustees, however, still endeavour to minimize the negative impact of the markets. Funding is maintained where in any way possible, especially in the case of projects that are deemed vitally important for the industry.

Interesting Statistics

Let us look at some interesting statistics in respect of the Trust's past financial year:

In 2008 the Trust paid an amount of R41.7 million to beneficiaries, which increased to R60.7 million in 2009 and reverted back to R41 million in 2010. An additional amount of R20.3 million was also approved by the Trustees during 2010 for payment to beneficiaries.

The total donations of R319 million from the Maize Board to the Trust currently relates to an asset value of R789.9 million. If one adds to this the total funding and operational expenses of the Trust over the past twelve years, an amount of R482 million, it means that the Trust has managed a total of R1.274 billion in funds during its existence.

The total amount of operational expenses over the Trust's existence was R42 million, which includes all the investment costs of the Trust and not only the management thereof. The total funding granted over the twelve years was R442 million, of which R207.8 million went towards research activities and R81.6 million was paid on development and transformation projects. The balance of the funding was spent on projects relating to the collection and dissemination of market information, generic marketing and industry activities, as well as the transfer of technology.

A total number of 159 beneficiaries received funding from the Trust over the twelve year period and most of these received funding for at least five consecutive years.

Monitoring Measures

The Trust continues to monitor the performance of beneficiaries through appropriate progress reports and physical visits where deemed appropriate.

This system of monitoring has proved successful and resulted in savings on projects that were funded or even the recovery of funding from beneficiaries. The amounts involved are stipulated in the Trust's annual financial statements. These measures do have an effect on the expenses of the Trust, but are deemed necessary in order to protect the Trust's assets and to ensure that the funding is properly used by beneficiaries. These measures will therefore remain in place, as it is a fiduciary duty and responsibility of the Trustees to ensure the proper utilisation of funding.

Board of Trustees

During the past financial year the Trustees remained unchanged since the previous year and they are listed in the Financial Statements of the Trust. The Trustees decided to elect me as Chairperson for the following year and Mr. Karabo Peele is to serve as Vice-Chairperson in that period.

All the Trustees representing industry were again nominated by their respective constituents during 2009, but so far no nominations have been received from the Minister of Agriculture, Forestry and Fisheries for replacement Trustees in respect of the ministerial representatives.

Investment Performance

Although the financial markets are very volatile from time to time, the Trust's investments are still delivering outstanding returns. In this regard I particularly wish to thank the Trust's Investment Adviser, Mr. James Downie, as well as the Asset Managers of the Trust for the excellent returns that are being achieved. The Trust presently makes use of the services of three Asset Managers, namely Allan Gray, Prescient and Ford Asset Managers.

As can be seen from the Trust's current Financial Statements (for the period ended 30 June 2010), the net growth significantly exceeds the donations of capital that were made by the Maize Board over time.

