

THE MAIZE TRUST

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2 September 2011

THIRTEENTH 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 13th Annual General Meeting of the Maize Trust.

New Initiatives

The Maize Trust always endeavours to identify and implement new initiatives. Several successful initiatives were launched by the Trust since its inception, which have benefitted the maize industry and often also the other grain industries.

One of these initiatives that is proving very successful is the drive towards a common and focused goal for mycotoxin research, which will at the same time ensure better collaboration between researchers and research institutions. The ground work relating to this initiative was completed in 2010 and the first project proposals were considered in that year. This is the second year that a process of peer review is being followed.

A selected Peer Review Panel, under the leadership of Prof. Piet Steyn, considers concept proposals on mycotoxin research. This year a total of 16 proposals were submitted to the Trust. An average of 5 reviews was received per proposal, of which at least one was from an international reviewer. This means that no less than 80 peer reviews were received, which had to be considered and evaluated by the Panel. These evaluations are used to request comprehensive proposals from researchers on the projects that are deemed to have merit. The final proposals have to reach the Trust by 6 September 2011. Recommendations relating to these final proposals will then be made to the relevant industry committees and the Trust for funding purposes.

As part of this initiative, discussions are being held with the Department of Science and Technology for the development of a Public-Private-Partnership to possibly co-fund mycotoxin research projects in future.

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

ADMINISTRATORS: L & L Agricultural Services

A similar initiative has now been started in respect of projects funded for conservation agriculture. The coordinator appointed for this purpose is Dr. Sybrand Engelbrecht. He is in the process of developing a strategy and business plan for such projects, which should be implemented during the next season. A process of review will also then commence, based on the same principles as that applying to mycotoxin research.

Bursary Scheme

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 to retain these qualified students for the industry.

In 2010 the Trust implemented a system of internships and four students have made use thereof until they can get employment opportunities. Should you be interested in such internships or if you have any other ideas to accommodate the bursary students, please contact our administrators.

Market Conditions

The Trust, like the rest of us, experiences the effect of the worldwide economic crunch and has to scale down on funding and expenses. Communications to this effect are continuously sent to all the beneficiaries of the Trust. The Trustees consistently endeavour to minimize the negative impact of the markets and are trying to maintain the level of funding as far as possible, especially in the case of projects that are deemed vitally important to the industry.

Interesting Statistics

In 2010 the Trust paid an amount of R41 million to beneficiaries, which increased to R48,94 million in 2011. The policy of the Trust is to maintain expenditure under a level of 6% of its total investment value in an effort to remain ever-green. An additional amount of R34,22 million was also approved by the Trustees during 2011 for payment to beneficiaries in the ensuing year.

The total donations of R319 million from the Maize Board to the Trust currently relates to an asset value of R831,85 million. If one adds to this the total funding and operational expenses of the Trust over the past twelve years (an amount of R533 million), it means that the Trust has managed a total of R1,325 billion in funds during its existence.

Over the Trust's existence an amount of only R44 million was spent on operational costs. This includes all the investment costs of the Trust and the management thereof.

Transformation assistance over the thirteen years exceeds 20% of the total funding granted, and nearly 50% of the funding went towards research activities and 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.

Monitoring Measures

The Trust continues to monitor the performance of beneficiaries through appropriate progress reports and physical visits where deemed appropriate. In some instances monitoring is done by means of regular visits and interaction through the coordinators appointed by the Trust.

Board of Trustees

During the past financial year there were some developments concerning the Trustees of the Trust, which resulted in a few changes.

The Minister of Agriculture, Forestry and Fisheries nominated two new Trustees in the place of Ms. Lerato Thahane and Mr. Welcome Ngxekana. These Trustees are Ms. Penny Daly and Dr. Toto Hewu. Mr. Karabo Peele was re-nominated by the Minister and continues to serve as a Trustee.

As is commonly known, I have resigned at the Chamber of Milling and became the Chief Executive Officer of Grain SA at the beginning of 2011. For this reason I had to resign as Trustee representing the processors of maize. Grain SA, however, immediately nominated me as a Trustee representing the producers of white maize in the place of Mr. Danie Minnaar who has resigned. I therefore continue to serve as a Trustee of the Trust, but in a different representative capacity.

The processors of maize have made nominations to replace me as their Trustee. More than one nomination was made and this was referred to arbitration, as is stipulated in the Trust Deed. The outcome of the arbitration is that Dr. John Purchase is to be appointed as the new Trustee to represent maize processors. His appointment is currently pending the issuing of a Letter of Authority by the Master of the High Court.

Investment Performance

Although the financial markets are still very volatile, the Trust's investments are delivering reasonable 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 returns that are achieved. The Trust still makes use of the services of the same three asset managers as in the previous year, namely Allan Gray, Prescient and Foord Asset Managers.

As can be seen from the Trust's Financial Statements the net growth significantly exceeds the donations of capital that were made by the Maize Board over time.

The important figures for the Trust can be summarised as follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Asset value	691 655 024	789 892 784	824 378 892
Income derived	126 917 817	72 098 023	53 157 324
Actual Funding Paid	60 709 240	40 987 359	48 944 057
Operational expenses*	2 346 776	2 122 003	2 169 080

