

THE MAIZE TRUST

Reg no. IT8214/98

c/o L&L Agricultural Services

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31 August 2012

14TH ANNUAL GENERAL MEETING OF THE MAIZE TRUST

ADDRESS BY THE CHAIRPERSON OF THE BOARD OF TRUSTEES MR. J.K. (KARABO) PEELE

Ladies and Gentlemen, it is an honour for me to welcome you to the 14th Annual General Meeting of the Maize Trust.

New Initiatives

The Maize Trust always endeavours to identify and implement new initiatives. There are several successful initiatives that have been launched by the Trust since its inception, which have all benefitted the maize industry and often also created opportunities and benefits for the other grains and oilseeds industries.

To name but a few of these initiatives that were either initiated by the Maize Trust itself or where the Trust has played an important part in the funding thereof:

1. The development of a model to predict the effect of changes in the agricultural industry (BFAP)
2. The development of a crop estimates model (DAFF/SiQ (Pty) Ltd)
3. A generic marketing campaign for maize ("Pap Idols")
4. South Africa's participation in the WTO dispute on trade subsidies
5. The launch of a pilot project to assist black emerging farmers and the formation of the Grain Farmer Development Association (GFADA)
6. The allocation and distribution of maize meal to the value of R1 million to help the poor
7. The application on behalf of all the agricultural trusts to get clarity on the tax exemption status of the trusts
8. The development and erection of the Grain Building in Pretoria
9. The development of a common and focused mycotoxin research strategy and a dedicated panel of mycotoxin experts
10. The development of a Public-Private-Partnership to possibly co-fund the approved mycotoxin research projects in future.
11. The development of a conservation agriculture strategy for maize and the appointment of a specific official to drive this process

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TRUSTEES: Mr. J.K. Peele (Chairperson), Mr. J.F. de Villiers (Vice-Chairperson),
Ms. K.P.N. Daly, Mr. C.K. Ferreira, Dr. T.J. Hewu, Dr. J.L. Purchase.
ADMINISTRATORS: L&L Agricultural Services.

Most of these initiatives have grown from strength to strength. However, the Trust is still constantly trying to identify new ventures that could further benefit the South African maize industry.

Bursary Scheme

No less than seven MSc and PhD bursary students of the Trust will be completing their studies at the end of 2012. 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 could 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, experienced the effect of the worldwide economic crunch and had to scale down on funding and expenses. Communications to this effect were continuously sent to all the beneficiaries of the Trust.

It is therefore indeed a pleasure for me to announce that the Trustees finally in 2012 succeeded in getting its funding expenses within the set target of the Trust. The policy of the Trust is to maintain expenditure under a level of 6% of its total asset value in an effort to remain ever-green. More detail on this will be provided later on during this meeting.

Interesting Statistics

In 2011 the Trust paid an amount of R48,94 million to beneficiaries, which increased to R50,12 million in 2012. An additional amount of R63,95 million was also approved by the Trustees during 2011/2012 for payment to beneficiaries later this year.

The total donations of R319,24 million from the Maize Board to the Trust currently relates to an asset value of R882,49 million. Over the Trust's existence an amount of only R46,45 million was spent on operational costs. This includes all the investment costs of the Trust and the management costs related thereto.

Transformation assistance over the thirteen years exceeds an average of 20% of the total funding and in this particular financial year more than 32% of funding was allocated to transformation projects.

A concern, however, is the decline that is being experienced in research funding, which has to be addressed in order to maintain the competitiveness of the South African maize industry internationally. The balance of the Trust's funding was *inter alia* spent on projects relating to the collection and dissemination of market information, other industry activities and 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 coordinators appointed by the Trust.

Board of Trustees

During the past financial year there were some new appointments as Trustees of the Trust and the current composition of the Board of Trustees is as follows:

Karabo Peele	Ministerial representative
Toto Hewu	Ministerial representative
Penny Daly	Ministerial representative
Jannie de Villiers	White maize producer representative
Neels Ferreira	Yellow maize producer representative
John Purchase	Maize processor representative

Investment Performance

Although the financial markets are still 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 before, namely Allan Gray, Prescient and Foord Asset Managers.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Asset value	789 892 784	824 378 892	882 490 854
Income derived	72 098 023	53 157 324	70 426 394
Actual Funding Paid	40 987 359	48 944 057	50 117 063
Operational expenses*	2 122 003	2 169 080	2 447 325

** The operational expenses of the Trust constitute less than 3% of the Trust's income for the 2012 financial year and is less than 0,3% of the total asset value of the Trust.*

Since the inception of the Trust it has always received an unqualified audit report, which proves the efficient operations and management of the affairs of the Trust by all concerned.

Appreciation

I wish to thank everybody who has contributed to make this year a success, in particular the members of the different Industry committees, the members of the Maize Forum and the coordinators and reviewers that have assisted in the evaluation of project proposals.

