

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF



**WILL BE HELD ON TUESDAY, 6 JUNE 2006 AT 10H00 AT THE TRAINING CENTRE,
I & J SOUTHARM, WATERFRONT.**

AGENDA

1. To read the Notice convening the Annual General Meeting
2. To confirm and sign the Minutes of the Annual General Meeting held on Friday, 20 May 2005
3. To receive and adopt the Chairperson's Report and the abridged, audited Annual Financial Statements for the year ended 31 December 2005
4. To appoint the Auditors for the ensuing year
5. Election of one member-elected Trustee
 - i. Nominations must be returned to the Principal Officer seven (7) days prior to the Annual General Meeting; cut-off date: 30 May 2006
 - ii. Announcement of nominations received for the member-elected Trustee
 - iii. Voting for the member-elected Trustee
6. General
 - i. All matters pertaining to the Scheme must be submitted in writing seven (7) days prior to the Annual General Meeting
 - ii. Cut-off date: 30 May 2006
7. Close

By order of the Board

ALIDA SPRAGUE (MRS)
PRINCIPAL OFFICER

CAPE TOWN
MAY 2006

ANNUAL REPORT OF THE BOARD OF TRUSTEES

As Chairperson of the Board of Trustees, I have pleasure in presenting the Board's Report for the year ended 31 December 2005.

MANAGEMENT

Board of Trustees in office during the year under review:

Employer Trustees

Mrs V Simpson-Murray (Resigned 31/12/2005)
Mr H De Beer
Mr D Ocks
Mr D Elias
Ms M Nieuwoudt (Resigned 14/06/2005)

Member Trustee

Mr G Christie
Mr P Adonis
Mr K Adams
Mr A Moss

Principal Officer

Alida Sprague

Registered business address and postal address

1 Southarm Road PO Box 2416
Table Bay Harbour Cape Town
Cape Town 8000
8001

Physical address of Scheme's Administrator

Town Square
61 St George's Mall
Cape Town
8001

MINUTES OF THE 2005 ANNUAL GENERAL MEETING

A full set of the Minutes of the Annual General Meeting of Fishing Industry Medical Scheme, held on 20 May 2005, is available on request.

INVESTMENT POLICY OF THE SCHEME

The Board of Trustees has continued to invest funds in line with the requirements of the Medical Schemes Act 131 of 1998. There has been no change in the policy during the 2005 benefit year.

REVIEW OF THE YEAR'S ACTIVITIES

Operational activities

	2005	2004
Number of members at end of the financial year	1 360	1 359
Average claims incurred per member per month	R138.15	R116.61
Beneficiaries per member at 31 December	2.56	2.56
Average administration costs per member per month	R56.39	R52.27
Accumulated funds ratio	99.95%	91.69%

INDUSTRY DEVELOPMENTS

The Scheme has received further exemption from the Council for Medical Schemes for Prescribed Minimum Benefits (PMBs) until 31 December 2006.

The Government's proposed Risk Equalisation Fund (REF) is still in testing and review stage, and is now likely to be implemented from January 2008. REF forms an essential part of the proposed introduction of a national Social Health System, which is intended to make healthcare benefits more accessible and affordable to as many employed South Africans as possible. Despite the Scheme's exemption from the Council for Medical Schemes for PMBs until 31 December 2006, the Scheme is submitting the required REF data submissions to the Council.

The Council for Medical Schemes has issued a circular setting out certain changes to the benefit and contribution structures of medical schemes. These changes are expected to come into effect from January 2008 and the Scheme will review the implications of these changes for the Scheme with the support of the Scheme's Actuarial and Healthcare Consultants, in preparation and finalisation of the benefit and contributions for 2007.

GOVERNANCE

The Board of Trustees is continuously reviewing, with the assistance of the Audit Committee, all aspects of corporate governance.

VOTE OF APPRECIATION

On behalf of Fishing Industry Medical Scheme, I would once again like to express my thanks to all the members for their contributions and ongoing active participation in the Scheme, to the Board of Trustees, the Principal Officer and Metropolitan Health Group for their assistance and support over the past year.

CONCLUSION

Fishing Industry Medical Scheme remains financially sound and performed well during 2005.

The Board of Trustees aims to continue ensuring that the Scheme provides its members with affordable healthcare cover and encourages you and your dependants to continue managing your benefits responsibly.

HENK DE BEER
CHAIRPERSON

**FISHING INDUSTRY MEDICAL SCHEME
ABRIDGED ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2005**

BALANCE SHEET	2005	2004
	R	R
ASSETS		
Non-current assets	251 787	239 933
Property, plant and equipment	-	6 964
Available-for-sale investments	251 787	232 969
Current assets	4 361 061	3 498 146
Trade and other receivables	255 929	373 220
Cash and cash equivalents	4 105 132	3 124 926
Total assets	<u>4 612 848</u>	<u>3 738 079</u>
FUNDS AND LIABILITIES		
Members' funds	4 076 148	3 298 464
Accumulated funds	4 069 517	3 289 427
Available-for-sale reserve	6 631	9 037
Current liabilities	536 700	439 615
Trade and other payables	406 700	309 615
Outstanding claims provision	130 000	130 000
Total funds and liabilities	<u>4 612 848</u>	<u>3 738 079</u>
INCOME STATEMENT		
Net contribution income	4 071 497	3 587 635
Less: Net claims incurred	(2 244 637)	(1 915 596)
Less: Managed care: Management services	(104 127)	(23 887)
Less: Administration expenses	(916 264)	(858 707)
Less: Net impairment losses	(102 819)	(129 143)
Expense on risk transfer arrangement	(177 448)	-
Qualsa Networks	(177 448)	-
Investment income	253 888	198 508
Unrealised (loss) on investment	(2 406)	(367)
Other income	-	265
Surplus for the year	<u>777 684</u>	<u>858 708</u>

REPORT OF THE INDEPENDENT AUDITORS to the members

The abridged Annual Financial Statements have been summarised from the audited Annual Financial Statements of Fishing Industry Medical Scheme for the year ended 31 December 2005. Detailed Financial Statements are available on request.