

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF



WILL BE HELD ON TUESDAY, 26 JUNE 2007 AT 10H00 AT THE TRAINING CENTRE,  
I & J SOUTHARM, WATERFRONT.

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**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 Tuesday, 6 June 2006
3. To receive and adopt the Chairman's Report and the abridged, audited Annual Financial Statements for the year ended 31 December 2006
4. To appoint the Auditors for the ensuing year
5. 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: 19 June 2007
6. Close

By order of the Board

**ALIDA SPRAGUE (MRS)**  
PRINCIPAL OFFICER

CAPE TOWN  
JUNE 2007

**MINUTES OF THE 2006 ANNUAL GENERAL MEETING**

A full set of the Minutes of the Annual General Meeting of Fishing Industry Medical Scheme, held on 6 June 2006, is available on request.

**FISHING INDUSTRY MEDICAL SCHEME  
ANNUAL REPORT OF THE BOARD OF TRUSTEES**

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As Chairman of the Board of Trustees, I have pleasure in presenting the Board's Report for the year ended 31 December 2006.

**1. Management**

**1.1 Board of Trustees in office during the year under review**

**Employer Trustees**

Mr H de Beer (Chairman)	
Mr D Ocks	
Mr D Elias	(Resigned 14 June 2006)
Mr S Lawson	(Resigned 15 August 2006)
Mr S Bailey	(Appointed 22 August 2006)
Ms S Vraagom	(Appointed 25 October 2006)

**Member Trustee**

Mr G Christie	
Mr K Adams	
Mr P Adonis	(Resigned 18 May 2006)
Mr A Moss	(Resigned 12 April 2006)
Mr G Erasmus	(Appointed 6 June 2006)
Mr J Tlhakala	(Appointed 6 June 2006)

**1.2 Principal Officer**

Ms Alida Sprague

**1.3 Registered business and postal addresses**

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

**1.4 Physical address of Scheme's Administrator**

**Metropolitan Health Corporate (Pty) Ltd**

Town Square	PO Box 4313
61 St George's Mall	Cape Town
Cape Town	8000
8001	

**1.5 Investment managers and bankers during the year**

**Nedcor Collective Investments**

BoE Clocktower	PO Box 1510
V&A Waterfront	Cape Town
Cape Town	8000
8001	

**Coronation Fund Managers**

Boundary Terraces	PO Box 993
1 Mariendahl Lane	Cape Town
Newlands	8000
7700	

**Sage Unit Trust**

268 West Avenue	PO Box 7400
Centurion	Centurion
0157	0046

**FISHING INDUSTRY MEDICAL SCHEME  
ANNUAL REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

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**Investec Bank Limited**

100 Grayston Drive Sandown  
Sandton  
2196

PO Box 785700  
Sandton  
2146

**Absa Unit Trust**

9 Corner Lothbury Avenue and King's Way  
Auckland Park  
2093

PO Box 3264  
Cape Town  
8000

**1.6 Actuaries**

**Fifth Quadrant Actuaries & Consultants**

Great Westerford Building  
2nd Floor, Suite 2  
240 Main Road  
Rondebosch  
7701

Private Bag X30  
Rondebosch  
7700

**1.7 Auditors**

**Moores Rowland**

1 Thibault Square  
Cape Town  
8001

PO Box 2817  
Cape Town  
8000

**2. Description of Scheme**

**2.1 Terms of registration**

Fishing Industry Medical Scheme is a not-for-profit Scheme registered in terms of the Medical Schemes Act, 131 of 1998, as amended.

**2.2 Benefit options within Fishing Industry Medical Scheme**

The Scheme offers two options, namely:

- Primary Option
- Standard Option.

**2.3 Savings plan**

The Fishing Industry Medical Scheme does not have a savings plan.

**2.4 Corporate governance**

The Scheme exercises good corporate governance through the management structure, the Board of Trustees and its sub-committees, and continuously strives to improve these principles.

**2.5 Risk transfer arrangement**

During 2006 the Scheme again entered into a risk transfer arrangement with Qualsa Healthcare (Pty) Ltd. The arrangement provides hospital and related benefits for all beneficiaries registered on the Standard Option.

**3. Investment policy of the Scheme**

The Trustees continue to invest excess funds in accordance with the Scheme's investment mandate. There has been no change in the policy during the current accounting period, and the Scheme complies with the Act.

The Scheme's investment objectives are to maximise the return with the lowest possible risk.

**FISHING INDUSTRY MEDICAL SCHEME  
ANNUAL REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees with the aim to ensure that:

- the Scheme remains liquid;
- investments are placed at minimum risk and the best possible rate of return;
- investments made are in compliance with the regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

**4. Non-compliance matters**

*Contravention of Regulation 30 and Annexure B*

Compliance with Annexure B could not be determined on a daily basis as required by Regulation 30. However, compliance is monitored by the Scheme on a monthly basis.

**5. Review of the accounting period's activities**

**5.1 Results of operations**

The results of the Scheme's operations are set out in the Financial Statements, and the Trustees believe that no further clarification is required.

**Accumulated funds ratio**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
The accumulated funds ratio is calculated on the following basis:		
Total members' funds per balance sheet	4,986,652	4,076,148
Less: Available-for-sale reserve	(4,821)	(6,631)
Accumulated funds per Regulation 29 of the Act	<u>4,981,831</u>	<u>4,069,517</u>
Gross annual contribution income	<u>4,128,503</u>	<u>4,071,497</u>
Accumulated funds ratio (accumulated funds/gross annual contributions x 100%)	<u>120.67%</u>	<u>99.95%</u>

The Scheme complies with the required reserve ratio of 25%.

**5.2 Reserve accounts**

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

**5.3 Outstanding claims**

There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

**6. Actuarial services**

The Trustees have appointed independent actuarial consultants to assist the Scheme with benefits and contribution levels to ensure that the Scheme maintains the desired reserve levels, as prescribed by the Act.

**7. Investment in and loans to employers of members of the Scheme and other related parties**

The Medical Scheme holds no investments in, and made no loans to, any participating employers of Scheme members.

**FISHING INDUSTRY MEDICAL SCHEME  
ANNUAL REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

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**8. Audit committee**

An audit committee was established in accordance with the provisions of the Act. The audit committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The committee consists of five members of which two are members of the Board of Trustees. The committee met twice during the year as follows:

- 24 April 2006; and
- 16 November 2006.

The Chairman of the Scheme, the financial manager and external auditors attend the annual audit committee meetings and have unrestricted access to the Chairman of the committee.

In accordance with the provisions of the Act, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the committee on critical findings arising from audit activities.

The committee for the year under review comprises:

- |                          |  |
|--------------------------|--|
| - Mr M Burton (Chairman) | Non-trustee (resigned 15 August 2006)          |
| - Mr S Lawson (Chairman) | Non-trustee (appointed 22 August 2006)         |
| - Ms L le Fleur          | Non-trustee (resigned 18 May 2006)             |
| - Ms C Naylor            | Non-trustee (resigned 18 May 2006)             |
| - Mr J Ridl              | Non-trustee (appointed 22 August 2006)         |
| - Mr R Williams          | Non-trustee (appointed 24 October 2006)        |
| - Mr H De Beer           | Trustee (appointed 22 August 2006)             |
| - Mr R Manda             | Alternate Trustee (resigned 15 September 2006) |
| - Mr G Christie          | Trustee  |

**9. Subsequent events**

No events have occurred subsequent to financial year end that affect the Annual Financial Statements.

**10. Fidelity cover**

The Scheme is covered by PI Acceptance policy from the insurer Marsh SA (Pty) Ltd for the period 1 January 2006 to 31 December 2006. The value of the cover is R3 million and is extended to the Trustees and officers of the Scheme.

**11. Going concern**

The Trustees believe the Scheme will be a going concern in the foreseeable future due to, but not limited to, the following reasons:

- the reserve ratio at year end is 120.67%; and
- available cash and investment resources at year end is R 5 million.

**12. Prescribed Minimum Benefit exemption**

The Scheme has received further exemption from the Council for Medical Schemes for Prescribed Minimum Benefits until 31 December 2008. Despite this exemption, the Council has requested the Scheme to submit clinical data to the Risk Equalisation Fund since the beginning of 2005.

**FISHING INDUSTRY MEDICAL SCHEME  
ANNUAL REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

**13. Trustee meeting attendance**

The following schedule sets out the number of meetings attended by the Board of Trustees and the audit committee members:

Trustees/audit committee members	Board meetings <i>Number of meetings for the year: 6</i>		Audit committee meetings <i>Number of meetings for the year: 2</i>	
	Possible meetings	Actual attendance	Possible meetings	Actual attendance
K Adams	6	3	-	-
P Adonis	3	3	-	-
S Bailey	3	2	-	-
M Burton	-	-	1	1
G Christie	6	4	2	1
H de Beer	6	6	1	0
D Elias	6	4	-	-
G Erasmus	3	2	-	-
S Lawson	3	1	1	1
L le Fleur	-	-	1	0
R Manda	-	-	1	1
A Moss	2	0	-	-
C Naylor	-	-	1	1
D Ocks	6	4	-	-
J Ridl	-	-	1	1
J Tlhakala	3	3	-	-
S Vraagom	0	0	-	-
R Williams	-	-	1	1

**14. Operational statistics**

**Operational statistics for 2006**

	Standard	Primary	Total
Number of members at the end of the accounting period	128	1,069	1,197
Average number of members for the accounting period	120	1,105	1,225
Number of beneficiaries at the end of the accounting period	315	2,736	3,051
Number of members joining the Scheme	35	146	181
Number of members leaving the Scheme	12	332	344
Average age of beneficiaries for the accounting period	25.2	24.3	24.4
Pensioner ratio	0.6%	0.3%	0.4%
Average contributions per member per month (R)	543.2	252.4	280.9
Average contributions per beneficiary per month (R)	206.9	101.9	112.8
Average claims incurred per member per month (R)	331.4	141.0	159.6
Average claims incurred per beneficiary per month (R)	126.2	56.9	64.1
Average administration costs per member per month (R)	57.8	58.4	58.3
Average administration cost per beneficiary per month (R)	22.0	23.6	23.4
Average managed care services per member per month (R)	18.0	18.3	18.3
Average accumulated funds per member at 31 December (R)	N/A	N/A	4,162
Net claims as a percentage of contributions	61.0	55.9	56.8
Managed care: Management services as a percentage of contributions	3.3%	7.3%	6.5%
Non-healthcare expenses as a percentage of contributions	14.0%	30.4%	27.3%

**FISHING INDUSTRY MEDICAL SCHEME  
ANNUAL REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

**14. Operational statistics (continued)**

**Operational statistics for 2005**

	<b>Standard</b>	<b>Primary</b>	<b>Total</b>
Number of members at the end of the accounting period	105	1,255	1,360
Average number of members for the accounting period	96	1,258	1,354
Number of beneficiaries at the end of the accounting period	248	3,234	3,482
Average age of beneficiaries for the accounting period	25.4	24.5	24.6
Number of members joining the Scheme	39	138	177
Number of members leaving the Scheme	5	171	176
Pensioner ratio	0.8%	0.3%	0.3%
Average contributions per member per month (R)	492.9	232.1	250.6
Average contributions per beneficiary per month (R)	190.8	90.3	97.4
Average claims incurred per member per month (R)	377.8	134.1	151.4
Average claims incurred per beneficiary per month (R)	146.3	52.2	58.9
Average administration costs per member per month (R)	56.3	56.4	56.4
Average administration cost per beneficiary per month (R)	21.8	21.9	21.9
Average managed care services per member per month (R)	7.0	6.4	6.41
Average accumulated funds per member at 31 December (R)	N/A	N/A	2,992
Net claims as a percentage of contributions	76.7	57.8	60.4
Managed care: Management services as a percentage of contributions	N/A	N/A	2.6%
Non-health expenses as a percentage of contributions	12.8%	27.0%	25.1%

**15. 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.

**16. Conclusion**

Fishing Industry Medical Scheme remains financially sound and performed well during 2006.

The Trustees meet regularly and monitor the performance of the Administrator. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

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**  
CHAIRMAN

**FISHING INDUSTRY MEDICAL SCHEME**  
**ABRIDGED ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2006**

**INCOME STATEMENT**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Contribution income	4,128,503	4,071,497
Net claims incurred	(2,346,276)	(2,459,448)
Risk transfer premium	(391,470)	(177,448)
<b>Recoveries from risk transfer arrangement</b>	212,831	214,811
Gross underwriting surplus	1,603,588	1,649,412
Managed care: Management services	(268,842)	(104,127)
Administration expenses	(857,738)	(916,264)
<b>Net underwriting surplus</b>	477,008	629,021
Net impairment gains/(losses)	112,101	(102,819)
<b>Surplus from operations</b>	589,109	526,202
Investment income	323,205	253,888
Unrealised loss on investment	-	(2,406)
<b>Surplus for the year</b>	<b>912,314</b>	<b>777,684</b>

**BALANCE SHEET**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	372,288	251,787
Available-for-sale investment	372,288	251,787
<b>Current assets</b>	5,026,342	4,398,424
Trade and other receivables	398,805	293,292
Cash and cash equivalents	4,627,537	4,105,132
<b>Total assets</b>	<b>5,398,630</b>	<b>4,650,211</b>
<b>FUNDS AND LIABILITIES</b>		
<b>Members' funds</b>	4,986,652	4,076,148
Accumulated funds	4,981,831	4,069,517
Available-for-sale reserve	4,821	6,631
<b>Current liabilities</b>	411,978	574,063
Trade and other payables	298,956	406,700
Outstanding claims provision	113,022	167,363
<b>Total funds and liabilities</b>	<b>5,398,630</b>	<b>4,650,211</b>



**FISHING INDUSTRY MEDICAL SCHEME**  
**ABRIDGED ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2006 (CONTINUED)**

**STATEMENT OF CHANGES IN FUNDS AND RESERVES**

	<b>Accumulated funds</b>	<b>Available-for- sale reserve (investments)</b>
	<b>R</b>	<b>R</b>
<b>Balance as at 1 January 2006</b>	4,069,517	6,631
Net surplus for the year	912,314	-
Unrealised loss on remeasurement of available-for-sale investments	-	(1,810)
	<hr/>	<hr/>
<b>Balance as at 31 December 2006</b>	<b>4,981,831</b>	<b>4,821</b>
	<hr/>	<hr/>
<b>Balance as at 1 January 2005</b>	3,289,427	9,037
Net surplus for the year	777,684	-
Unrealised gain/(loss) remeasurement of available-for-sale investments	2,406	(2,406)
	<hr/>	<hr/>
<b>Balance as at 31 December 2005</b>	<b>4,069,517</b>	<b>6,631</b>
	<hr/>	<hr/>

**CASH FLOW STATEMENT**

**CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Cash flows from operations before working capital changes	534,768	533,012
Working capital changes	(213,257)	214,376
- (Increase)/decrease in trade and other receivables	(105,513)	117,291
- (Decrease)/increase in trade and other payables	(107,744)	97,085
	<hr/>	<hr/>
Cash generated from operations	321,511	747,388
Interest received	323,205	253,888
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>644,716</b>	<b>1,001,276</b>
	<hr/>	<hr/>
<b>Cash from investing activities</b>		
Acquisitions of property, plant and equipment	-	(2,251)
Increase in investment net of revaluation	(122,311)	(18,819)
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<b>Net increase in cash and cash equivalents</b>	<b>522,405</b>	<b>980,206</b>
	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	4,105,132	3,124,926
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,627,537</b>	<b>4,105,132</b>
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**FISHING INDUSTRY MEDICAL SCHEME**  
**NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2006**

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**BASIS OF PREPARATION**

The principal accounting policies used by the Scheme are consistent with those of the previous year.

The Financial Statements are prepared in accordance with International Financial Reporting Standards on the historical cost basis, except for available-for-sale investments, which are carried at fair value.

**RELATED PARTY TRANSACTION**

**Parties with significant influence over the Scheme**

Metropolitan Health Corporate (Pty) Ltd has significant influence over the Scheme, as it provides financial and operational information on which policy decisions are based, but does not control the Scheme. Metropolitan Health Corporate (Pty) Ltd provides administration services.

Managed care organisation, Qualsa Healthcare (Pty) Ltd, a wholly-owned subsidiary of Metropolitan Health Corporate (Pty) Ltd, has significant influence over the Scheme as managed care and capitation provider, but does not control the Scheme.

**Key management personnel and their close family members**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees, the Principal Officer and members of sub-committees.

Close family members includes family members of the Board of Trustees, Principal Officer and members of the sub-committees.

**Transactions with related parties**

The following table provides the total number of transactions, which have been entered into with related parties for the relevant financial year.

Key management personnel include the Board of Trustees, Principal Officer, executive committee and their close family members.

<b>Income statement</b>	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Contributions received	14,247	14,134
Claims incurred	17,960	13,330

**Balance sheet**

None

The Principal Officer, Trustees and committee members did not receive any fees from the Scheme for the years ending 2006 and 2005.

**The terms and conditions of the related party transactions were as follows:**

**Contributions received**

This constitutes the contributions paid by the related party as a member of the Scheme, in its individual capacity. All contributions were at the same terms as applicable to third parties.

**Claims incurred**

This constitutes amounts claimed by the related parties, in their individual capacity as members of the Scheme. All claims were paid out in terms of the rules of the Scheme, as applicable to third parties.

**FISHING INDUSTRY MEDICAL SCHEME**  
**NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2006 (CONTINUED)**

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**Transactions with entities that have significant influence over the Scheme**

<b>Income statement</b>	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Administration fees	594,350	608,507
Managed care	268,842	104,127
Risk transfer premiums	391,470	177,448
<b>Balance sheet</b>		
Risk transfer recoveries	4,304	37,363

**Terms and conditions of the administration agreement**

The administration agreement is in terms of the rules of the Scheme and in accordance with instructions given by the Board of Trustees. The duration of the agreement is indefinite, but subject to the right of either party to terminate the agreement by giving not less than three months' notice.

**Terms and conditions of the managed care agreement**

The managed care agreement is in terms of the rules of the Scheme and in accordance with instructions given by the Board of Trustees. The duration of the agreement is indefinite, but subject to the right of either party to terminate the agreement by giving not less than three months' notice.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

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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 2006. Detailed Financial Statements are available on request.

