ANNUAL REPORT OF
WITBANK COALFIELDS MEDICAL AID SCHEME

Registration number : 401

31 DECEMBER 2011

CONTENTS **PAGE**

WCMAS

WITBANK COALFIELDS MEDICAL AID SCHEME
WCMAS BUILDING, SECOND FLOOR
C/O OR TAMBO ROAD & SUSANNA STREET
TEL: 013 - 656 1407
FAX: 013 - 656 4815
P O BOX 26
EMALAHLENI (WITBANK), 1035

ANNUAL GENERAL MEETING

NOTICE TO MEMBERS

In terms of Rule 26.1.2 of the WCMAS Scheme Rules the notie convening the Annual General Meeting, containing the Agenda, Annual Financial Statements, Auditors Report and Board of Trustees Report, must be send to members at least 21 days before the date of the meeting.

Adhering to the above, notice is hereby given that the 77th annual general meeting of members of the Witbank Coalfields Medical Aid Scheme, will be held in the boardroom of the Scheme, WCMAS Building, cnr OR Tambo Road & Susanna Street, Emalahleni (Witbank), on Monday 16 April 2012 at 13h00.

BY ORDER OF THE BOARD OF TRUSTEES

PRINCIPAL OFFICER

27 February 2012

AGENDA OF THE 77th ANNUAL GENERAL MEETING

1. Notice of meeting
2. Minutes – Confirmation of the minutes of the 76th annual general meeting held on 18 April 2011.
3. Chairman's report
4. Audited annual financial statements
5. Unit profitability report
6. Approval of auditor's remuneration
7. Appointment of auditors for 2012 in terms of Rule 25
8. Election of office bearers
9. General

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees present their report for the year ended 31 December 2011.
Registration Number: 401

77th Annual Report of the Witbank Coalfields Medical Aid Scheme together with the audited financial statements and statistics required by the Medical Schemes Act and the Rules.

1 DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The Witbank Coalfields Medical Aid Scheme is a not for profit restricted membership medical aid scheme registered in terms of the Medical Schemes Act 131 of 1998, as amended.

1.2 Benefit options within the Witbank Coalfields Medical Aid Scheme

The medical scheme offers two options to employers and members. These are:

- Comprehensive option
  This option provides comprehensive cover through a risk pool for all major medical expenses and a savings account for day-to-day medical expenses as described in 1.3.

- Yebomed option
  This option was implemented during 2007 and provides medical cover through a preferred provider network on a capitation fee basis.

1.3 Savings plan (Comprehensive option only)

The savings plan was established to meet future day to day healthcare costs not fully covered by the risk pool.

Members that belong to the Witbank Coalfields Medical Aid Scheme Comprehensive Option pay 25% of their gross contributions into a savings account, so as to help pay the members' portion of healthcare costs up to a prescribed threshold.

Unexpended savings amounts are accumulated for the long-term benefit of the member and interest is paid on balances at 50% of Nedbank's prime overdraft rate. The liability to the members in respect of the savings plan is reflected as a current liability in the financial statements, repayable in terms of Regulation 10.

In terms of the rules of the scheme, the scheme carries some risk relating to forward allowance of savings account utilisations.

The savings account balance is refundable when a member leaves the scheme. The balance will be transferred to the next scheme or to the member if the new option does not have a savings account option. The money will be transferred within six months of the date of change.

The Council of Medical Schemes is planning to revise the way that Medical Savings Accounts are managed by Medical Schemes. When introduced, the new approach will add additional complexity, cost and liability to WCMAS.

1.4 Risk transfer arrangements (Yebomed option only)

A capitation fee is paid to the preferred provider network to provide a full range of benefits to all members in this option. The risk is carried by the network. The scheme does, however, remain liable to its members and suppliers with respect to ceded insurance if any reinsurer (supplier) fails to meet the obligations it assumes.

The Yebomed option has been sucessfully implemented for 4 Years and is functioning well.

REPORT OF THE BOARD OF TRUSTEES (Continued)

2 MANAGEMENT

2.1 Registered Office and postal address:

WCMAS	P O Box 26
2nd Floor South Wing	EMALAHLENI (WITBANK)
WCMAS Building	1035
Cnr. Susanna Street & OR Tambo Road	
EMALAHLENI (WITBANK)	

2.2 Medical Scheme Administrator — The scheme is self administered.

2.3 Disputes Committee

HA Ackermann
JJ van der Bank
NA Bulter

2.4 Board of Trustees in office during the year under review:

RC Weber *	(Chairperson)	
EG Gryzenhout *	(Vice Chairperson)	
OA Maritz	(Anglo Coal Appointee)	
Dr JA Pienaar	(Anglo Coal Appointee)	
HG Schoeman	(Xstrata Coal SA Appointee)	
O Warschkuhl	(Exxaro Coal Appointee)	
Ms CD Logan-Delagey	(Employee Elected)	
GC Robbertse	(Employee Elected)	
JGH van Wyk	(Employee Elected)	
JC de Carvalho	(Employee Elected)	
BG Combrinck	(Employee Elected)	
Ms AP Da Silva	(Employee Elected)	
J Du Plessis	(Co-opted Solidarity)	Period May to Sep 2011
D Fulton	(Co-opted Solidarity)	Period May to Sep 2011
E Wiese	(Co-opted SACMA)	
J Reiners	(Co-opted UASA)	Period Jan to May 2011
AJ Wilkens	(Co-opted UASA)	Period May to Jul 2011
JS Shakhane	(Yebomed elected)	
L Mashego	(Yebomed elected)	
T Mathavha	(Yebomed elected)	
LG Cockcroft	(Alternate)	Period Jan to April 2011
M Dugmore	(Alternate)	
JC Fourie	(Alternate)	
PJ Meyer	(Alternate)	
H Myburgh	(Alternate)	
D Phahlane	(Alternate)	
A Kleinhans	(Alternate)	Period May to August 2011

2.5 Principal Officer — JA de Jager * — Address the same as scheme's

** These individuals were directors of the two dormant subsidiaries. Refer to note 26.*

2.6 Auditors

BDO South Africa Incorporated	
Registered Public Accountants and Auditors	Private Bag X60500
13 Wellington Road	Houghton
Parktown	2041
JOHANNESBURG	

3 INVESTMENT STRATEGY

The scheme's investment objectives are to maximize the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration the constraints imposed by legislation and the strategies of the Board of Trustees with the following mandate:

- achieve an average return of inflation plus 4% ,
- the savings account liability must be invested in liquid funds which earn interest equal to or higher than what the scheme pays to members,
- liquidity levels are maintained as required by the scheme,
- investments are only made in highly rated institutions with moderate risk,
- investments are made in compliance with the regulations of the Medical Schemes Act, and
- risk assessments are performed with feedback to the Board of Trustees with recommendations on the risks identified.

The investment committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and responsibilities and consists of four members of which two are members of the Board of Trustees.

The committee met on twelve occasions during the course of the year and meetings were attended by all members.

The committee presently comprises: EG Gryzenhout, RC Weber, R Booyens and JA de Jager

4 MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the health of the scheme members. As such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The scheme manages its insurance risk through appropriate benefit limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

The scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

WCMAS has unique Equalisation Levy contracts signed with major employer groups. With these contracts, risks relating to a specific group are "ringfenced" to only impact members of that group. Employer groups have to pay in funds where their members have spend more on claims and administration costs than their contributions paid, averaged over 3 years.

Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the scheme's cash flow.

5 REVIEW OF THE YEAR'S ACTIVITIES

5.1 Operational Statistics

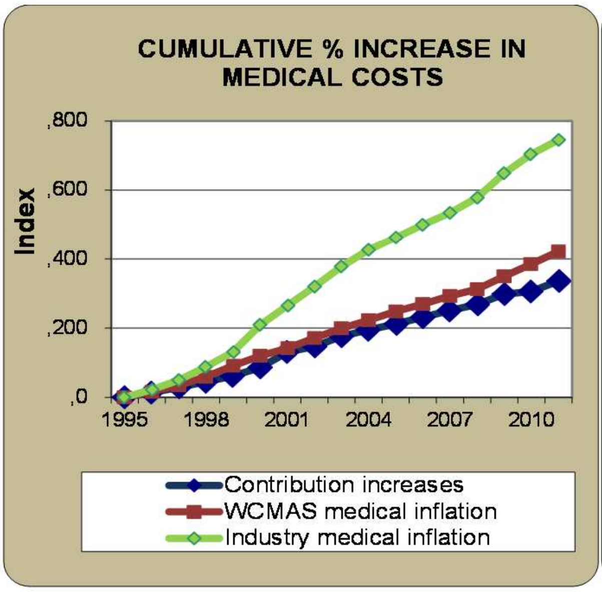
	2011	2010	% Movement
Comprehensive Option			
Average number of members during the year*	7 449	7 483	-0.5
Number of members at 31 December	7 375	7 486	-1.5
Average number of beneficiaries during the year*	19 180	19 174	0.0
Number of beneficiaries at 31 December	19 043	19 247	-1.1
Dependant ratio to members at 31 December	1.58	1.57	0.6
Average age of beneficiaries	30	30	0
Pensioner ratio	18.8%	18.3%	2.7
Percentage of beneficiaries above 65 years of age	5.8%	5.6%	3.6
Average net contributions pmpm*	R2 145	R1 989	7.8
Average net contributions pbpm*	R833	R776	7.3
Average relevant healthcare expenditure pbpm*	R902	R796	13.3
Relevant healthcare expenditure as percentage of net contributions	108.3%	102.5%	5.6
Average non-health expenses pbpm*	R60	R64	-6.4
Non-health expenses as % of gross contributions	5.3%	6.0%	-12.8
Yebomed Option			
Average number of members during the year*	2 935	2 949	-0.5
Number of members at 31 December	2 906	3 003	-3.2
Average number of beneficiaries during the year*	6 956	6 891	0.9
Number of beneficiaries at 31 December	6 931	7 026	-1.4
Dependant ratio to members at 31 December	1.39	1.34	3.7
Average age of beneficiaries	27	27	0
Pensioner ratio	0%	0%	-
Percentage of beneficiaries above 65 years of age	0.01%	0.01%	-
Average net contributions pmpm*	R1 005	R918	9.5
Average net contributions pbpm*	R424	R393	7.9
Average relevant healthcare expenditure pbpm*	R372	R345	8.0
Relevant healthcare expenditure as percentage of net contributions	87.8%	87.8%	0.0
Average non-health expenses pbpm*	R30	R28	4.6
Non-health expenses as % of gross contributions	7.0%	7.2%	-3.1
Scheme			
Average accumulated funds per member*	R30 012	R29 327	2.3
Average return on investments as % of investments	5.9%	11.4%	-48.2

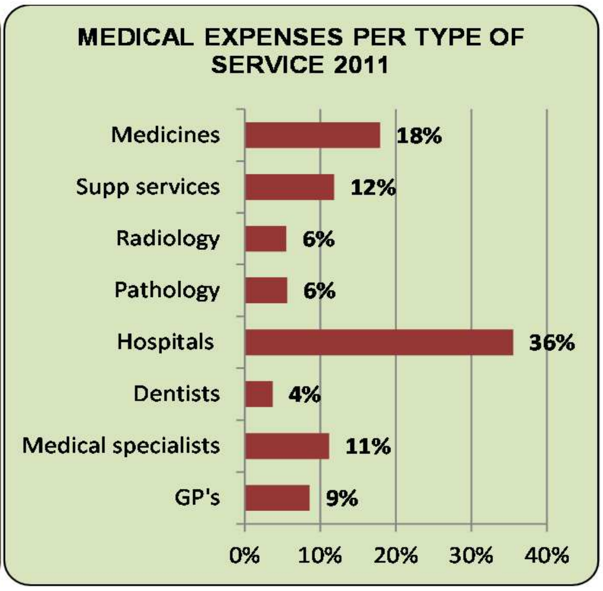
Legend: pmpm - per member per month pbpm - per beneficiary per month

** Averages are calculated using the sum of the 12 months' actual membership divided by 12*

5.2 Operating results

The scheme has experienced significant utilisation increases in most types of services. Especially in Prescribed Minimum Benefits (PMB's), Oncology and Motor Vehicle Accident claims.





The implementation of a National Risk Equalisation Fund (REF) has taken longer than expected and will probably only impact on the Scheme with the introduction of National Health Insurance (NHI).

Due to legal impasse around the interpretation of the Prescribed Minimum Benefit (PMB) regulations providers are still able to charge unlimited fees. Additions to the list of PMBs are also expected in 2012.

A number of new regulations have been implemented and proposed during 2011 that add to the complexity and cost of running medical schemes.

Towards the end of 2011, the Council of Medical Schemes piloted their new Medical Scheme Inspection system at WCMAS and in general WCMAS performed satisfactorily.

The operating results of WCMAS are set out in the annual financial statements, and the trustees believe that no further clarification is required.

5.3 Reserve accounts

Movement in the reserves are set out in the Statement of Changes in Funds and Reserves.

5.4 Solvency ratio

	2011 **R**	**2010** **R**
Total members' funds per statement of financial position	338 677 491	341 759 707
LESS: revaluation reserve	(30 124 889)	(34 149 924)
LESS: cumulative gain on re-measurement to fair value through profit and loss investments	(4 571 054)	(3 163 504)
Accumulated funds per Regulation 29	**303 981 548**	**304 446 279**
Gross contributions	**298 019 955**	**276 976 444**
Accumulated funds ratio *= Accumulated funds / Gross annual contributions x 100*	**102.00%**	**109.92%**

Accumulated funds ratio have declined by 7.2% for this period but are still significantly over the minimum 25% required.

5.5 Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in note 10 and this is consistent with the prior year. There has been an increase to the provision of R2.25 million due to claims that the scheme expect to pay in 2012 in respect of 2011.

6 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There are no further material events subsequent to the yearend that would require separate mention by the trustees.

7 INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

The scheme holds no direct investments or interest in the participating employers of the scheme.

Mpumalanga Managed Health Care (Pty) Ltd, the wholly owned company of the scheme is still dormant and has no influence on the day to day management and operations.

8 RELATED PARTY TRANSACTIONS

These are disclosed in note 26 to the annual financial statements.

9 AUDIT COMMITTEE

An Audit Committee exists in accordance with the provisions of the Act. The 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 seven members of which three are members of the Board of Trustees.

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 report formally to the committee on critical findings arising from audit activities.

The majority of the members, including the chairperson, should not be officers of the scheme. The committee met on three occasions during the course of the year. The following schedule sets out members' meeting attendances:

Member	Meetings	Member	Meetings
BJ Drew (Chairperson)	2 of 3	R Weber	3 of 3
M Wenum	0 of 3	R Robbertse	3 of 3
H Pearson	3 of 3	EG Gryzenhout	2 of 3
E Wiese	3 of 3		

The chairperson of the scheme, the principal officer, the financial manager and the external auditors attend all Audit Committee meetings and have unrestricted access to the chairperson of the Audit Committee. The Board of Trustees will strive to expand the number of non-executives on the Audit Committee to ensure enhanced independence.

10 TRUSTEE ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees meeting attendances.

Number of Board Meetings for the year: 12

Member	Number	Member	Number	Member	Number
RC Weber (Chair)	12 of 12	JHG van Wyk	09 of 12	J Fourie [A]	00 of 12
O Warschkuhl	09 of 12	Ms C Logan-Delagey	08 of 12	E Wiese [Co-opt]	11 of 12
HGR Schoeman	06 of 12	AP da Silva	09 of 12	D Fulton [Co-opt]	00 of 05
EG Gryzenhout	10 of 12	T Mathavha (Yebo)	00 of 12	D Wilkens [Co-opt]	00 of 04
Dr JA Pienaar	07 of 12	L Mashego (Yebo)	00 of 12	J du Plessis [Co-opt]	00 of 04
JC de Carvalho	09 of 12	J Shakhane (Yebo)	01 of 12	J Reiners [Co-opt]	01 of 04
BG Combrinck	00 of 12	H Myburgh [A]	08 of 12	L Cockcroft [A][Co-opt]	00 of 04
OA Maritz	08 of 12	D Phahlane [A]	03 of 12	P Meyer [A] [Co-opt]	00 of 12
GC Robbertse	09 of 12	M Dugmore [A]	07 of 12	Kleinhans [A] [Co-opt]	00 of 04

Legend: [R] *Resigned members* [A] *Alternate* [Co-opt] *Co-opted members*

Trustees are not remunerated. Long service awards are however allocated to long serving members along similar lines to the mining industry. Such awards allocated in the last period are reported in the related party disclosure in note 26.

The Board of Trustees notes with great sadness the unexpected passing this year of Marion Luus who had served the Scheme well for over 30 years.

11 NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT AND RULES OF THE SCHEME

11.1 Contributions received later than 3 days after payment became due (Section 26(7))

Contributions are payable by members within 3 days of due date. Incidents of payments after the 3rd of the subsequent month occurred for some of the employer groups. While some payments were not always received timeously all commitments were met soon after due dates. The credit control department follows up on outstanding amounts on a regular basis.

11.2 Continuation and Widow Member (CAWM) subsidisation

Regulation 10 (1) of the Medical Schemes Act and the rules of the scheme place a limit of 25% on the total contributions that may be allocated to a member's savings account. Section 26(5) states that a scheme may not, either directly or indirectly make any payment to any person as a dividend, rebate or bonus.

The scheme makes funding available to support continuation and widow members. As a result, the scheme's allocation to their savings accounts exceeds the limit prescribed by the Act, and continuation and widow members received benefits exceeding their contributions to the scheme. The additional amount allocated to the savings accounts amounted to R5.2 million during the year (2010: R4.633 million).

The concession that WCMAS enjoyed since 1999, regarding the reduced CAWMS contributions, has been revoked by the Council for Medical Schemes and WCMAS was obliged to terminate the practice on 31 December 2011. Most employer groups have agreed to assist members by subsidising their CAWMS in line with their internal policies from 1 January 2012. WCMAS will subsidise its staff CAWMS's contributions. Refer to note 9.

11.3 Claims paid in excess of 30 days from receipt S 59(2)

A small percentage of claims have not been paid within 30 days as prescribed by the Act. Between December and January the number of days between the receipt of a claim and the payment could amount to 38 days, causing non-compliance. The scheme normally performs month end runs on the second last business day of the month.

11.4 Compliance with Regulation 30

Based on the formula prescribed by Regulation B, the scheme has underlying investments in foreign investments of 1.55% (2.52% in 2010) through SA based Unit Trusts. Regulation B permits 0%. Continued work is being carried out to further reduce this exposure. The scheme has applied for exemption from the Council for Medical Schemes for not fully complying with the requirement.

11.5 Investments in any administrator, holding company of the administrator or any employer group. S 35(8) (a,c & d)

A medical scheme is not allowed any investments in the business of any administrator of a medical scheme or any holding company of an administrator or any employer group. The scheme has underlying investments in administrators of medical schemes amounting to 0.8% and employer groups of 1.46% (Anglo American PLC 1.32%; Exxaro Resources 0.14%) of total investments through Unit Trust portfolios and linked fund policies. The scheme has submitted an exemption request to the Council for Medical Schemes. The Board of Trustees believes that this non-compliance is not a risk to the Scheme since the Scheme is not related to any of the administrators in which investments are held and does not exercise any influence over its employer groups by investing in pooled investments.

11.6 A benefit option must be self-supporting S 33(2) (b)

Section 33(2)(b) of the Act states that "The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option – (b) shall be self-supporting in terms of membership and financial performance;…". The non-compliance could result in benefit options with a surplus cross-subsidising benefit options with a deficit. The Scheme takes into account section 33(2)(b) of the Act in designing its benefits.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES
31 December 2011

The trustees are responsible for the preparation, integrity, and fair presentation of the financial statements of Witbank Coalfields Medical Aid Scheme. The financial statements presented on pages 14 to 40 have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Medical Schemes Act and include amounts based on judgements and estimates made by the board of trustees.

The trustees consider that in preparing the financial statements they have applied the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the scheme at year-end. The trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The trustees have responsibility for ensuring that adequate accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the scheme to enable the trustees to ensure that the financial statements comply with the relevant legislation.

The Scheme operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and the risks facing the scheme are being minimised.

The going concern basis has been adopted in preparing the financial statements, and the trustees have no reason to believe that the scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

Where practical, the scheme strives to comply with the King III Code of Corporate Practice. During 2011 the trustees considered the reporting requirements and principles of King III and put measures in place to strive to comply. Reporting in terms of King III will be guided by the Council for Medical Schemes. The scheme's external auditors are responsible for auditing the financial statements in terms of International Standards on Auditing and their report is presented on page 13.

The Audit Committee functioned effectively throughout the year.

The financial statements were approved by the Board of Trustees on 27 February 2012 and were signed on their behalf by:

RC WEBER	JA DE JAGER	EG GRYZENHOUT
CHAIRPERSON	PRINCIPAL OFFICER	VICE CHAIRPERSON

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES
31 December 2011

The Witbank Coalfields Medical Aid Scheme is committed to the principles and practice of fairness, responsibility, transparency and accountability in all dealings with its stakeholders. The trustees are proposed and elected by the members of the scheme and participating employers.

BOARD OF TRUSTEES

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

All trustees have access to the advice and services of the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

INTERNAL CONTROL

The scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event or occurrence has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

An Audit Committee is established in accordance with the Act and it is functioning effectively.

RC WEBER	JA DE JAGER	EG GRYZENHOUT
CHAIRPERSON	PRINCIPAL OFFICER	VICE-CHAIRPERSON

27 February 2012

13 Wellington Road
Parktown, 2193
Private Bag X60500
Houghton, 2041
Docex 574 Johannesburg
South Africa
Tel: +27 11 488 1700
Fax: +27 11 488 1701
www.bdo.co.za

7 West Street
Houghton, 2198
PO Box 1574
Houghton, 2041
South Africa
Tel: +27 11 728 7240
Fax: +27 11 728 1409
www.bdo.co.za

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WITBANK COALFIELDS MEDICAL AID SCHEME

We have audited the annual financial statements of Witbank Coalfields Medical Aid Scheme, which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in funds and reserves and changes in cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 14 to 40.

Board of Trustees responsibility for the financial statements

The Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirement of the Medical Schemes Act, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Trustees, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Scheme as of 31 December 2011, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act.

Report on Other Legal and Regulatory requirements

As required by the Council for Medical Schemes, we report the following instances of non-compliance with the Medical Schemes Act.

*Section 26(5) and Regulation 10(1) of the Medical Schemes Act, as well as the rules of the Scheme, limit the allocation to a member's savings account to 25% of the total gross contributions made in respect of a member. The Scheme provides additional contributions to personal savings accounts of continuation and widow members, as set out in paragraph 11.2 of the Trustees' report. This contribution amounted to R5.2 million.

*Note 25 to the annual financial statements indicates that the Scheme did not comply with S33(2)(b) of the Medical Schemes Act, as the comprehensive benefit option was not self-supporting in terms of financial performance and has incurred a net healthcare deficit for the year.

Departure from IFRS4, Insurance contracts

For the reasons disclosed in note 14, the Scheme has not disclose claims recovered under the Yebomed risk transfer arrangement, which is a departure from IFRS4, Insurance contract. The departure has no impact on the surplus of the Scheme.

The supplementary schedules set out on pages 41 to 45 do not form part of the annual financial statements and unless specifically referred to in the notes to the financial statements, are presented as additional information. We have not audited these schedules, unless specifically noted, and accordingly we do not express an opinion on them.

BDO South Africa Incorporated.

BDO South Africa Incorporated
Registered Accountants and Auditors
Per S Dansie

JOHANNESBURG
27 February 2012

STATEMENT OF FINANCIAL POSITION
31 December 2011

	Notes	2011 R	2010 R
ASSETS			
NON-CURRENT ASSETS		**176 759 745**	154 772 627
Equipment and other assets	2	**1 190 587**	1 286 247
Investment properties	3	**9 117 698**	7 943 379
Available for sale investments	4	**151 880 408**	132 379 499
Investments at fair value through profit or loss	6	**14 571 052**	13 163 502
CURRENT ASSETS		**278 918 978**	290 677 657
Fixed Deposits	5	**99 569 393**	110 806 951
Trade and other receivables	7	**1 035 811**	535 430
Cash and cash equivalents	8	**178 313 774**	179 335 276
TOTAL ASSETS		**455 678 723**	445 450 284
FUNDS AND LIABILITIES			
MEMBERS' FUNDS		**338 677 491**	341 759 707
Accumulated funds		**308 552 602**	307 609 783
Revaluation Reserve - Investments		**30 124 889**	34 149 924
LONG TERM LIABILITIES		**1 300 000**	2 181 039
Post retirement benefits	9	**1 300 000**	2 181 039
CURRENT LIABILITIES		**115 701 232**	101 509 538
Outstanding claims provision	10	**12 750 000**	10 500 000
Savings plan liability	11	**85 881 038**	76 417 823
Accounts payable	12	**17 070 194**	14 591 715
TOTAL FUNDS AND LIABILITIES		**455 678 723**	445 450 284

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	2011 R	2010 R
Net contribution income	13	**227 104 606**	211 096 810
Relevant healthcare expenditure		**(238 686 859)**	(211 681 109)
Net claims incurred		**(238 686 859)**	(211 681 109)
Claims incurred	14	**(240 452 617)**	(213 166 610)
Third party claim recoveries		**1 765 758**	1 485 501
Net income on risk transfer arrangement		**-**	-
Risk transfer arrangement charges / costs paid	14	**(31 082 419)**	(28 521 621)
Recoveries / services from risk transfer arrangements	14	**31 082 419**	28 521 621
Over or under recoveries on HMO risk transfer agreement		**-**	-
Gross healthcare result		**(11 582 253)**	(584 299)
Managed care: management services	15	**(2 167 471)**	(1 974 338)
Administration expenditure	16	**(14 015 645)**	(15 041 908)
Net impairment losses: Healthcare receivables	17	**(78 109)**	(54 824)
Net healthcare result		**(27 843 478)**	(17 655 369)
Other income		**34 619 324**	47 811 915
Investment income	18	**29 257 843**	43 846 013
Rental income from investment property		**2 544 672**	2 577 110
Sundry income	19	**2 816 809**	1 388 792
Other expenditure		**(5 833 027)**	(4 918 740)
Asset management fees		**(892 445)**	(627 344)
Direct operating expenses incurred in the rental of investment property		**(1 690 967)**	(1 217 754)
Net interest paid on savings accounts	20	**(3 249 615)**	(3 073 642)
Net surplus for the year		**942 819**	25 237 806
Other comprehensive income		**(4 025 035)**	(10 360 772)
Realised gain on disposal of available for sale investments		**(9 487 967)**	(22 350 128)
Fair value adjustment on available for sale investments		**5 462 932**	11 989 356
Total comprehensive (deficit)/ income for the year		**(3 082 216)**	14 877 034

STATEMENT OF CHANGES IN FUNDS AND RESERVES
For the year ended 31 December 2011

	REVALUATION RESERVE INVESTMENTS R	ACCUMULATED FUNDS R	MEMBERS' FUNDS R
BALANCE AT 31 DECEMBER 2009	**44 510 696**	**282 371 977**	**326 882 673**
Total comprehensive income	(10 360 772)	25 237 806	14 877 034
BALANCE AT 31 DECEMBER 2010	**34 149 924**	**307 609 783**	**341 759 707**
Total comprehensive income	**(4 025 035)**	**942 819**	**(3 082 216)**
BALANCE AT 31 DECEMBER 2011	**30 124 889**	**308 552 602**	**338 677 491**
BALANCE AT 31 DECEMBER 2011 Consisting of:			
Comprehensive option	30 124 889	302 172 200	**332 297 089**
Yebo-Med option	-	6 380 402	**6 380 402**
	30 124 889	308 552 602	**338 677 491**

STATEMENT OF CHANGES IN CASH FLOW
For the year ended 31 December 2011

	Notes	2011 R	2010 R
OPERATING ACTIVITIES			
Cash generated from operations before working capital changes	21	**(22 901 292)**	(14 024 997)
Working capital changes:			
Movement in accounts receivable		**(500 381)**	173 842
Movement in savings plan liability		**9 463 215**	9 040 467
Movement in provision for outstanding claims		**2 250 000**	1 500 000
Movement in provision for post retirement benefit		**(881 039)**	2 181 039
Movement in other payables		**2 478 479**	4 373 582
Cash generated from operations		**(10 091 018)**	3 243 933
Interest on savings balances		**(3 249 615)**	(3 073 642)
Net cash flow effect of operating activities		**(13 340 633)**	170 291
INVESTING ACTIVITIES			
Additions to investment properties		**(1 338 763)**	(235 469)
Additions to equipment and other assets		**(457 860)**	(636 699)
Proceeds on disposal of equipment		**25 200**	-
Increase in investments		**(102 804 902)**	(127 029 069)
Proceeds on disposal of available for sale investments		**39 501 153**	70 378 075
Proceeds on maturity of fixed deposits		**59 095 780**	46 141 533
Interest received		**16 537 844**	19 183 468
Dividends received		**1 799 421**	1 040 835
Investment managers' fees		**(892 447)**	(627 344)
Net rentals received		**853 705**	1 359 356
Net cash flow effect of investing activities		**12 319 131**	9 574 686
FINANCING ACTIVITIES			
None		**-**	-
Net cash flow effect of financing activities		**-**	-
MOVEMENT IN CASH AND CASH EQUIVALENTS		**(1 021 502)**	9 744 977
Cash and cash equivalents at beginning of year		**179 335 276**	169 590 299
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	**178 313 774**	179 335 276

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements of the scheme comprise the scheme and its dormant wholly owned subsidiaries.

Standards and interpretations in issue, but not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

Standards and Interpretations that by their nature will not be applicable to the scheme

* IFRS 10	New approach regarding Consolidated Financial Statements	Effective 1 Jan 13
* IFRS 12	Disclosure requirements of Interests in Other Entities	Effective 1 Jan 13
* IFRS 11	Rights and obligations of Joint Arrangements	Effective 1 Jul 13
* IAS 27	Improvements to disclosure of Separate Financial Statements	Effective 1 Jan 13
* IAS 28	Amendments to Investments in Associates	Effective 1 Jul 13
* IFRS 7	Amendments to disclosure of transfers of financial assets	Effective 1 Jul 11
* IAS 19	Amendments to accounting treatment of Employee Benefits	Effective 1 Jul 13

Standards and Interpretations that may be applicable to the scheme.		*Impact on financials*
* IFRS 13	Provides guidance for fair value measurement and sets out disclosure requirements.	Effective 1 Jan 13
* IFRS 9	Standard issued as part of a other project to replace IAS39.	Effective 1 Jan 13
* IAS 1	Amendments to presentation of Items of Other Comprehensive Income	Effective 1 Jul 12

Management is still considering the impact that the applicable standards/ amendments will have on the scheme.

Statement of compliance

The financial statements are prepared on the going concern basis, in accordance with International Financial Reporting Standards (IFRS) and interpretations of those Standards, as adopted by the International Accounting Standards Board (IASB). The trustees elected to adopt IFRS from the year that ended on 31 December 2005.

Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards on the historical cost basis, except for available-for-sale investments and investments at fair value through profit or loss which are reflected at fair value.

The accounting policies are consistent to prior year.

Basis of consolidation

Subsidiaries are entities controlled by the scheme. Control exists when the scheme has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements incorporate the financial statements of the scheme and its subsidiaries. Both subsidiaries are dormant, have no reserves and intergroup balances to the amount of R2,300, are eliminated.

Recognition of assets and liabilities

Assets are only recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost or fair value can be measured reliably. Liabilities are only recognised if it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Unless specifically permitted by an Accounting Standard, assets and liabilities are not offset.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Equipment and other assets

Equipment and other assets are reflected at historical cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual values. The following annual depreciation rates are used:

* Computer equipment	33.33%
* Motor vehicles	20%
* Office equipment	25%
* Mailroom equipment	20%
* Generator	10%

Maintenance and repairs, which neither materially add to the value of assets, nor appreciably prolong their useful lives, are charged against profit or loss.

Surpluses and deficits on the disposal of property, plant and equipment are charged to profit or loss.

The values of these assets are reviewed annually for impairment. Any impairment arising is recognised in the statement of comprehensive income.

Investment properties

Investment properties are held to earn rental income and for capital value appreciation.

The investment properties are valued at historical cost, less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual values. The values of properties are reviewed annually for

Assets are depreciated as follows:

* Air conditioners	6.67%
* Developed buildings	2%
* Land	0%
* Lifts	5%
* Partitioning & electrical	10%

The residual values and useful lives of the assets are reviewed on an annual basis. The Board of Trustees has assessed that the residual value of the building is greater than the current carrying value and therefore no depreciation has been processed.

Register of investment properties and all investments

A register of all investment properties and investments, with maturity dates and interest rates, is available for inspection at the registered office of the Scheme.

Financial instruments

Measurement

Financial instruments are initially measured at cost. Subsequent to initial recognition, these instruments are measured as set out below.

Investments

All purchases and sales of investments are recognised on the trade date, which is the date when the commitment is made to purchase or sell the investment. Cost of purchase includes transaction costs. Financial assets held at fair value through profit or loss and available for sale investments are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of investments held at fair value through profit or loss are included in the comprehensive income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available for sale investments are included in the available for sale reserve and are taken to other comprehensive income. Once an available for sale investment is sold, the realised fair value gain or loss of the available for sale investments is included in other comprehensive income as a reclassification adjustment.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost, using the effective interest method. An appropriate allowance for estimated irrecoverable amounts is recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Permanent impairments are written off to the statement of comprehensive income when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value, and bank overdrafts. Cash and cash equivalents are initially measured at fair value and subsequently measured at amortized cost.

Financial liabilities

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Savings plan liability

The savings plan liability comprises funds held on behalf of individual members. The savings plan facility assists members in managing their cash flows for specific identified day to day medical expenses to be borne by them during the year. Interest is earned and accrued on these accounts.

The savings plan liability represents savings plan contributions which are a deposit component of the medical insurance contracts. The deposit component has been unbundled since the scheme can measure the deposit component separately and its accounting policies do not otherwise require it to recognise all obligations and rights from the deposit component. The medical insurance component is recognised in accordance with IFRS 4, *Insurance contracts.*

The savings plan liability, i.e. deposit component, is recognised in accordance with IAS 39, *Financial Instruments* and is measured at cost because it has a demand feature. Savings plan contributions are credited on the accrual basis and withdrawals on the cash basis, i.e. no provision is made for outstanding claims at year end.

In terms of the Medical Schemes Act of 1998, balances standing to the credit of members are only refundable in terms of Regulation 10 of the Act.

In accordance with the Rules of the Scheme, the savings plan is underwritten by the Scheme.

Provisions

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The outstanding claims provision

A provision is made for the estimated cost of healthcare benefits that have occurred before year-end, but that have not been reported to the Scheme by that date. The provision is determined as accurately as possible based on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the number of members according to their gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim. The outstanding claims provision is reduced by the estimated recoveries from savings plan accounts. The scheme does not discount its provision for outstanding claims, as the time value effect is not considered material.

Insurance contracts

These are contracts under which the scheme accepts significant insurance risk from another party (the member), by agreeing to compensate the member or other beneficiary if a specified uncertain event (the insured event) adversely affects the member or other beneficiary. The contracts issued compensate the scheme's members for healthcare expenses incurred.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Contribution income

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Net contributions are accrued monthly. Net contributions comprise gross contributions after deduction of savings plan contributions. The earned portion of net contributions received is recognised as revenue. Net contributions are recognised as income from the date of acceptance of risk, over the indemnity period on a straight-line basis.

Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred and net income or expense from risk transfer arrangements.

Claims incurred

Gross claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the scheme is responsible, whether or not reported by the end of the year.

Net claims incurred comprise gross claims incurred, net of recoveries from members for co-payments and savings plan accounts and after taking into account recoveries from third parties. As well as claims for services rendered during the previous year not included in the outstanding claims provision for that year and claims settled in terms of risk transfer arrangements.

Reimbursement from the Road Accident Fund (RAF)

The scheme grants assistance to its members in defraying expenditure incurred in connection with the rendering of any relevant health service. Such expenditure may be in connection with a claim that is also made to the RAF by the member, administered in term of the Road Accident Fund Amendment Act, 2001. If the member is reimbursed by the RAF, they are obliged contractually to cede that payment to the scheme to the extent that they have already been compensated. The amount of submitted claims to the Road Accident fund is R11 000 871 at year end (2010: R5 017 220).

Third party recoveries

Recoveries from third parties are recognised only when the recoveries can be measured reliably and it is probable that future economic benefit will flow to the Scheme.

Risk transfer arrangements

Risk transfer premiums are recognised as an expense over the indemnity period on a straight-line basis. Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim. Claims recoveries relating to risk transfer arrangements are calculated on the basis of the expected costs should the services be rendered on a fee per service basis.

Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options: contribution income, claims incurred, net income/(expenses) on risk transfer arrangements, managed care: management services, investment income and other income and expenditure. The administration expenditure is apportioned based on the estimated utilisation by each option.

Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contracts. Where a shortfall is identified, an additional provision is made and the scheme recognises the deficiency in income for the year. The liability adequacy test revealed that no shortfall existed at year-end.

Managed care: management services expenses

These expenses comprise amounts paid or payable to third parties for managing the utilisation, cost and quality of healthcare services of the fund.

Investment income

Interest income is recognised on a yield to maturity basis, taking into account the principal amount outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the scheme.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Rental income from investment properties is recognised in the statement of comprehensive income on a contractual basis. All leases with tenants are linked to the Consumer Price Index (CPI) + a percentage.

Retirement benefits of WCMAS employees

Employees all belong to a defined contribution pension fund. The contributions to the fund are recognised in the statement of comprehensive income in the year in which they are incurred.

Medical benefits of WCMAS employees

Most employees belong to the scheme. WCMAS subsidises 50% of these premiums until resignation or retirement from the employment of the Scheme.

Post retirement medical aid benefits of WCMAS employees

On retirement all the staff in the employment of the scheme as at 31 January 2011, will receive a medical aid subsidy equal to 50% of their contribution per month for the remainder of their lives. Surviving spouses of employees entitled to the subsidy will continue to receive the benefit. The benefit will cease upon the death of the surviving spouse. Payments in terms of this liability will be effective from 1 January 2012.

The post retirement medical aid contribution benefit liability is measured at the present value of the amount payable for the remaining lives of the beneficiaries and their surviving spouses. Employees become eligible for the medical aid contribution subsidy on normal retirement at any age after 60.

The post employment benefist have arisen as explained in the Board Of Trustees report paragraph 11.2.

Impairment losses

The carrying amounts of the scheme's assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the scheme's investments assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals on impairment

An impairment loss in respect of an asset carried at amortised cost or carried at cost less accumulated depreciation is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Reversals on impairment (continued)
An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Significant estimates and judgements
There are certain estimation uncertainties that have to be considered in the estimate of the liability arising from claims made under insurance contracts. Estimates are made according to the latest calculations on reported claims and derived as the claims process develops. Refer to note 10.

	Generator	Computer equipment	Office equipment	Motor vehicles	Total
	R	R	R	R	R
2 EQUIPMENT AND OTHER ASSETS					
Year ended 31 December 2011					
Cost					
At beginning of year	730 520	2 882 478	747 478	343 789	4 704 265
Additions	16 840	258 008	46 351	136 661	457 860
Disposals	-	(1 081 741)	(36 494)	(63 789)	(1 182 024)
At end of year	747 360	2 058 745	757 335	416 661	3 980 101
Accumulated depreciation					
At beginning of year	(225 248)	(2 353 462)	(495 521)	(343 787)	(3 418 018)
Depreciation charges	(29 206)	(445 459)	(69 878)	(8 838)	(553 381)
Accumulated depreciation on disposals	-	1 081 741	36 356	63 788	1 181 885
At end of year	(254 454)	(1 717 180)	(529 043)	(288 837)	(2 789 514)
Carrying amount at end of year	**492 906**	**341 565**	**228 292**	**127 824**	**1 190 587**
Year ended 31 December 2010					
Cost					
At beginning of year	730 520	2 504 882	732 441	343 789	4 311 632
Additions	-	621 662	15 037	-	636 699
Disposals	-	(244 066)	-	-	(244 066)
At end of year	730 520	2 882 478	747 478	343 789	4 704 265
Accumulated depreciation					
At beginning of year	(152 192)	(1 917 537)	(388 309)	(343 787)	(2 801 825)
Depreciation charges	(73 056)	(679 991)	(107 212)	-	(860 259)
Accumulated depreciation on disposals	-	244 066	-	-	244 066
At end of year	(225 248)	(2 353 462)	(495 521)	(343 787)	(3 418 018)
Carrying amount at end of year	**505 272**	**529 016**	**251 957**	**2**	**1 286 247**

	Land & Buildings	Partitioning electrical & fittings	Lift	Airconditioners	Total
	R	R	R	R	R
3 INVESTMENT PROPERTIES					
Year ended 31 December 2011					
Cost					
At beginning of year	8 979 671	1 836 612	522 433	1 231 584	12 570 300
Additions	30 274	47 285	-	1 261 204	1 338 763
Disposals	-	-	-	(471 509)	(471 509)
At end of year	9 009 945	1 883 897	522 433	2 021 279	13 437 554
Accumulated depreciation					
At beginning of year	(1 647 474)	(1 746 108)	(280 509)	(952 830)	(4 626 921)
Depreciation charges	-	(18 736)	(34 847)	(110 861)	(164 444)
Accumulated depreciation on disposals	-	-	-	471 509	471 509
At end of year	(1 647 474)	(1 764 844)	(315 356)	(592 182)	(4 319 856)
Carrying amount at end of year	**7 362 471**	**119 053**	**207 077**	**1 429 097**	**9 117 698**
Year ended 31 December 2010					
Cost					
At beginning of year	8 859 387	1 836 612	522 433	1 116 399	12 334 831
Additions	120 284	-	-	115 185	235 469
At end of year	8 979 671	1 836 612	522 433	1 231 584	12 570 300
Accumulated depreciation					
At beginning of year	(1 647 474)	(1 713 514)	(254 387)	(901 808)	(4 517 183)
Depreciation charges	-	(32 594)	(26 122)	(51 022)	(109 738)
At end of year	(1 647 474)	(1 746 108)	(280 509)	(952 830)	(4 626 921)
Carrying amount at end of year	**7 332 197**	**90 504**	**241 924**	**278 754**	**7 943 379**

	2011 R	2010 R

3 INVESTMENT PROPERTIES (continued)

Investment properties comprise the land and buildings on the corner of OR Tambo Road and Susanna Street, erf 5091 and erf 286, Emalahleni (Witbank) and the vacant land in Susanna Street, erf 5090. The fair value of the properties as valued by the Board of Trustees is R30 million (2010: R28 million).

Direct operating expenses arising from the property that generated rental income amount to R1,672,772 (2010: R1,201,899) and which did not generate rental income amount to R18,195 (2010:R15,855).

4 AVAILABLE FOR SALE INVESTMENTS

	2011 R	2010 R
Fair value at the beginning of the year	**132 379 499**	132 656 881
Additions and interest capitalised	**53 539 130**	58 111 337
Disposals at cost	**(30 013 186)**	(48 027 947)
Realised gain on disposal of available for sale investments	**(9 487 967)**	(22 350 128)
Unrealised (loss) / gain on revaluation of investments transferred directly to reserves	**5 462 932**	11 989 356
Fair value at the end of the year	**151 880 408**	132 379 499
Non-current	**151 880 408**	132 379 499
The available for sale investments comprise of the following:		
Unit Trusts	**128 868 523**	105 761 339
Linked fund policies	**21 458 852**	20 232 969
Unlisted equities	**100**	100
Listed equities	**1 552 933**	6 385 091
	151 880 408	132 379 499
These underlying investments are as follows:		
Listed equities	**114 184 619**	89 459 449
Interest bearing investments, including bonds and other fin. instruments	**23 697 234**	27 653 727
Interest bearing investments and investments in property	**3 243 436**	2 944 733
Cash	**10 755 119**	12 321 590
	151 880 408	132 379 499

These investments have no fixed maturity.

NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT AND RULES OF THE SCHEME
Compliance with Regulation 30
Based on the formula prescribed by Regulation B, the scheme has underlying investments in foreign investments of 1.55% (2.52% in 2010) through SA based Unit Trusts. Regulation B permits 0%. Continued work is being carried out to further reduce this exposure. The scheme has applied for exemption from the Council for Medical Schemes for not fully complying with the requirement.

Investments in a administrator, holding company of the administrator or any employer group. S35(8)(a,c&d)
A medical scheme is not allowed any investments in the business of any administrator of a medical scheme or any holding company of an administrator or any employer group. The scheme has underlying investments in administrators of medical schemes amounting to 0.8% and employer groups of 1.46% (Anglo American PLC 1.32%; Exxaro Resources 0.14%) of total investments through Unit Trust portfolios and linked fund policies. The scheme has submitted an exemption request to the Council for Medical Schemes. The Board of Trustees believes that this non-compliance is not a risk to the Scheme since the Scheme is not related to any of the administrators in which investments are held and does not exercise any influence over its employer groups by investing in pooled investments.

5 FIXED DEPOSITS

	2011 R	2010 R
Amortised cost at the beginning of year	**110 806 951**	89 302 333
Additions	**42 100 000**	60 736 754
Realisation of investments on maturity	**(59 095 780)**	(46 141 533)
Income received and accrued	**5 758 222**	6 909 397
Amortised cost at the end of the year	**99 569 393**	110 806 951
Current	**99 569 393**	110 806 951
	99 569 393	110 806 951

Any fixed deposit with a maturity date longer than 12 months after year end is considered non-current.

		2011 R	2010 R
6	**INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS**		
	Fair value at the beginning of the year	**13 163 502**	11 891 921
	Unrealised gain on revaluation of investments	**1 407 550**	1 271 581
	Fair value at the end of the year	**14 571 052**	13 163 502

The investments included above represents investment in a guaranteed policy.

		2011 R	2010 R
7	**TRADE AND OTHER RECEIVABLES**		
	Insurance receivables		
	Contributions outstanding	**321 782**	197 201
	Recoveries from members	**45 837**	29 548
		367 619	226 749
	Less: provision for impairment losses	**(32 830)**	(43 218)
	Carrying amount beginning of the period	**(43 218)**	(36 558)
	Additional provisions made	**-**	(6 660)
	Reversal of provision	**10 388**	-
	Service provider balances	**83 203**	46 279
		417 992	229 810
	Non-insurance receivables		
	Savings account advances (note 11)	**188 939**	184 903
	Saving plan recoveries	**277 163**	217 626
	Less: provision for impairment losses	**(195 277)**	(152 919)
	Carrying amount beginning of the period	**(152 919)**	(171 854)
	Additional provisions made	**(42 358)**	18 935
	Accounts paid in advance	**160 626**	11 544
	Balances due by tenants	**37 934**	23 040
	Electricity deposit	**21 426**	21 426
	SARS - VAT	**127 008**	-
		617 819	305 620
	Total insurance and other receivables	**1 035 811**	535 430

The carrying amounts of accounts receivable approximate their fair values due to the short-term maturities of these assets.

		2011 R	2010 R
8	**CASH AND CASH EQUIVALENTS**		
	Money market instruments	**156 791 687**	158 272 179
	Current accounts with bankers	**21 522 087**	21 063 097
	Total as per cash flow statement	**178 313 774**	179 335 276

The weighted average effective interest rate on money market instruments was 5.5%. (2010: 7%). These instruments have an average maturity of 48 hours. The scheme has issued a letter of guarantee, valued at R20 000, to Nedbank. The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these balances.

Saving account trust moneys managed by the trustees on behalf of the members amounting to R85 881 038 (amount equivalent to the savings account liability disclosed in note 11) are included in the cash and cash equivalents balance reflected above. The savings account trust cash balances will in future be invested seperately and ring-fenced from other Scheme assets.

	2011 R	2010 R

9 POST RETIREMENT MEDICAL AID BENEFIT

On retirement all the staff in the employment of the scheme as at 31 January 2011, will receive a medical aid subsidy equal to 50% of their contribution per month for the remainder of their lives. Surviving spouses of employees entitled to the subsidy will continue to receive the benefit. The benefit will cease upon the death of the surviving spouse.

The post retirement medical aid contribution benefit liability is measured at the present value of the amount payable for the remaining lives of the beneficiaries and their surviving spouses. Employees become eligible for the medical aid contribution subsidy on normal retirement at any age after 60.

Changes in the present value of the post retirement liability	2011 R	2010 R
Post retirement medical aid benefit liability at the beginning of the year	**2 181 039**	-
Finance costs	**174 483**	-
Post retirement medical aid benefits paid out	**(1 134 460)**	-
Actuarial losses and service costs	**78 938**	2 181 039
Post retirement medical aid benefit at end of the year	**1 300 000**	2 181 039

Amounts recognised in profit and loss	2011 R	2010 R
Non-current liabilities	**1 284 040**	2 181 039
Current liabilities	**15 960**	-
Balance at end of year	**1 300 000**	2 181 039

Key assumptions used

Below we have outlined the significant assumptions used in the valuation. An actuarial valauation was performed by independent valuators, Fifth Quadrant Actuaries & Consultants for the year ended 31 December 2010. An independed actuarial valuation was not performed for the year ended 31 December 2011, management performed their own valuation based on the 2010 actuarial workings and assumptions. An actuarial valuation will be done in 2012.

Discount rate

A rate of 8% per annum has been assumed (2010: 8%). The discount rate is based on rates applicable to government bonds.

Long-term price inflation rate

A long-term future inflation rate of 5.25% per annum has been assumed (2010: 5.25%)

Health care cost inflation:

It has been assumed that health care cost inflation will take place at a rate of 2% per annum 92010: 1%) in excess of price inflation, i.e. 7.25% per annum (2010: 6.25%).

Retirement ages

The normal retirement age of active employees is age 60 and it is assumed that all employees will retire at this age if they are still employed. (Unchanged from 2010).

Members included

It is assumed that 100% of in-service members will continue medical aid scheme membership of their current medical scheme option on retirement. It was assumed that 75% of in service members will remain married while actual marital statistics were used for pensioners. (Unchanged from 2010).

Mortality rates

Pre-retirement : SA85-90 (Light) Ultimate (unchanged from 2010).

Post retirement : PA (90) Ultimate, minus one half year age rating with an allowance for mortality improvement of 0.75% pa from 2009 (unchanged).

	2011 R	2010 R
10 OUTSTANDING CLAIMS PROVISION		
Not covered by risk transfer arrangements		
Provision for outstanding claims	**12 750 000**	10 500 000
Analysis of movements in outstanding claims		
Balance at beginning of year	**10 500 000**	9 000 000
Payments in respect of prior year	**(10 646 961)**	(8 234 833)
(Under) /over provision in respect of prior year	**(146 961)**	765 167
Adjustment for current year	**12 896 961**	9 734 833
Provision at end of year	**12 750 000**	10 500 000
Analysis of outstanding claims provision		
Estimated gross claims	**16 427 000**	14 422 000
Less: estimated savings plan claims	**(3 677 000)**	(3 922 000)
Balance at end of year	**12 750 000**	10 500 000

At year end no provision for reported claims not paid by risk transfer arrangements was raised as no information could be obtained from the service provider.

Process used to determine the assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. There is more emphasis on current trends and actual claims paid in January and February 2012.

Certain high claims are assessed on a case by case basis with due regard to the claim circumstances, and historical evidence of the size of similar claims. The provision is based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of components affecting the ultimate costs of the loss is difficult to estimate. The provision estimation components also differ by category of claims (i.e. in-hospital, chronic and above threshold benefits), claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of the claim, and reporting lags. The cost of outstanding claims is estimated using a range of statistical methods.

The methods extrapolate the development of paid and incurred claims, average cost per claim and ultimate claim numbers for each benefit year based upon observed development of earlier years and expected loss ratios. Run off triangles are used in situations where it takes time after the treatment date until the full extent of the claims to be paid is known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in the known cumulative payments from one month to the next can then be used to estimate future expenses for future development months.

The actual method or blend of methods used varies by benefit year being considered, categories of claims and observed historical claims development. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include (1) economic, legal, political and social trends (resulting in different than expected levels of inflation and /or minimum medical benefits to be provided); (2) changes in composition of members and their dependants; and (3) random fluctuations, including the impact of large losses.

Assumptions

The assumptions that have the greatest effect on the measurement of the outstanding claims provision are the expected claims ratios for the most recent benefit years. This is the portion of claims paid in the current year relating to the prior year. These are used for assessing the outstanding claims provisions for the last three years. The expected claims ratio assumed for the 2012 benefit year is 5.4% (2010: 5%).

Changes in assumptions and sensitivities to changes in key variables

The assumptions used in the estimation process are influenced by the actual claims paid in January and February after year end in respect of prior years. History of claims processing indicate that the bulk of prior year claims are paid before end of February of the following year.

Where variables are considered to be immaterial, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present. However, should the materiality levels of an individual variable change, assessment of changes to that variable in the future may be required.

	2011 R	2010 R

10 OUTSTANDING CLAIMS PROVISION (continued)

An analysis of sensitivity around various scenario's for the general medical insurance business provides an indication of the adequacy of the scheme's estimation process. The trustees believe that the liability for claims reported in the balance sheet is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise. Impact on surplus reported caused by a 1% reasonable change in the key variable "expected claims ratio", may increase the liability with R2,000,000 (2010: R1,750,000).

11 SAVINGS PLAN LIABILITY

	2011 R	2010 R
The medical scheme carries the risk		
Savings plan liability at beginning of year	76 417 823	67 377 356
Less: Advances on savings plan accounts	(184 903)	(190 852)
Savings plan liability at beginning of year	76 232 920	67 186 504
Add: Savings plan contributions for the current year	70 915 349	65 879 634
Transfers from other schemes	698 586	334 462
Interest paid on savings plan accounts	3 499 801	3 353 611
Advances on savings plan accounts (Note 7)	188 939	184 903
Less: Transfers to other schemes	(32 117)	(5 387)
Interest received on savings plan accounts	(250 186)	(279 969)
Claims paid on behalf of members	(60 725 976)	(56 784 473)
Refunds on death or resignation	(4 646 278)	(3 451 462)
Balance at end of the year (owed to members)	85 881 038	76 417 823
Funding of interest on savings plan accounts		
Interest received on savings plan funds invested	4 618 000	5 010 000
Net interest paid on savings plan accounts (Note 20)	(3 249 615)	(3 073 642)
Surplus interest on funds invested	1 368 385	1 936 358

The savings plan liability contains a demand feature in terms of regulation 10 of the Medical Schemes Act that any credit balance on a member's savings account must be taken as a cash benefit when the member terminates his/her membership of the scheme and then enrolls in another medical scheme without a medical savings account or does not enroll in another medical scheme. It is estimated that claims to be paid out of members' savings accounts in respect of claims incurred in 2011, not recorded, will amount to R3 677 000 (Note 10). Advances on savings plan accounts are included in trade and other receivables (Note 7). Interest is paid or charged on savings balances at a predetermined basis (Note 20).

12 ACCOUNTS PAYABLE

	2011 R	2010 R
Insurance payables		
Reported claims not yet paid	13 747 952	12 950 840
Contributions in advance	1 954 977	384 048
Unknown deposits	33 957	33 570
Stale cheques	353 191	425 801
	16 090 077	13 794 259
Other payables		
Auditors' fees	425 231	313 104
Provisions	522 000	471 000
Accruals	32 886	3 425
Accounts received in advance	-	-
SARS - VAT	-	9 927
	980 117	797 456
Total insurance and other payables	17 070 194	14 591 715

The carrying amounts of accounts payable approximate their fair values due to the short-term nature of these liabilities.

13 NET CONTRIBUTION INCOME

	2011 R	2010 R
Gross contributions	**298 019 955**	276 976 444
Less: Savings contributions	**(70 915 349)**	(65 879 634)
Net contribution income	**227 104 606**	211 096 810

NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT AND RULES OF THE SCHEME

Contributions received later than 3 days after payment became due (Section 26(7))

Contributions are payable by members within 3 days of due date. Isolated incidents occurred during the year, where the unit failed to pay within the stipulated time period. While some payments were not always received timeously all commitments were met soon after due date. Outstanding amounts are followed up on a regular basis.

Continuation and Widow member subsidisation

Regulation 10 (1) of the Medical Schemes Act and the rules of the scheme place a limit of 25% on the total contributions that may be allocated to a member's savings account. Section 26(5) states that a scheme may not, either directly or indirectly make any payment to any person as a dividend, rebate or bonus. The scheme makes supplementary contributions available to continuation and widow members.

As a result, the scheme's allocation to their savings accounts exceeded the limit prescribed by the Act, and continuation and widow members received benefits exceeding their contributions to the scheme. The additional amount allocated to the savings accounts amounted to R5.2 million during the year (2010: R4.633 million).

The concession that WCMAS enjoyed since 1999, regarding the reduced CAWMS contributions, has been revoked by the Council for Medical Schemes and WCMAS was obliged to terminate the practice on 31 December 2011. Most employer groups agreed to assist members by subsidising their CAWMS in line with their internal policies from 1 January 2012. WCMAS will subsidise its staff CAWMS's contributions. Refer to note 9.

14 RELEVANT HEALTHCARE EXPENDITURE

	2011 R	2010 R
Claims incurred excluding risk transfer agreements claims		
Current year claims	**268 280 745**	240 258 276
Savings plan claims (Note 11)	**(60 725 976)**	(56 784 473)
Movement in provision for outstanding claims	**2 250 000**	1 500 000
(Under) /Over provision in prior year	**(146 961)**	765 167
Adjustment for current year	**2 396 961**	734 833
Discounts received	**(434 571)**	(328 814)
	209 370 198	184 644 989
Claims incurred in respect of risk transfer agreements	**31 082 419**	28 521 621
Claims incurred per statement of comprehensive income	**240 452 617**	213 166 610
Net income on risk transfer agreement		
Capitation fees paid to Anglo Coal Highveld Hospital	**31 082 419**	28 521 621
Claims settled - recoveries	**(31 082 419)**	(28 521 621)
Net income	**-**	-

The Yebomed option is fully capitated through a comprehensive Health Maintenance Organisation risk transfer agreement. The agreement is all inclusive at Health Maintenance Organisation costs to which no comparison can be drawn to a Fee for Service cost arrangement which is in general up to 100% higher. Therefore the trustees have decided not to disclose an income on risk transfer arrangements by using a fee for service cost as this would not accurately reflect the arrangement. This is a departure from IFRS4, *Insurance contract*, but has no impact on the surplus of the scheme. Refer to the audit report.

NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT AND RULES OF THE SCHEME

Claims paid in excess of 30 days from receipt (Section 59(2))

A small percentage of claims have not been paid within 30 days as prescribed by the Act. Between December and January the number of days between the receipt of a claim and the payment could amount to 38 days, causing non compliance. The scheme normally performs month end runs on the second last business day of the month.

		2011 R	2010 R
15	**MANAGED CARE: MANAGEMENT SERVICES**		
	Specialist, hospital referrals and pre-authorisation (MHS)	**1 360 879**	1 265 066
	Medical advisors (MHS)	**126 176**	122 720
	Pharmacy benefit management (Medikredit)	**613 459**	586 552
	Oncology benefit management (Icon & MHS)	**66 957**	-
		2 167 471	1 974 338
16	**ADMINISTRATION EXPENDITURE**		
	Association fees	**83 492**	80 137
	Auditors' remuneration	**422 131**	458 989
	Audit services	**425 231**	450 497
	Prior year under /(over) provision	**(8 843)**	5 603
	Other	**5 743**	2 889
	Conference and travel RC Weber	**10 093**	9 933
	Consulting fees	**77 148**	54 806
	Depreciation of property, plant and equipment	**553 381**	860 259
	Employment costs	**8 705 965**	9 639 834
	Fidelity insurance	**25 619**	30 595
	Long service awards BOT members	**5 000**	6 000
	Medikredit administration fee	**831 252**	793 347
	Principal officer's conference and travel costs	**6 925**	10 535
	Principal officer's remuneration	**1 155 415**	1 025 778
	Professional indemnity insurance	**42 000**	21 000
	Registrar's levies	**224 716**	192 063
	Other expenses (page 40)	**1 872 508**	1 858 632
		14 015 645	15 041 908
17	**NET IMPAIRMENT LOSSES**		
	Insurance receivables		
	Contributions that are not collectable	**2 748**	1 574
	Movement in provision (Note 7)	**1 341**	(358)
	Recognised directly in profit or loss	**1 407**	1 932
	Members' and service providers' portions not recoverable	**4 378**	17 493
	Movement in provision (Note 7)	**(11 729)**	7 018
	Recognised directly in profit or loss	**16 107**	10 475
	Non-insurance receivables		
	Advances to saving plan accounts that are not recoverable	**90 443**	49 967
	Movement in provision (Note 7)	**42 358**	(18 935)
	Recognised directly in profit or loss	**48 085**	68 902
	Previously impairment losses recovered	**(19 460)**	(14 210)
		78 109	54 824
18	**INVESTMENT INCOME**		
	Income from investments		
	Available for sale financial assets - interest income	**2 060 318**	1 798 096
	Fixed deposit -interest income	**5 758 222**	6 909 397
	Cash and cash equivalents - interest income	**8 719 304**	10 475 975
	Available for sale financial assets - dividend income	**1 799 421**	1 040 835
	Realised gain on sale of available for sale investments - Equity securities	**9 487 967**	22 350 128
	Profit on sale of minor asset	**25 061**	-
	Fair value adjustment on financial assets at fair value through profit or loss - Insurance policy	**1 407 550**	1 271 582
		29 257 843	43 846 013

The interest income from cash and cash equivalents includes interest earned on savings funds invested to the value of R4,618,000 (2010:R5,010,000). Refer to note 11.

		2011 R	2010 R
19	**SUNDRY INCOME**		
	Over utilisation levy	**2 816 809**	1 388 792

WCMAS has unique Equalisation Levy contracts signed with major employer groups. With these contracts risks relating to a specific group are "ring fenced" to only impact members of that group. Employer groups have to pay in funds where their members have spend more on claims and administration costs than their contributions paid, averaged over 3 years.

		2011 R	2010 R
20	**NET INTEREST PAID ON SAVINGS ACCOUNTS** (Note 11)		
	Interest received	**250 186**	279 969
	Interest paid	**(3 499 801)**	(3 353 611)
		(3 249 615)	(3 073 642)

Interest charged on debit savings account balances at a rate of prime less a third and paid on credit balances at 50% of prime.

		2011 R	2010 R
21	**RECONCILIATION OF SURPLUS TO CASH GENERATED FROM OPERATIONS**		
	Surplus for the year	**942 819**	25 237 806
	Adjustments for:		
	Depreciation	**717 825**	969 998
	Net investment income	**(29 219 101)**	(44 578 025)
	Fair value adjustment on financial assets at fair value through profit or loss	**1 407 550**	1 271 582
	Net finance costs	**3 249 615**	3 073 642
	Cash generated from operations before working capital changes	**(22 901 292)**	(14 024 997)
22	**ADMINISTRATION COSTS**		
	The overall net cost of administration and benefit management is calculated as follows:		
	Administration expenses (refer note 16)	**14 015 645**	15 041 908
	Managed Care: Management services (refer note 15)	**2 167 471**	1 974 338
		16 183 116	17 016 246
	Administration cost per member per month (members as at year end)	**R 131.17**	R135.19
	Administration cost as a % of gross contribution income	**5.4%**	6.1%
23	**COMMITMENTS**		
	1. Capital expenditure budgeted but not committed	**1 134 800**	600 000
	2. Operating lease :		
	The future minimum lease payments under a non-cancellable contract:	**392 373**	322 521
	The following 12 months	**117 920**	83 291
	Greater than 1 year and less than 5 years	**274 453**	239 230

3. There are no known other material contingencies or commitments that have not been disclosed in other areas of these financial statements.

24 FIDELITY COVER

In accordance with the Rules of the Scheme, the fidelity cover at 31 December 2011 amounted to R750 000. The cover is provided under a group Fidelity Policy covering the scheme.

25 SURPLUS PER BENEFIT OPTION

The scheme offers two benefit options. Principal features of these benefit options are as follows:

Comprehensive option: this option provides comprehensive cover through a risk pool for all major medical expenses and a savings account for day-to-day medical expenses.

Yebo-Med option: this option was implemented during 2007 and provides medical cover through a preferred provider network on a capitation fee basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

25 SURPLUS PER BENEFIT OPTION (continued)	Comprehensive 2011 R	Yebo-med 2011 R	TOTAL SCHEME 2011 R	Comprehensive 2010 R	Yebo-med 2010 R	TOTAL SCHEME 2010 R
Net contribution income	191 716 389	35 388 217	**227 104 606**	178 615 517	32 481 293	**211 096 810**
Relevant healthcare expenditure	(207 604 440)	(31 082 419)	**(238 686 859)**	(183 159 488)	(28 521 621)	**(211 681 109)**
Net claims incurred	(207 604 440)	(31 082 419)	**(238 686 859)**	(183 159 488)	(28 521 621)	**(211 681 109)**
Claims incurred	(209 370 198)	(31 082 419)	**(240 452 617)**	(184 644 989)	(28 521 621)	**(213 166 610)**
Third party claim recoveries	1 765 758	-	**1 765 758**	1 485 501	-	**1 485 501**
Net income on risk transfer arrangement	-	-	**-**	-	-	**-**
Risk transfer arrangement premiums paid	-	(31 082 419)	**(31 082 419)**	-	(28 521 621)	**(28 521 621)**
Recoveries from risk transfer arrangements	-	31 082 419	**31 082 419**	-	28 521 621	**28 521 621**
Gross healthcare result	(15 888 051)	4 305 798	**(11 582 253)**	(4 543 971)	3 959 672	**(584 299)**
Managed care: management services	(2 167 471)	-	**(2 167 471)**	(1 974 338)	-	**(1 974 338)**
Administration expenses	(11 550 035)	(2 465 610)	**(14 015 645)**	(12 706 300)	(2 335 608)	**(15 041 908)**
Net impairment losses: Trade and other receivables	(78 109)	-	**(78 109)**	(54 824)	-	**(54 824)**
Net healthcare result	(29 683 666)	1 840 188	**(27 843 478)**	(19 279 433)	1 624 064	**(17 655 369)**
Other income	34 364 147	255 177	**34 619 324**	47 621 115	190 800	**47 811 915**
Investment income	29 002 666	255 177	**29 257 843**	43 655 213	190 800	**43 846 013**
Rental income from investment properties	2 544 672	-	**2 544 672**	2 577 110	-	**2 577 110**
Sundry income	2 816 809	-	**2 816 809**	1 388 792	-	**1 388 792**
Other expenditure	(5 833 027)	-	**(5 833 027)**	(4 918 740)	-	**(4 918 740)**
Asset management fees	(892 445)	-	**(892 445)**	(627 344)	-	**(627 344)**
Direct operating expenses incurred in rental of investment properties	(1 690 967)	-	**(1 690 967)**	(1 217 754)	-	**(1 217 754)**
Net interest paid on savings accounts	(3 249 615)	-	**(3 249 615)**	(3 073 642)	-	**(3 073 642)**
Net (deficit) /surplus for the year	(1 152 546)	2 095 365	**942 819**	23 422 942	1 814 864	**25 237 806**
Other comprehensive income	(4 025 035)	**-**	**(4 025 035)**	(10 360 772)	-	**(10 360 772)**
Realised gain on disposal: available for sale investment	(9 487 967)	-	**(9 487 967)**	(22 350 128)	-	**(22 350 128)**
Fair value adjustment:available for sale investment	5 462 932	-	**5 462 932**	11 989 356	-	**11 989 356**
Total comprehensive (deficit)/income for the yea	**(5 177 581)**	**2 095 365**	**(3 082 216)**	**13 062 170**	**1 814 864**	**14 877 034**
Number of members at year end	7 375	2 906	**10 281**	7 486	3 003	**10 489**

NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT AND RULES OF THE SCHEME

A benefit option must be self-supporting S 33(2) (b)

Section 33(2)(b) of the Act states that "The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option – (b) shall be self-supporting in terms of membership and financial performance;…". The non-compliance could result in benefit options with a surplus cross-subsidising benefit options with a deficit. The Scheme takes into account section 33(2)(b) of the Act in designing its benefits.

26 RELATED PARTIES

Wholly owned subsidiaries (dormant)

These financial statements incorporate the wholly owned subsidiaries, *Witbank Coalfields Investments (Pty) Ltd* and *Mpumalanga Managed Health Care (Pty) Ltd (MMHC).* Both subsidiaries are dormant, have no reserves and intergroup balances of R2 300 are eliminated on consolidation. No transactions took place between the scheme and its subsidiaries during the current and previous financial year. MMHC has an estimated Capital Gains Tax loss of R5 719 243. This loss is available to be set off against future capital profits, however the Board of Trustees are of the opinion that this may not be realized.

Key management personnel and their close family members

Key management include the Board of Trustees, the Principal Officer and members of the Executive Committees.
Mr. EG Gryzenhout, a director and trustee acts as an insurance and investment advisor to the scheme, and is a member of the investment committee. His fees are disclosed below**. Mr Gryzenhout also leases office space from the Scheme as disclosed below***.

All transactions and balances are at the same terms as applicable to third parties.

Transactions and balances of these members:	2011 R	2010 R
Gross contributions received	**762 563**	685 796
Claims incurred	**767 742**	857 183
Investment advisor's fees**	**286 512**	175 185
Investment advisor's rental received***	**103 786**	104 705
Principal officer remuneration	**1 155 415**	1 025 778
Travel, accommodation and conferences	**19 718**	20 468
BOT Long service rewards	**5 000**	6 000
Savings account balances	**110 657**	127 053

Employer groups

Detail of all employer groups are disclosed on pages 40 to 44. All figures annotated with "*" have been verified by the auditors. Anglo Operations Limited (an employer group) leases office space from the Scheme from 1 January 2011. The Scheme received rental income of R168 000 from the employer group.
All lease agreements with related parties are negotiated at arm's length.

27 INSURANCE RISK MANAGEMENT

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the scheme assumes the risk of loss from members and their dependants that are directly exposed to the risk. These risks relate to the health of the scheme members. As such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The scheme also has exposure to market risk through its insurance and investment activities.

The scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation, case management, service provider profiling and monitoring of emerging issues.

The Board of Trustees have delegated the oversight of the operational duties and management of insurance risk to which the Scheme is exposed, to the Audit Committee. The Audit Committee reviews the insurance risks to which the Scheme is exposed at each meeting. The Board of Trustees ensures that the benefit options provided to members are structured to fall within the acceptable insurance risk levels specified.

The scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected.

Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The following table summarises the concentration of insurance risk, with reference to the carrying amounts of the insurance claims incurred, excluding capitation fee, by age group in relation to the type of risk covered / benefits provided. Where appropriate prescribed minimum benefits (PMB) and non-PMB claims have been split.

27 INSURANCE RISK MANAGEMENT (continued)

Concentration of insurance risk (Comprehensive option only)

Age groups	No of memb	In-hospital PMB	In-hospital Non-PMB	Chronic PMB	Chronic Non-PMB	Day to day PMB	Day to day Non-PMB	Total
2011								
<24	378	2 604 757	16 271 634	1 223 177	1 438 890	5 015 685	9 162 673	35 716 816
25-34	1920	1 628 400	8 474 801	882 300	438 586	3 844 639	4 881 611	20 150 337
35-49	2744	4 360 021	19 234 371	4 669 198	1 847 512	8 910 534	13 918 247	52 939 883
50-64	1518	3 482 575	17 539 065	6 019 741	1 752 878	8 032 586	11 609 431	48 436 276
65>	815	4 046 820	19 302 732	5 337 366	1 360 693	9 026 511	9 509 105	48 583 227
Total	7375	16 122 573	80 822 603	18 131 782	6 838 559	34 829 955	49 081 067	205 826 539
2010								
<24	454	422 728	19 322 491	816 079	2 057 559	2 181 313	10 135 704	34 935 874
25-34	1991	267 299	10 853 246	893 052	520 447	1 769 629	7 170 180	21 473 853
35-49	2769	1 301 113	17 089 449	4 091 622	2 500 767	4 128 361	14 030 194	43 141 506
50-64	1477	1 064 296	19 369 822	5 581 736	2 083 064	3 618 393	12 755 397	44 472 708
65>	795	889 206	17 657 497	4 541 475	2 203 370	3 135 381	10 178 299	38 605 228
Total	7486	3 944 642	84 292 505	15 923 964	9 365 207	14 833 077	54 269 774	182 629 169

The scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the volatility of the outcome. The strategy is set out in the annual business plan, which specifies the benefits to be provided, the preferred target market and demographic split thereof.

In-hospital benefits cover all cost incurred by members, whilst they are in hospital to receive pre-authorised treatment for certain medical conditions.

Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/diseases, such as high blood pressure, cholesterol and asthma.

Day-to-day benefits cover the cost (up to 100% of the Scheme tariff) of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines. Savings account claims are excluded. All the contracts are annual in nature and the scheme has the right to change the terms and conditions of the contract at renewal. Management information, including contribution income, claims ratios and demographic split, is reviewed monthly.

Risk transfer arrangements

The scheme reinsures a portion of the risks it underwrites so that it can limit its exposures to losses and protects capital resources. The scheme has entered into a capitation agreement with Anglo Coal Highveld Hospital in respect of the Yebomed option.

Risk in terms of risk transfer arrangements

The risk transfer arrangement spreads the risk and minimises the effect of losses. According to the terms of the capitation agreement, the Anglo Coal Highveld Hospital Network provides certain benefits to all Yebomed members, as and when required by the members. The scheme does, however, remain liable to its members and suppliers with respect to ceded insurance if any reinsurer (supplier) fails to meet the obligations it assumes.

Claims development

Claims development tables are not presented, as the uncertainty regarding the amount and timing of claim payments is typically resolved within one year.

28 FINANCIAL RISK MANAGEMENT

The scheme's activities expose it to a variety of financial risks, including the effects of changes in the equity market, foreign currency exchange rates and interest rates. The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments, which the scheme holds to meet its obligations to its members. Risk management and investment decisions are carried out by the investment committee, under the guidance and policies approved by the Board of Trustees.

28 FINANCIAL RISK MANAGEMENT (continued)

The Investment Committee identifies and evaluates financial risks associated with the scheme's investment portfolio. The investment committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and policies around the investment of excess funds. The Board of Trustees approves all of these written policies.

Capital risk management

The Scheme manages its capital to ensure that the scheme will be able to continue as a going concern. It does this by maximising accumulated funds by obtaining the highest return on investments; minimising investment risk and; ensuring sufficient liquid cash reserves at all times.

The scheme's solvency ratio comfortably exceeds the required 25%.

Gearing ratio

The Board of Trustees ensures that all savings account liabilities are covered by liquid cash resources. Debt is usually limited and of a short term nature.

	2011		2010	
	Risk pool	MSA pool	Risk pool	MSA pool
Cash and cash equivalents	92 432 736	85 881 038	102 917 453	76 417 823
Less: Current liabilities	(29 820 194)	(85 881 038)	(25 091 715)	(76 417 823)
Net cash and cash equivalents	**62 612 542**	**-**	**77 825 738**	**-**
Members' Funds	308 552 602		307 609 783	
Net cash and cash equivalents to members' funds	20%		25%	

Categories of financial instruments		2011	2010
Financial assets		445 061 378	436 187 688
Available for sale investments	(Note 4)	151 880 408	132 379 499
Fixed Deposits	(Note 5)	99 569 393	110 806 951
Investments at fair value through profit or loss	(Note 6)	14 571 052	13 163 502
Receivables and cash and cash equivalents.	(Note 7 & 8)	178 622 533	179 607 926
Insurance receivables	(Note 7)	417 992	229 810
Financial liabilities		102 951 232	91 009 538
Savings plan liability	(Note 11)	85 881 038	76 417 823
Trade and other payables	(Note 12)	980 117	797 456
Insurance liabilities	(Note 12)	16 090 077	13 794 259

The carrying amount reflected above represents the Scheme's maximum exposure to credit risk financial assets.

Analyses of carrying amounts of financial assets and liabilities per category

	Fair value through profit or loss	Available for sale	Loans and receivables	Financial liabilities at amortised cost	Insurance receivables and payables	Total carrying amount
As at 31 December 2011	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Guaranteed investments	14 571					**14 571**
Investments in equities, unit trusts & linked fund policies		151 880				**151 880**
Cash and cash equivalents			178 314			**178 314**
Fixed Deposits			99 569			**99 569**
Trade and other receivables			309		418	**727**
Trade and other payables				(458)	(16 090)	**(16 548)**
Savings plan liability				(85 881)		**(85 881)**
	14 571	**151 880**	**278 192**	**(86 339)**	**(15 672)**	**342 632**

28 FINANCIAL RISK MANAGEMENT (continued)

Analyses of carrying amounts of financial assets and liabilities per category

	Fair value through profit or loss	Available for sale	Loans and receivables	Financial liabilities at amortised cost	Insurance receivables and payables	Total carrying amount
As at 31 December 2010	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Guaranteed investments	13 163					**13 163**
Investments in equities, unit trusts and funds of funds		132 380				**132 380**
Cash and cash equivalents			179 335			**179 335**
Fixed deposits			110 807			**110 807**
Trade and other receivables			272		230	**502**
Trade and other payables				(316)	(13 794)	**(14 110)**
Savings plan liability				(76 418)		**(76 418)**
	13 163	**132 380**	**290 414**	**(76 734)**	**(13 564)**	**345 659**

Market risk

Interest rate risk

The scheme's investment policy is to hold at least 40% of reserves in interest bearing instruments. This implies a significant portion of the scheme's investments is exposed to changes in the market interest rates. The table below summarises the scheme's exposure to interest rate risk. Included in the table are the scheme's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Non-interest bearing	Total
As at 31 December 2011	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Accounts receivable	-	-	-	-	1 036	1 036
Available for sale investments	33 994	-	-	-	117 886	151 880
Fixed deposits	4 276	2 376	92 917		-	99 569
Investments at fair value through profit or loss	-	-	-	14 571	-	14 571
Cash and cash equivalents	178 314	-	-	-	-	178 314
TOTAL	**216 584**	**2 376**	**92 917**	**14 571**	**118 922**	**445 370**
As at 31 December 2010						
Accounts receivable	-	-	-	-	535	535
Available for sale investments	42 920	-	-	-	89 460	132 380
Fixed deposits	56 901	29 305	24 601		-	110 807
Investments at fair value through profit or loss	-	-	-	13 163	-	13 163
Cash and cash equivalents	179 335	-	-	-	-	179 335
TOTAL	**279 156**	**29 305**	**24 601**	**13 163**	**89 995**	**436 220**

Interest rate sensitivity

The sensitivity analyses below have been determined assuming the amount of assets and liabilities as at statement of financial position date were the balances for the full year. If the interest rates had decreased by a further 1% and all other variables were held constant, the scheme's :

- surplus for the year would decrease by R3.3 million: mainly due to the high exposure to interest bearing instruments including interest bearing instruments within the available for sale investments.
- all reserves would decrease by R3.3 million: mainly as a result in reduction of capitalised interest and fair value of available for sale instruments.

Currency risk

The scheme operates in South Africa and therefore its cash flows are denominated in South African Rand (ZAR). In the year under review and the previous year, the scheme had minimal exposure to international investments.

28 FINANCIAL RISK MANAGEMENT (continued)

Market risk - continue

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the equity indexes had been 3% lower, the scheme's :

- surplus and accumulated funds for the year would have been unaffected as the equity investments are classified as available-for-sale investments (at fair value) and the fair value through profit or loss investment has a fixed return
- the revaluation reserve would reduce by R2.6 million as a result of the change in the market value of available for sale instruments.

Credit risk

The scheme's principal financial assets are cash and cash equivalents, trade and other receivables and investments. The scheme's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience is evidence of a reduction in the recoverability of the cash flows.

The credit risk of trade and other receivables is managed through timeous processing of payments received, identification of outstanding payments and strict enforcement of credit control policies relating to the type of receivable.

The summary below summarises the scheme's exposure to insurance and non-insurance receivables:

	Total	Fully Performing	Past due not impaired	Impaired	Ageing of Past due receivables	
2011					**2011**	
Insurance receivables					**Period**	**Amount**
Contributions outstanding	321 782	182 441	139 341	-	30 Days	150 972
Recoveries from members	45 837	3 396	19 541	22 900	60 Days	89 558
Service provider balances	83 203	1 511	71 762	9 930	90 Days	45 131
Provision for impairment losses	(32 830)	-	-	(32 830)	120+ Days	57 036
	417 992	**187 348**	**230 644**	**-**	**Total**	**342 697**
Non-insurance receivables						
MSA recoveries (members)	277 163	19 582	62 304	195 277		
Provision for impairment losses	(195 277)	-	-	(195 277)		
Accounts paid in advance	160 626	160 626	-	-		
Balances due by tenants	37 934	26 487	11 447	-		
Savings account advances	188 939	188 939	-	-		
VAT - SARS	127 008	88 706	38 302	-		
Electricity deposit	21 426	21 426	-	-		
	1 035 811	**693 114**	**342 697**	**-**		
2010					**2010**	
Insurance receivables					**Period**	**Amount**
Contributions outstanding	197 201	77 689	119 512	-	30 Days	83 451
Recoveries from members	29 548	12 735	-	16 813	60 Days	39 454
Service provider balances	46 279	9 014	10 860	26 405	90 Days	55 056
Provision for impairment losses	(43 218)	-	-	(43 218)	120+ Days	17 502
	229 810	**99 438**	**130 372**	**-**	**Total**	**195 463**
Non-insurance receivables						
MSA recoveries (members)	217 626	2 403	62 304	152 919		
Provision for impairment losses	(152 919)	-	-	(152 919)		
Accounts paid in advance	11 544	11 544	-	-		
Balances due by tenants	23 040	20 253	2 787	-		
Savings account advances	184 903	184 903	-	-		
Electricity deposit	21 426	21 426	-	-		
	535 430	**339 967**	**195 463**	**-**		

The fully performing contracts are receivable from high credit quality employer groups and from members and service providers that we consider will meet all their debts soon.

28 FINANCIAL RISK MANAGEMENT (continued)

Top 6 Financial Institutions	**2011**		**2010**	
	Amount	**% of total**	**Amount**	**% of total**
Current accounts				
Nedbank Ltd	21 522 087	100%	21 063 097	100%
Money Market and Fixed deposits				
ABSA Bank Ltd	61 735 292	42%	48 628 086	33%
Standard Bank of SA Ltd	38 570 208	26%	35 624 000	24%
Nedbank Ltd	19 720 369	13%	19 276 560	13%
Investec Bank Ltd	17 685 989	13%	18 141 810	12%
Firstrand Bank Ltd	1 595 114	1%	17 653 083	12%
Other	7 722 951	5%	9 293 018	6%
	147 029 923	100%	148 616 557	100%
Cash included in Available for sale investments	10 755 119		11 873 956	
	179 307 129		181 553 610	

Cash investments are limited to high credit quality financial institutions. The scheme has a policy of limiting the amount of credit exposure to any one financial institution.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Trustees, which has built an appropriate liquidity risk management framework for the management of the scheme's short, medium and long-term funding and liquidity management requirements.

The bank balance is monitored by management on an ongoing basis. An adequate minimum balance is maintained in the bank account at all times. An appropriate and sufficient amount of funds is kept in liquid funds as determined by the Board of Trustees. This amount is sufficient to cover the full savings account liability, all other liabilities, as well as any unforeseen major claims or events.

Contractual cash outflow:

	TOTAL	< 3 month	4-6 month	7-12 month	1-2 yrs	>2 yrs
	R	R	R	R	R	R
2011						
Financial liabilities						
Members' savings accounts	**85 881 038**	85 881 038	-	-	-	-
Trade & other payables	**18 370 194**	17 074 185	3 990	7 980	422 956	861 083
Insurance liabilities						
Outstanding claims provision	**12 750 000**	11 475 000	765 000	510 000	-	-
	117 001 232	114 430 223	768 990	517 980	422 956	861 083
2010						
Financial liabilities						
Members' savings accounts	**76 417 823**	76 417 823	-	-	-	-
Trade & other payables	**16 772 754**	14 571 715	-	-	442 072	1 758 967
Insurance liabilities						
Outstanding claims provision	**10 500 000**	10 120 000	200 000	180 000	-	-
	103 690 577	101 109 538	200 000	180 000	442 072	1 758 967

Fair value estimation

The fair value of publicly traded financial instruments (available-for-sale investments and investments at fair value through profit or loss) is based on quoted market prices at the statement of financial position date.

In assessing the fair value of other financial instruments, the scheme uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

The face values, less any estimated credit adjustments, of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the scheme for similar financial instruments.

	2011 R	2010 R

28 FINANCIAL RISK MANAGEMENT (continued)

Fair values of financial assets by hierarchy level

2011	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss			
- Guaranteed growth plan	-	14 571 052	-
Available for sale financial assets			
- Unit trusts, linked fund policies and equities	151 880 308	-	-
Unlisted equity investments	-	-	100
Fair value at the end of the year	151 880 308	14 571 052	100

2010			
Financial assets at fair value through profit or loss			
- Guaranteed growth plan	-	13 163 502	-
Available for sale financial assets			
- Unit trusts, linked fund policies and equities	132 379 399	-	-
Unlisted equity investments	-	-	100
Fair value at the end of the year	132 379 399	13 163 502	100

Unlisted equity investments represent investment in 2 dormant subsidiaries with nil net asset value. Refer to note 26.

Fair value hierarchy may have the following levels:

Level 1: Inputs are determined directly by reference to published price quotations in an active market for identical assets or liabilities.

Level 2: Inputs are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3: The fair values are determined using a valuation technique based on assumptions that are not supported by observable market data.

OTHER ADMINISTRATION EXPENSES

For the year ended 31 December 2011

	2011 R	2010 R
Bank charges	202 134	178 349
Annual general meeting and committee meetings	25 880	119 356
Computer expenses	421 408	380 969
Customer service	125 400	127 440
Other levies	10 277	8 044
Insurance	59 867	90 529
Debt collection fees	10 370	3 872
MVA collection costs	91 830	78 035
Operating leases - office equipment	79 812	83 718
Repairs and maintenance	111 157	100 680
Stationery and printing	248 219	178 940
Telephone, postage and fax	485 264	490 534
Travel, accommodation & conferences	890	18 166
	1 872 508	1 858 632

UNIT PROFITABILITY REPORT - RISK POOL

31 December 2011

YEBOMED OPTION

	ORDINARY MEMBERS					PER MEMBER PER MONTH		
	NO OF MEM	CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)
ANGLO COAL								
ANGLO COAL SHARED S	125	1 702 534	1 505 082	197 452	88%	1 135	1 003	132
GOEDEHOOP	372	4 118 389	3 579 923	538 466	87%	923	802	121
GREENSIDE	253	2 855 230	2 499 908	355 322	88%	940	823	117
ISIBONELO	24	282 931	246 519	36 412	87%	982	856	126
KLEINKOPJE	339	4 429 411	3 912 222	517 189	88%	1 089	962	127
LANDAU	278	3 616 935	3 197 994	418 941	88%	1 084	959	125
NEW DENMARK	253	3 085 661	2 715 626	370 035	88%	1 016	894	122
NEW VAAL	595	8 052 525	7 119 714	932 811	88%	1 128	997	131
TOTAL	2 239	* 28 143 616	* 24 776 988	3 366 628	88%	1 047	922	125
INYOSI COAL								
KRIEL	191	2 179 662	1 900 490	279 172	87%	951	829	122
ZIBULU	306	3 175 510	2 750 752	424 758	87%	865	749	116
TOTAL	497	* 5 355 172	* 4 651 242	703 930	87%	898	780	118
MAFUBE	170	* 1 889 429	* 1 654 189	235 240	88%	926	811	115
TOTAL	2 906	35 388 217	31 082 419	4 305 798	88%	1 015	891	124

UNIT PROFITABILITY REPORT - RISK POOL

31 December 2011

COMPREHENSIVE OPTION	ORDINARY MEMBERS							PER MEMBER PER MONTH		
	NO OF MEM		CONTRI-BUTIONS		MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)
ANGLO COAL										
ANGLO COAL SHARED SERV	561		16 410 136		13 369 017	3 041 119	81%	2 438	1 986	452
GOEDEHOOP	654		19 357 286		13 788 658	5 568 628	71%	2 467	1 757	710
GREENSIDE	292		8 366 272		6 121 437	2 244 835	73%	2 388	1 747	641
ISIBONELO	206		6 151 498		3 093 971	3 057 527	50%	2 488	1 252	1 237
NEW DENMARK	342		10 231 224		7 064 075	3 167 149	69%	2 493	1 721	772
NEW VAAL	391		12 055 884		10 808 739	1 247 145	90%	2 569	2 304	266
S.A.C.E.	566		17 001 062		12 361 842	4 639 220	73%	2 503	1 820	683
MBS	-		-		-	-	-	-	-	-
TOTAL	3 012	*	89 573 362	*	66 607 739	22 965 623	74%	2 478	1 843	635
INYOSI COAL										
KRIEL	340		9 550 470		5 989 515	3 560 955	63%	2 341	1 468	873
ZIBULU	238		6 629 979		4 308 124	2 321 855	65%	2 321	1 508	813
TOTAL	578	*	16 180 449	*	10 297 639	5 882 810	64%	2 333	1 485	848
EXXARO										
ARNOT	251		7 451 423		6 769 616	681 807	91%	2 474	2 248	226
NORTH BLOCK COMPLEX	18		518 944		440 921	78 023	85%	2 403	2 041	361
MATLA	446		13 382 351		12 383 850	998 501	93%	2 500	2 314	187
NEW CLYDESDALE	85		2 524 022		1 918 150	605 872	76%	2 475	1 881	594
TOTAL	800	*	23 876 740	*	21 512 537	2 364 203	90%	2 487	2 241	246
XSTRATA										
ARTHUR TAYLOR	204		5 478 139		4 890 704	587 435	89%	2 238	1 998	240
GOEDGEVONDEN	153		4 266 047		2 593 874	1 672 173	61%	2 324	1 413	911
PHOENIX	-		-		-	-	0%	-	-	-
SPITZKOP	138		3 848 186		2 256 922	1 591 264	59%	2 324	1 363	961
HEAD OFFICE	218		6 697 464		5 368 663	1 328 801	80%	2 560	2 052	508
TAVISTOCK	119		3 371 976		4 480 809	(1 108 833)	133%	2 361	3 138	(776)
TCS	216		5 500 729		3 173 850	2 326 879	58%	2 122	1 224	898
TWEEFONTEIN	326		8 916 066		6 910 569	2 005 497	78%	2 279	1 767	513
TOTAL	1 374	*	38 078 607	*	29 675 391	8 403 216	78%	2 309	1 800	510
MAFUBE	93		2 712 490		2 999 108	(286 618)	111%	2 431	2 687	(257)
WITBANK CHAMBER	56	*	1 311 167	*	3 833 227	(2 522 060)	292%	1 951	5 704	(3 753)
OTHER										
STAFF	20		532 029		774 526	(242 497)	146%	2 217	3 227	(1 010)
COLLISEN	54		1 514 975		1 110 822	404 153	73%	2 338	1 714	624
TOTAL	74	*	2 047 004	*	1 885 348	161 656	92%	2 305	2 123	182
TOTAL	5 987		173 779 819		136 810 989	36 968 830	79%	2 419	1 904	515

UNIT PROFITABILITY REPORT - RISK POOL

31 December 2011

CONTINUATION MEMBERS					PER MEMBER PER MONTH			COMBINED PER MEMBER PER MONTH		
NO OF MEM	CONTRI-BUTIONS	MEDICAL EXPENDITURE	SURPLUS (DEFICIT)	% USED	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)
87	1 184 217	3 673 317	(2 489 100)	310%	1 134	3 519	(2 384)	2 263	2 192	71
169	2 263 083	8 490 610	(6 227 527)	375%	1 116	4 187	(3 071)	2 189	2 256	(67)
101	1 198 343	4 111 912	(2 913 569)	343%	989	3 393	(2 404)	2 028	2 170	(142)
3	26 269	71 671	(45 402)	273%	730	1 991	(1 261)	2 463	1 262	1 201
74	971 965	3 135 272	(2 163 307)	323%	1 095	3 531	(2 436)	2 244	2 043	201
108	1 294 858	6 781 493	(5 486 635)	524%	999	5 233	(4 234)	2 230	2 938	(708)
200	2 531 178	7 067 363	(4 536 185)	279%	1 055	2 945	(1 890)	2 125	2 114	11
17	114 964	919 104	(804 140)	799%	564	4 505	(3 942)	564	4 505	(3 942)
759	* 9 584 877	* 34 250 742	(24 665 865)	357%	1 052	3 761	(2 708)	2 191	2 229	(38)
83	1 053 526	7 496 258	(6 442 732)	712%	1 058	7 526	(6 469)	2 089	2 657	(568)
1	32 904	8 919	23 985	27%	2 742	743	1 999	2 323	1 505	818
84	* 1 086 430	* 7 505 177	(6 418 747)	691%	1 078	7 446	(6 368)	2 174	2 241	(67)
48	652 080	3 513 922	(2 861 842)	539%	1 132	6 101	(4 968)	2 259	2 866	(608)
2	25 570	38 709	(13 139)	151%	1 065	1 613	(547)	2 269	1 998	270
140	1 960 521	8 575 500	(6 614 979)	437%	1 167	5 104	(3 937)	2 182	2 981	(799)
11	157 527	212 964	(55 437)	135%	1 193	1 613	(420)	2 328	1 850	478
201	* 2 795 698	* 12 341 095	(9 545 397)	441%	1 159	5 117	(3 957)	2 220	2 818	(598)
17	215 520	1 398 217	(1 182 697)	649%	1 056	6 854	(5 798)	2 147	2 371	(224)
1	18 602	65 728	(47 126)	0%	1 550	5 477	(3 927)	2 319	1 439	879
10	123 140	334 654	(211 514)	272%	1 026	2 789	(1 763)	1 026	2 789	(1 763)
57	724 830	2 268 401	(1 543 571)	313%	1 060	3 316	(2 257)	1 954	1 934	20
25	417 619	944 440	(526 821)	226%	1 392	3 148	(1 756)	2 440	2 165	275
39	540 211	1 842 217	(1 302 006)	341%	1 154	3 936	(2 782)	2 063	3 335	(1 272)
33	375 031	1 571 471	(1 196 440)	419%	947	3 968	(3 021)	1 966	1 588	378
94	1 222 048	4 751 651	(3 529 603)	389%	1 083	4 212	(3 129)	2 012	2 314	(302)
276	* 3 637 001	* 13 176 779	(9 539 778)	362%	1 098	3 978	(2 880)	2 107	2 164	(57)
1	8 178	390	7 788	5%	682	33	649	2 412	2 659	(247)
57	* 709 858	* 1 305 581	(595 723)	184%	1 038	1 909	(871)	1 490	3 790	(2 299)
2	19 004	161 410	(142 406)	849%	792	6 725	(5 934)	2 087	3 545	(1 458)
8	95 524	274 376	(178 852)	287%	995	2 858	(1 863)	2 165	1 862	303
10	* 114 528	* 435 786	(321 258)	381%	954	3 632	(2 677)	2 144	2 303	(158)
1 388	17 936 570	69 015 550	(51 078 980)	385%	1 077	4 144	(3 067)	2 166	2 326	(159)

UNIT PROFITABILITY REPORT - SAVINGS PLAN

31 December 2011

COMPREHENSIVE OPTION	ORDINARY MEMBERS					PER MEMBER PER MONTH		
	NO OF MEM	CONTRI-BUTIONS	MEDICAL EXPENDI-TURE	SURPLUS (DEFICIT)	% USED	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)
ANGLO COAL								
ANGLO COAL SHARED SERV	561	5 585 650	4 879 427	706 223	87%	830	725	105
GOEDEHOOP	654	6 674 467	5 432 439	1 242 028	81%	850	692	158
GREENSIDE	292	2 913 648	2 489 192	424 456	85%	832	710	121
ISIBONELO	206	2 053 397	1 633 870	419 527	80%	831	661	170
NEW DENMARK	342	3 512 718	2 949 351	563 367	84%	856	719	137
NEW VAAL	391	4 156 175	3 537 649	618 526	85%	886	754	132
S.A.C.E.	566	5 930 713	4 979 403	951 310	84%	873	733	140
MBS	-	-	-	-	-	-	-	-
TOTAL	3 012	30 826 768	25 901 331	4 925 437	84%	853	717	136
INYOSI COAL								
KRIEL	340	3 294 241	2 781 733	512 508	84%	807	682	126
ZIBULU	238	2 209 995	1 653 115	556 880	75%	774	579	195
TOTAL	578	5 504 236	4 434 848	1 069 388	81%	794	639	154
EXXARO								
ARNOT	251	2 542 828	2 142 706	400 122	84%	844	711	133
NORTH BLOCK COMPLEX	18	175 539	163 485	12 054	93%	813	757	56
MATLA	446	4 619 030	4 063 483	555 547	88%	863	759	104
NEW CLYDESDALE	85	855 711	709 968	145 743	83%	839	696	143
TOTAL	800	8 193 108	7 079 642	1 113 466	86%	853	737	116
XSTRATA								
ARTHUR TAYLOR	204	1 847 595	1 512 120	335 475	82%	755	618	137
GOEDGEVONDEN	153	1 423 845	1 196 449	227 396	84%	776	652	124
PHOENIX	-	-	-	-	0%	-	-	-
SPITZKOP	138	1 352 079	1 108 076	244 003	82%	816	669	147
TAVISTOCK	218	2 268 998	2 022 145	246 853	89%	867	773	94
TCS	119	1 180 106	1 005 355	174 751	85%	826	704	122
TWEEFONTEIN	216	1 866 262	1 635 381	230 881	88%	720	631	89
HEAD OFFICE	326	3 099 747	2 623 041	476 706	85%	792	671	122
TOTAL	1 374	13 038 632	11 102 567	1 936 065	85%	791	673	117
MAFUBE	93	904 545	732 659	171 886	81%	811	657	154
WITBANK CHAMBER	56	501 226	441 822	59 404	88%	746	657	88
OTHER								
STAFF	20	179 451	162 717	16 734	91%	748	678	70
COLLISEN	54	511 969	442 170	69 799	86%	790	682	108
TOTAL	74	691 420	604 887	86 533	87%	779	681	97
TOTAL	5 987	59 659 935	50 297 756	9 362 179	84%	830	700	130

Note:

The surplus/ (deficit) column reflects the difference between contributions and medical expenditure for the current year and does not take into account any savings account balances brought forward.

UNIT PROFITABILITY REPORT - SAVINGS PLAN

31 December 2011

CONTINUATION MEMBERS					PER MEMBER PER MONTH			COMBINED PER MEMBER PER MONTH		
NO OF MEM	CONTRI-BUTIONS	MEDICAL EXPENDI-TURE	SURPLUS (DEFICIT)	% USED	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)	CONTRI BUTIONS	EXPEN-DITURE	SUR (DEF)
87	741 551	656 582	84 969	89%	710	629	81	814	712	102
169	1 420 478	1 294 050	126 428	91%	700	638	62	820	681	139
101	774 121	684 869	89 252	88%	639	565	74	782	673	109
3	17 438	15 570	1 868	89%	484	433	52	826	658	168
74	630 912	612 876	18 036	97%	710	690	20	830	714	116
108	844 248	828 083	16 165	98%	651	639	12	835	729	106
200	1 634 802	1 526 654	108 148	93%	681	636	45	823	708	115
17	114 883	92 875	22 008	81%	563	455	108	563	455	108
759	6 178 433	5 711 559	466 874	92%	678	627	51	818	699	119
83	683 423	651 459	31 964	95%	686	654	32	784	676	107
1	10 968	10 771	197	98%	914	898	16	774	580	194
84	694 391	662 230	32 161	95%	689	657	32	780	642	139
48	394 417	355 546	38 871	90%	685	617	67	819	696	122
2	16 189	21 869	(5 680)	135%	675	911	(237)	799	772	27
140	1 128 239	1 067 693	60 546	95%	672	636	36	817	730	88
11	95 615	69 568	26 047	73%	724	527	197	826	677	149
201	1 634 460	1 514 676	119 784	93%	678	628	50	818	715	103
17	136 478	132 244	4 234	97%	669	648	21	748	620	128
1	11 688	14 819	(3 131)	127%	974	1 235	(261)	777	655	121
10	82 254	78 144	4 110	95%	685	651	34	685	651	34
57	449 656	429 507	20 149	96%	657	628	29	770	657	113
25	248 729	260 776	(12 047)	105%	829	869	(40)	863	783	81
39	348 434	298 780	49 654	86%	745	638	106	806	688	118
33	223 081	193 306	29 775	87%	563	488	75	699	612	87
94	749 366	665 800	83 566	89%	664	590	74	764	653	111
276	2 249 686	2 073 376	176 310	92%	679	626	53	772	665	107
1	3 870	3 192	678	82%	323	266	57	805	652	153
57	429 141	414 396	14 745	97%	627	606	22	686	631	55
2	12 666	9 702	2 964	77%	528	404	124	728	653	75
8	52 767	39 089	13 678	74%	550	407	142	759	647	112
10	65 433	48 791	16 642	75%	545	407	139	751	648	102
1 388	11 255 414	10 428 220	827 194	93%	676	626	50	801	686	115