

**KENNIS GESKIED HIERMEE DAT DIE ALGEMENE JAARVERGADERING VAN DIE LEDE VAN
TRANSMED MEDIESE FONDS OP WOENSDAG, 26 JUNIE 2019 OM 14:00 BY THE AFRICAN PRIDE,
IRENE COUNTRY LODGE, NELLMAPIUSWEG, IRENE, GAUTENG, SAL PLAASVIND.**

DIE SAKE WAT OORWEEG SAL WORD, VERSKYN IN DIE ONDERSTAANDE AGENDA.

AGENDA

1. Openingsformaliteite
2. Bevestiging van die notule van die Algemene Jaarvergadering gehou op Woensdag, 27 Junie 2018
3. Sake voortspruitend uit die notule
4. Jaarlikse Finansiële Hoogtepunte van 2018
5. Aanstelling van die Ouditeure
6. Jaarlikse verhoging in Trusteefooie
7. Bespreking van mosies ontvang van lede
8. Aanstelling van Trustees

KENNISGEWING

Mosies wat tydens die Algemene Jaarvergadering bespreek moet word, moet die Sekretaris nie later as sewe dae voor die vergadering bereik nie en moet soos volg geadresseer word:

Die Sekretaris
Transmed Raad van Trustees
Posbus 32043
Braamfontein
2017

Of

De Kortestraat 101
Braamfontein
2001

Faksnommer: 011 403 1740
Epos: fundmanagement@transmed.co.za

BELANGRIK

Registrasie van die lede van die Fonds wat die vergadering bywoon, sal 45 minute voor die aanvang van die vergadering geskied. Lede moet hulself identifiseer deur hul lidmaatskapkaarte aan die registrasiepersoneel te toon.

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON
WEDNESDAY, 27 JUNE 2018 AT 13:00 AT LAGOON BEACH HOTEL & SPA, 1 LAGOON GATE DRIVE
LAGOON BEACH, MILNERTON, CAPE TOWN**

PRESENT

Mr W Evans (Chairperson)
Mr PL Wassermann (Principal Officer)
Mr E Weyers (Secretary)

The Chairperson confirmed that there was a quorum present at the Annual General Meeting, in accordance with the rules of the Fund, and declared the meeting open to continue with the official procedures.

1. OPENING FORMALITIES

The Chairperson welcomed all present to the meeting.

**2. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON WEDNESDAY,
27 JUNE 2018**

The minutes of the previous meeting were approved with no amendments. A motion for the approval was supported by Mr T Campher and seconded by Mr W Goosen.

3. MATTERS ARISING

No new matters were raised by any of the members present.

4. ANNUAL FINANCIAL HIGHLIGHTS 2017

The Annual Financial Statements were reviewed and considered to be correct and were duly adopted by the members present at the meeting.

5. APPOINTMENT OF AUDITORS

The Auditors (Messrs Deloitte & Touche) were appointed as Auditors for the 2018 financial year.

6. ANNUAL TRUSTEE FEE INCREASE

The proposed annual Trustee fee increase was tabled for consideration.

Thereafter, all members of the Fund that were present were given the opportunity to vote on the proposed increase of 6%. After all the votes were cast and counted, the members attending the Annual General Meeting approved the Trustee fee increase of 6%.

7. DISCUSSION OF MOTIONS RECEIVED THAT WERE TABLED AT THE ANNUAL GENERAL MEETING

The Principal Officer confirmed that no motions were received from members for discussion at the Annual General Meeting.

8. TRUSTEE APPOINTMENTS

The Principal Officer referred to the Trustee appointments that were made during the year in the Financial Statements, which described the Trustees, as well as the movements of the Trustees during the financial year.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON WEDNESDAY, 27 JUNE 2018 AT 13:00 AT LAGOON BEACH HOTEL & SPA, 1 LAGOON GATE DRIVE, LAGOON BEACH, MILNERTON, CAPE TOWN

9. GENERAL

The Chairperson opened the floor for informal discussions of a general nature. The Principal Officer was able to deal with all other matters raised to the satisfaction of the members.

10. CLOSURE

There being no further business for discussion, the Chairperson thanked the members for their attendance and closed the meeting.

CHAIRPERSON

DATE

TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 26 JUNE 2019
Item 4: Annual Financial Highlights 2018

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018

The Board of Trustees hereby presents its annual report for the year ended 31 December 2018.

1. DESCRIPTION OF THE MEDICAL FUND

1.1 TERMS OF REGISTRATION

The Fund is a not-for-profit, restricted medical fund registered in terms of the Medical Schemes Act, 131 of 1998 (the Act), as amended.

1.2 BENEFIT PLANS WITHIN TRANSMED MEDICAL FUND

The Fund offers the following benefit plans to employees and pensioners of Transnet SOC Ltd and its subsidiaries:

- Guardian;
- State Plus Network;
- State Plus Own Choice; and
- Private Network.

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review and at the date of this report:

Employer-appointed Trustees

Mr N Budhai
Mr L Erasmus
Ms N Galeni
Mr MJ Mamabolo
Ms S Moropa
Ms K Naicker

Member-elected Trustees

Mr T Campher
Mr WL Evans (Chairperson)
Mr WH Goosen
Mr B Jonker
Mr F Mackenzie (Vice-Chairperson)
Mr M Nondywana

2.2 PRINCIPAL OFFICER

Mr PL Wassermann

6th Floor
101 De Korte Street
Braamfontein
2001
PO Box 32043
Braamfontein
2017

2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

6th Floor
101 De Korte Street
Braamfontein
2001
PO Box 32043
Braamfontein
2017

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018 (continued)

2. MANAGEMENT (CONTINUED)

2.4 FUND ADMINISTRATOR

MMI Health (Pty) Ltd

5 th Floor	PO Box 32931
101 De Korte Street	Braamfontein
Braamfontein	2017
2001	

Council for Medical Schemes accreditation number: 13

2.5 MANAGED CARE PROVIDERS

MMI Health (Pty) Ltd

Parc du Cap	PO Box 2212
7 Mispel Road	Bellville
Bellville	7535
7530	

Council for Medical Schemes accreditation number: 59

Universal Healthcare Administrators (Pty) Ltd

Universal House	PO Box 1411
15 Tambach Road	Rivonia
Sunninghill Park	2128
Sandton	
2128	

Council for Medical Schemes accreditation number: MCO 17

2.6 INVESTMENT MANAGER

Investec Asset Management Limited

36 Hans Strijdom Avenue
Foreshore
Cape Town
8001

Financial services provider number: 587

2.7 ACTUARIES

NMG Consultants and Actuaries (Pty) Ltd

Belvedere Office Park	PO Box 3950
Block B	Tygervalley
Pasita Street	7536
Tygervalley	
7536	

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018 (continued)

2. MANAGEMENT (CONTINUED)

2.8 AUDITOR

Deloitte & Touche

Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

Private Bag X6
Gallo Manor
2052

3. INVESTMENT STRATEGY OF THE FUND

The Fund's investment objectives are to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The Board of Trustees ensures that:

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

During 2018, the Fund invested in money-market instruments, which included fixed deposits, bonds and cash instruments. This was done mainly to ensure that the Fund had sufficient liquidity available.

The Fund's policy is reviewed annually, taking into consideration compliance with the Act and the risk and returns of the various investment instruments and the surplus of funds available.

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES

4.1 RESULTS OF OPERATIONS

Working member and pensioner (WMP) risk pool

The Trustees have implemented the actions stipulated in the business plan in order to increase the reserve ratio of the WMP risk pool to reach the required 25%.

The WMP risk pool consists of three plans. The State Plus Own Choice option performed better than budgeted for in 2018, but the State Plus Network and Private Network plans experienced high claims expenditure due to a deteriorating risk pool and the plans recorded a deficit that has placed them in a worse-than-budgeted-for position.

The risk profile of the risk pool deteriorated further during the year, partially as a result of the implementation of a new subsidy structure by the employer. The new subsidy structure allows members to belong to other open medical schemes, as approved by the employer. The strategic plan of the Fund is to attract new members to the risk pool in order to improve the risk profile.

The reserve ratio for WMP decreased from 8.6% at 31 December 2017 to 5.4% at 31 December 2018.

The Trustees believe that the risk pool will remain solvent and will build reserves during the 2019 benefit year.

TRANSMED MEDICAL FUND
 (Registration number: 1582)

FINANCIAL STATEMENTS
 REPORT OF THE BOARD OF TRUSTEES
 For the year ended 31 December 2018 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.1 RESULTS OF OPERATIONS (CONTINUED)

South African Transport Services (SATS) pensioner risk pool

Transnet SOC Ltd will continue to fund this risk pool. Quarterly payments of R42.4m will be made during 2019 (2018: quarterly payments of R54.3m).

The SATS risk pool's reserve ratio decreased from 52.4% at 31 December 2017 to 41.8% at 31 December 2018. The risk pool performed worse than anticipated for the year.

Transnet SOC Ltd remains committed to funding the SATS risk pool to the level required by the Act.

The Fund

The results of the Fund are set out in the Financial Statements. The reserve ratio decreased from 21.24% at the end of December 2017 to 17.81% at the end of December 2018. Due to the fact that the Fund's reserve ratio is below the required level of 25%, the Fund is currently under financial monitoring by the Council for Medical Schemes (CMS). The Fund has regular interactions with the CMS and constantly keeps the CMS informed of developments at the Fund.

4.2 SOLVENCY RATIO

	2018 R	2017 R
Total members' funds	132 370 964	165 430 245
Less:	(56 558)	(48 443)
Revaluation reserve gain on available-for sale investments	-	(48 443)
Unrealised gains on financial assets at fair value through profit or loss	(56 558)	-
Accumulated funds per regulation 29	<u>132 314 406</u>	<u>165 381 802</u>
Annual gross contributions	743 063 243	778 698 011
Accumulated funds ratio	17.81%	21.24%

4.3 GOING CONCERN

The Board of Trustees considers the Fund to be a going concern. The Board took the following into consideration in the evaluation of the Fund's going-concern status:

- Available cash and investments at the end of the year amounted to R172 692 898.
- Transnet SOC Ltd indicated that it will provide funding for the SATS pensioners to the value of R169.7m during 2019.
- A business plan has been developed by the Trustees, with the assistance of the Fund's actuary, in order to get the Fund to a reserve level of 25%.
- The Fund's reserve ratio decreased from 21.24% at 31 December 2017 to 17.81% at 31 December 2018.
- An actuarial model was developed to assist the Trustees to consider the going-concern status of the Fund. Even with the most negative assumptions on membership movements and membership risk profiles, the model indicated that the Fund will be a going concern.

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS

	2018				
	State Plus Network	State Plus Own Choice	Private Network	Guardian	Total
Number of members at the end of the accounting period	2 005	14 301	1 251	7 558	25 115
Average number of members for the accounting period	2 097	14 967	1 424	7 990	26 479
Average age of beneficiaries for the accounting period	45	47	66	80	55
Pensioner ratio (beneficiaries > 65 years)	23.7%	32.5%	62.8%	95.5%	47.2%
Average net contributions per member per month	R1 476.88	R2 021.07	R5 295.96	R2 632.55	R2 338.53
Average net contributions per beneficiary per month	R709.84	R1 055.35	R2 883.92	R2 075.59	R1 352.75
Average relevant healthcare expenditure per member per month	R1 135.37	R1 818.47	R7 231.58	R2 538.64	R2 272.72
Average relevant healthcare expenditure per beneficiary per month	R545.70	R949.55	R3 937.96	R2 001.55	R1 314.68
Average administration costs per member per month	R167.07	R146.69	R405.95	R339.82	R220.52
Average administration cost per beneficiary per month	R80.30	R76.60	R221.06	R267.93	R127.56
Average managed care services per member per month	R91.50	R63.49	R139.46	R86.87	R76.84
Average accumulated funds per member at 31 December*	WMP = R1 521.88			R13 978.73	R5 270.59
Beneficiaries per member at 31 December	1.9	1.7	1.3	1.2	1.6
Managed care services as a percentage of net contributions	6%	3%	3%	3%	3%
Risk claims as a percentage of net contributions	72%	88%	134%	94%	95%
Administration expenses as a percentage of net contributions	11%	7%	8%	13%	9%
Non-healthcare expenses as a percentage of net contributions	11%	7%	8%	13%	9%
Return on investments					8.38%

* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS (CONTINUED)

	2017				
	State Plus Network	State Plus Own Choice	Private Network	Guardian	Total
Number of members at the end of the accounting period	2 237	16 199	1 875	8 500	28 811
Average number of members for the accounting period	2 387	17 215	2 284	8 960	30 847
Average age of beneficiaries for the accounting period	43	45	62	79	51
Pensioner ratio (beneficiaries > 65 years)	19.4%	27.6%	51.0%	91.8%	42.4%
Average net contributions per member per month	R1 364.40	R1 852.49	R4 809.45	R2 093.68	R2 103.66
Average net contributions per beneficiary per month	R746.46	R1 112.60	R4 200.68	R1 851.13	R1 417.62
Average relevant healthcare expenditure per member per month	R919.08	R1 633.97	R5 450.61	R2 262.40	R2 043.73
Average relevant healthcare expenditure per beneficiary per month	R502.83	R981.36	R4 760.68	R2 000.31	R1 377.23
Average administration costs per member per month	R141.36	R127.09	R423.59	R324.79	R207.57
Average administration cost per beneficiary per month	R77.34	R76.33	R369.97	R287.16	R139.88
Average managed care services per member per month	R84.24	R60.37	R118.80	R81.76	R72.76
Average accumulated funds per member at 31 December*	WMP = R2 418.97			R13 953.48	R5 741.91
Beneficiaries per member at 31 December	2.2	2.0	2.2	1.3	1.9
Managed care services as a percentage of net contributions	6%	3%	2%	4%	3%
Risk claims as a percentage of net contributions	61%	85%	111%	104%	94%
Administration expenses as a percentage of net contributions	10%	7%	9%	16%	10%
Non-healthcare expenses as a percentage of net contributions	10%	7%	9%	16%	10%
Return on investments					8.70%

* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.5 RESERVE ACCOUNTS

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. The Fund adopted IFRS 9 during 2018 and as a result thereof, the Fund's investments were classified as financial assets at fair value through profit or loss. The revaluation reserve was reclassified to the opening members' funds.

4.6 OUTSTANDING RISK CLAIMS

The basis of calculation of the outstanding risk claims provision is discussed in note 6 to the Financial Statements and is consistent with the prior year. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Fund.

5. ACTUARIAL SERVICES

The Fund's actuaries have been consulted in the determination of the contribution and benefit levels and provide regular reports to the Fund. Reporting includes the incurred-but-not-reported (IBNR) provision calculation.

6. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

No guarantees have been received by the Fund for the year ended 31 December 2018.

7. EVENTS AFTER REPORTING DATE

There have not been any events after the reporting date that affects the Financial Statements.

8. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND AND TO OTHER RELATED PARTIES

- The Fund holds no investments in participating employers of the Fund's members.
- Refer to the related party disclosure in note 16 to the Financial Statements.
- Trustee remuneration is disclosed in note 11.1 to the Financial Statements.

9. MANAGEMENT OF INSURANCE RISK

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

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

The Fund uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The theory of probability is applied to pricing and provision for a portfolio of insurance contracts. The principal risk is that the frequency and severity of risk claims are greater than expected.

Insurance events are, by their 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 Fund's cash flows.

10. AUDIT COMMITTEE

The Audit Committee was established 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 five members of whom two are members of the Board of Trustees. The majority of the members, including the Chairperson, are not officers of the Fund or its third-party Administrator. The Committee met on two occasions during the course of the year.

FINANCIAL STATEMENTS
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2018 (continued)

10. AUDIT COMMITTEE (CONTINUED)

The Principal Officer of the Fund, MMI Health (Pty) Ltd, management and the internal and external Auditors attend all Audit Committee meetings and have unrestricted access to the Chairperson of the Committee.

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

The Committee presently comprises:

- Mr N Budhai
- Mr K Buthelezi
- Ms N Galeni
- Dr L Konar (Chairperson)
- Mr M Mohohlo.

11. BOARD OF TRUSTEE COMMITTEE MEETINGS

11.1 MANAGEMENT COMMITTEE

The Management Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties.

The Management Committee incorporates the functions and responsibilities in the following areas:

- financial and investment management;
- supplier management;
- marketing management; and
- managed care management.

11.2 BENEFITS COMMITTEE

The mandate of the Benefits Committee is to:

- make recommendations to the Board on the benefits that are offered to members; and
- ensure long-term viability of the benefit plans.

11.3 REMUNERATION COMMITTEE

The mandate of the Remuneration Committee is to:

- do annual performance appraisals of employees of the Fund; and
- decide on annual increases in the remuneration of employees of the Fund.

11.4 EX GRATIA COMMITTEE

The Ex Gratia Committee approved applications to the value of R352 787 (2017: R181 863) for ex gratia assistance to members. Applications for assistance from members are evaluated against criteria approved by the Board from time to time.

12. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that materially affect the Financial Statements and that the Board of Trustees believes should be brought to the attention of the members of the Fund.

13. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998

13.1 OUTSTANDING CONTRIBUTIONS

Nature and impact

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Fund. As per the Fund rules, contributions are required to be received at least three days after their due date. Instances were noted where contributions were received late.

Causes for the failure

The reason for this is due to the inherent nature of the business.

Corrective action

Ongoing communication to the employer groups has occurred. The Fund also applied annually to the Council for Medical Schemes (CMS) and obtained an exemption for the three-day contribution rule.

13.2 SELF-SUPPORTING PLANS

Nature and impact

In terms of Section 33(2) benefit plans shall be self-supporting in terms of membership and financial performance. The Private Network and Guardian plans recorded deficits for the year ended 31 December 2018.

Causes for the failure

The Private Network plan's risk profile deteriorated further during the year. This, together with a number of high-cost cases, caused this plan to end the year with a deficit. The funding from Transnet SOC Ltd for the Guardian plan was reduced as the reserve ratio for the risk pool is well above the required level. The reduced funding for the year was the primary reason for the deficit for the plan.

Corrective action

Benefit design alterations were implemented on the Private Network plan to ensure that the plan is self-supporting. A business plan was developed by the Trustees to restore the Fund's reserve levels to 25%.

13.3 RESERVE RATIO

Nature and impact

In terms of Regulation 29, a medical scheme should have reserves of at least 25% of its gross annual contributions. At 31 December 2018, the Fund had a reserve ratio of 17.81%, which is lower than the required level.

Causes for the failure

The working member and pensioner risk profile deteriorated during the year.

Corrective action

A business plan was developed by the Trustees, with the assistance of the Fund's actuary, in order to restore the Fund's reserve levels to 25%. The Council for Medical Schemes approved the business plan.

13.4 PAYMENT OF CLAIMS WITHIN 30 DAYS

Nature and impact

In terms of Section 59(2) a member or provider claim should be settled within 30 days of submission. Instances were noted during sample testing where settlements took more than 30 days.

13. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998 (CONTINUED)

13.4 PAYMENT OF CLAIMS WITHIN 30 DAYS (CONTINUED)

Causes for the failure

Delays can occur when accounts are referred for clinical, audit or other investigations. These are, however, the exceptions and claims are generally paid within the prescribed time.

Corrective action

The Administrator is aware of the requirements and complies as far as possible. It is, however, an inherent part of the industry where a limited number of problematic claims may exceed the payment requirement of 30 days.

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 R	2017 R
ASSETS			
Non-current assets		168 914 109	211 713 809
Equipment		214 837	91 492
Available-for-sale investments	2	-	211 622 317
Financial assets at fair value through profit or loss	2	168 699 272	-
Current assets		11 908 683	17 264 942
Trade and other receivables		7 915 057	10 129 261
Cash and cash equivalents	3	3 993 626	7 135 681
Total assets		<u>180 822 792</u>	<u>228 978 751</u>
FUNDS AND LIABILITIES			
Members' funds		132 370 964	165 430 245
Accumulated funds		132 370 964	165 381 802
Revaluation reserve		-	48 443
Current liabilities		48 451 828	63 548 506
Outstanding risk claims provision		27 856 767	38 024 509
Trade and other payables		20 595 061	25 523 997
Total funds and liabilities		<u>180 822 792</u>	<u>228 978 751</u>

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018	2017
	R	R
Contribution income	743 063 243	778 698 011
Relevant healthcare expenditure	(722 153 386)	(756 515 122)
Risk claims incurred	(704 185 182)	(731 087 900)
Managed care services	(24 417 129)	(26 931 742)
Third-party claims recoveries	6 448 925	1 504 520
Gross healthcare result	20 909 857	22 182 889
Administration expenditure	(70 069 166)	(76 834 282)
Net impairment loss on healthcare receivables	(271 031)	(340 001)
Net healthcare result	(49 430 340)	(54 991 394)
Other income	16 586 121	20 843 377
Investment income	16 057 369	20 292 140
Unrealised gain on investments at fair value through profit or loss	8 115	-
Sundry income	520 637	551 237
Other expenditure	(215 062)	(258 463)
Asset management fees	(215 062)	(258 463)
Deficit for the year	(33 059 281)	(34 406 480)
Other comprehensive income		
Fair value through other comprehensive income adjustments	-	888 250
Realised gain on disposal of financial assets at fair value through other comprehensive income	-	(751 369)
Total comprehensive loss for the year	(33 059 281)	(34 269 599)

TRANSMED MEDICAL FUND
(Registration number: 1582)

FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FUNDS AND RESERVES
For the year ended 31 December 2018

	Accumulated funds R	Revaluation reserve R	Total members' funds R
Balance as at 1 January 2017	199 788 282	(88 438)	199 699 844
Total comprehensive loss for the year			
Deficit for the year	(34 406 480)	-	(34 406 480)
Other comprehensive income			
Revaluation reserve			
Fair value through other comprehensive income adjustments	-	888 250	888 250
Realised gain on disposal of financial assets at fair value through other comprehensive income	-	(751 369)	(751 369)
Total comprehensive loss for the year	(34 406 480)	136 881	(34 269 599)
Balance as at 31 December 2017	165 381 802	48 443	165 430 245
Effect of IFRS 9 reclassification of the revaluation reserve	48 443	(48 443)	-
Opening balance as at 1 January 2018 after IFRS 9 reclassification	165 430 245	-	165 430 245
Total comprehensive loss for the year			
Deficit for the year	(33 059 281)	-	(33 059 281)
Balance as at 31 December 2018	132 370 964	-	132 370 964

SELECTED NOTES TO THE FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2018

The financial highlights document is a summary of the audited Financial Statements and as such is presented in less detail than the audited Financial Statements. For a better understanding of Transmed Medical Fund's financial position and the results of its operations, the financial highlights information should be read in conjunction with the Fund's audited Financial Statements of the corresponding year, which include all disclosures required by the relevant financial reporting framework. A complete set of the Financial Statements is available on written request from the Fund at its registered postal address.

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by the Fund has been listed in the Financial Statements, from pages 23 to 28. The Fund has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting period. The adoption of these new and revised Standards and Interpretations resulted in no material changes to the Fund's accounting policies and has not materially affected the amounts reported for the current or prior years.

2. AVAILABLE-FOR-SALE INVESTMENTS

	2018	2017
	R	R
Fair value of investments at the beginning of the year	211 622 317	192 196 117
Effect of reclassification of available-for-sale investments through other comprehensive income to financial assets at fair value through profit or loss	(211 622 317)	-
Additions	-	646 555 000
Disposals	-	(646 496 000)
Capitalised interest	-	18 517 897
Unrealised gain on financial assets at fair value through profit or loss	-	888 250
Management fees and transaction costs	-	(38 947)
	<u>-</u>	<u>211 622 317</u>

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Effect of reclassification of available-for-sale investments through other comprehensive income to financial assets at fair value through profit and loss	211 622 317	-
Additions	477 988 938	-
Disposals	(536 271 000)	-
Capitalised interest	15 173 207	-
Unrealised gain on financial assets at fair value through profit or loss	221 938	-
Management fees and transaction costs	(36 128)	-
	<u>168 699 272</u>	<u>211 622 317</u>
Fair value of investments at the end of the year	<u>168 699 272</u>	<u>211 622 317</u>

Investments are summarised as follows:

Money-market instruments	140 387 413	183 704 411
Bonds	28 311 859	27 917 876
	<u>168 699 272</u>	<u>211 622 317</u>

Financial assets at fair value through profit or loss consist of money-market instruments and bonds. A detailed register of investments is available for inspection at the registered office of the Fund. The maturity of the underlying instruments is disclosed on page 50 of the Financial Statements.

The weighted average interest rate received on the money-market portfolio was 7.27% (2017: 8.70%).

SELECTED NOTES TO THE FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2018

3. CASH AND CASH EQUIVALENTS	2018	2017
	R	R
Current accounts	<u>3 993 626</u>	<u>7 135 681</u>
	<u>3 993 626</u>	<u>7 135 681</u>

The weighted average effective interest rate on the Fund's current accounts was 4.12% (2017: 4.61%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.



F Mackenzie
MEMBER-ELECTED TRUSTEE



WL Evans
CHAIRPERSON



PL Wassermann
PRINCIPAL OFFICER

TRANSMED MEDICAL FUND
(Registration number: 1582)

TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 26 JUNE 2019
Agenda Item 6: Annual Trustee fee increase

Transmed's payment philosophy for the Board of Trustees and Committees is to remunerate Trustees and Committee members in line with the mean-market benchmark. Appropriate considerations are also applied to the current and future market conditions, as well as to the economics and challenges within the Fund in terms of affordability. An additional consideration is the onerous requirements from a governance, oversight, monitoring and regulatory perspective that needs to be factored into the deliberations.

In the light of the foregoing, a fee proposal is enclosed.

