



TRUSTEE INFORMATION

JANUARY 2019

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ALLIANCE-MIDMED MEDICAL SCHEME

EXECUTIVE SUMMARY - HIGHLIGHTS - JANUARY 2019

EXECUTIVE SUMMARY HIGHLIGHTS

1. INCOME STATEMENT

1.1 CONTRIBUTIONS

Net contributions for the month were R8.1M which is R493K below budget. This is due to membership being 104 contracts below budget.

1.2 CLAIMS COST

The claims costs for the month were R9.0M which is below budget by R257K. The YTD claims ratio is 111%, compared to the budgeted 108%, with average claims per member per month being R5 415 which is some R172 over budget. This includes an IBNR provision of R2.6M. The YTD top 10 high cost cases total R2.2M.

1.3 NON-HEALTHCARE EXPENDITURE

Non-healthcare costs for the month amounted to R430K, which is R89K below budget.

1.4 NET HEALTHCARE RESULT

The Scheme incurred a net healthcare deficit of R1.3M for the month in comparison with a budgeted net healthcare deficit of R1.1M.

1.5 INVESTMENT INCOME

Investment income is derived from funds managed by Old Mutual. The Scheme had a net investment income for the month totalling R753K compared with a budgeted investment income of R266K. Investments reflected unrealised gains of R112K for the month. The all share returns on the JSE increased by 2.81% for the month.

1.6 NET SURPLUS/(DEFICIT) AND RESERVES

The Scheme ended the month with a deficit of R581K (after investment income) which was better than budget by R340K.

2. BALANCE SHEET

2.1 ACCUMULATED RESERVES

The Scheme had accumulated funds of R45.8M as at the end of the month. This equates to a solvency ratio of 36.17% based on gross contributions. This has decreased from the 38.56% recorded for Dec-2018. This decrease is due to a combination of the higher contributions from annual premium increases and further impacted by the YTD net deficit.

2.2 PROVISION FOR UNPAID CLAIMS

The provision for outstanding claims currently stands at R3.5M. This includes R943K remaining of the prior year provision.

2.3 CASH AT BANK AND INVESTMENTS

The cash, call and fixed deposits, as well as investments held by the Scheme at month end total R84.6M. This is R1.4M up on December 2018.

3. MEMBERSHIP

3.1 PRINCIPAL MEMBERS AND BENEFICIARIES

The Scheme billed 1 670 members for the month vs the budgeted 1 774. There were a total of 3 909 lives covered for the month which equates to 2.34 beneficiaries per contract.

3.2 PENSIONERS

The Scheme has 297 principal members classified as pensioners (over 60yrs). This equates to a ratio of 17.8% of the total membership. The number of beneficiaries greater than 65 years is 299. This equates to 7.65% of the total lives covered. The number of beneficiaries aged 60 or older is 451. This equates to 11.54% of the total lives covered.

ALLIANCE-MIDMED MEDICAL SCHEME
EXECUTIVE SUMMARY - FINANCIAL HIGHLIGHTS JANUARY 2019

| Income Statement | Current Month | | | Year to Date 2019 | | | Prior Yr Full | Full year 2019 |
|---|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|----------------|
| | Actual R'000 | Budget R'000 | Variance R'000 | Actual R'000 | Budget R'000 | Variance R'000 | Actual R'000 | Budget R'000 |
| Gross contribution income | 8,609 | 9,087 | (479) | 8,609 | 9,087 | (479) | 98,685 | 109,049 |
| Less: savings contribution income | 469 | 454 | 14 | 469 | 454 | 14 | 7,863 | 5,450 |
| Net contributions from members | 8,140 | 8,633 | (493) | 8,140 | 8,633 | (493) | 90,821 | 103,599 |
| Relevant healthcare expenditure | (9,044) | (9,301) | 257 | (9,044) | (9,301) | 257 | (90,876) | (101,749) |
| Gross healthcare result | (904) | (668) | (236) | (904) | (668) | (236) | (55) | 1,850 |
| Non-healthcare expenditure | (430) | (520) | 89 | (430) | (520) | 89 | (5,953) | (6,539) |
| Net healthcare result | (1,334) | (1,187) | (147) | (1,334) | (1,187) | (147) | (6,008) | (4,689) |
| Net Investment income | 753 | 266 | 487 | 753 | 266 | 487 | 3,409 | 3,010 |
| Net surplus/(deficit) | (581) | (921) | 340 | (581) | (921) | 340 | (2,599) | (1,679) |
| Data per contract: | | | | | | | | |
| Average premium per contract | 4,874.23 | 4,866.56 | 7.67 | 4,874.23 | 4,866.56 | 7.67 | 4,253.93 | 58,398.72 |
| Average claims cost per contract | (5,415.39) | (5,242.94) | (172.45) | (5,415.39) | (5,242.94) | (172.45) | 4,256.51 | (57,355.78) |
| Average gross healthcare result per contract | (541.16) | (376.38) | (164.78) | (541.16) | (376.38) | (164.78) | 2.58 | 1,042.93 |
| Administration costs data: | | | | | | | | |
| Average non-healthcare expenditure per contract | 257.59 | 292.90 | 35.31 | 257.59 | 292.90 | 35.31 | 278.83 | 3,686.16 |
| Non-healthcare as % of Risk Contributions | 5.3% | 6.0% | 0.73% | 5.3% | 6.0% | 0.73% | 6.6% | 6.3% |
| Non-healthcare as % of Gross Contributions | 5.0% | | | 5.0% | | | 6.0% | |

| BALANCE SHEET DATA | ACTUAL | PRIOR YEAR-YEAR END |
|---|------------|---------------------|
| Accumulated Reserves | 45,845,954 | 46,427,010 |
| Cumulative unrealised net gains/(losses) in acc funds | 8,484,570 | 8,373,003 |
| Cash at Bank and Investments | 84,624,616 | 83,239,978 |
| Provision for unpaid claims | 3,539,938 | 2,112,454 |
| Annualised reserve ratio - Net Contributions | 38.25% | 41.90% |
| Annualised reserve ratio - Gross Contributions | 36.17% | 38.56% |

**ALLIANCE MIDMED MEDICAL SCHEME
CONSOLIDATED INCOME STATEMENT 2019**

| | JANUARY | | | YEAR TO DATE | | | | FULL YR |
|--|--------------------|--------------------|-------------|--------------------|--------------------|------------------|-------------|--------------------|
| | ACTUAL | BUDGET | % VAR | ACTUAL | BUDGET | VARIANCE | % VAR | BUDGET |
| NUMBER OF CONTRACTS | 1,670 | 1,774 | -6% | 1,670 | 1,774 | -104 | -6% | 1,774 |
| Gross contributions | 8,608,575 | 9,087,409 | -5% | 8,608,575 | 9,087,409 | (478,834) | -5% | 109,048,903 |
| Less: savings contributions | 468,611 | 454,132 | 3% | 468,611 | 454,132 | 14,479 | 3% | 5,449,581 |
| Net contribution income | 8,139,964 | 8,633,277 | -6% | 8,139,964 | 8,633,277 | (493,313) | -6% | 103,599,321 |
| Relevant healthcare expenditure | 9,043,703 | 9,300,974 | 3% | 9,043,703 | 9,300,974 | 257,271 | 3% | 101,749,156 |
| Claims paid by month of payment | 6,061,785 | 8,778,619 | 1% | 6,061,785 | 8,778,619 | 120,489 | 1% | 95,480,904 |
| Movement in 2019 claims provision | 2,596,345 | - | | 2,596,345 | - | - | | - |
| 2018 claims over provision | - | - | | - | - | - | | - |
| Claims discounts | (1,937) | - | | (1,937) | - | 1,937 | | - |
| MVA Recoveries | - | - | | - | - | - | | - |
| Denis Claims paid | 185,435 | 330,769 | 44% | 185,435 | 330,769 | 145,334 | 44% | 3,969,227 |
| Europassist claims paid | 57,878 | 42,694 | -36% | 57,878 | 42,694 | (15,184) | -36% | 512,323 |
| Accredited managed care | 144,197 | 148,892 | | 144,197 | 148,892 | 4,695 | | 1,786,702 |
| Managed Care fees | 80,227 | 79,991 | 0% | 80,227 | 79,991 | (236) | 0% | 959,895 |
| Denis | 20,122 | 22,023 | 9% | 20,122 | 22,023 | 1,901 | 9% | 264,274 |
| Mediscor | 43,848 | 46,878 | 6% | 43,848 | 46,878 | 3,030 | 6% | 562,533 |
| Gross healthcare result | (903,740) | (667,697) | -3% | (903,740) | (667,697) | (236,043) | -3% | 1,850,166 |
| Non-healthcare expenditure | 430,183 | 519,609 | 17% | 430,183 | 519,609 | 89,426 | 17% | 6,539,241 |
| Administration fees | 333,325 | 352,423 | 5% | 333,325 | 352,423 | 19,098 | 5% | 4,229,074 |
| Europassist fees | 6,948 | 7,273 | 4% | 6,948 | 7,273 | 325 | 4% | 87,281 |
| Fidelity cover | 1,345 | 2,762 | 51% | 1,345 | 2,762 | 1,417 | 51% | 38,391 |
| BHF / HFA fees | - | - | | - | - | - | | - |
| Audit fees | 16,238 | 26,110 | 38% | 16,238 | 26,110 | 9,872 | 38% | 362,948 |
| Actuarial/professional services | 13,886 | - | | 13,886 | - | (13,886) | | - |
| Bank charges | 3,070 | 4,195 | 27% | 3,070 | 4,195 | 1,125 | 27% | 58,314 |
| Member communication | - | - | | - | - | - | | - |
| Principal officer fees | 31,889 | 47,739 | 33% | 31,889 | 47,739 | 15,850 | 33% | 663,596 |
| Travel and entertainment | - | - | | - | - | - | | - |
| Inc / (Dec) in provision for bad debt | - | - | | - | - | - | | - |
| Sundry Expenses | 129 | 52,188 | 100% | 129 | 52,188 | 52,059 | 100% | 725,443 |
| Subscriptions (CMS) | - | - | | - | - | - | | - |
| Subscriptions (Other) | 3,352 | 4,250 | 21% | 3,352 | 4,250 | 898 | 21% | 59,083 |
| Consultancy fees | 20,000 | 22,669 | 12% | 20,000 | 22,669 | 2,669 | 12% | 315,112 |
| Net healthcare result | (1,333,922) | (1,187,306) | 14% | (1,333,922) | (1,187,306) | (146,616) | 14% | (4,689,075) |
| Investment income | 636,805 | 296,050 | -115% | 636,805 | 296,050 | 340,755 | 115% | 3,348,440 |
| Realised gains (losses) | 3,549 | - | | 3,549 | - | 3,549 | | - |
| Unrealised gains (losses) | 111,567 | - | | 111,567 | - | 111,567 | | - |
| Other income | 31,889 | - | | 31,889 | - | 31,889 | | - |
| Portfolio management fees | (14,711) | (15,169) | 3% | (14,711) | (15,169) | 458 | -3% | (171,572) |
| Investment management fees | (16,233) | (14,713) | -10% | (16,233) | (14,713) | (1,520) | 10% | (166,404) |
| Net surplus/(deficit) | (581,056) | (921,138) | -37% | (581,056) | (921,138) | 340,082 | -37% | (1,678,611) |

| | | | | | |
|-------------------------------------|-------|-------|-------|-------|--------|
| Claims Ratio (Including Provision): | 111% | 108% | 111% | 108% | 98% |
| Claims ppm | 5,415 | 5,243 | 5,415 | 5,243 | 57,356 |

| SUMMARY R'000 | JANUARY | | | YEAR TO DATE | | | 2019 FULL YEAR |
|-------------------|---------|--------|----------|--------------|--------|----------|----------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Budget |
| Income | 8,924 | 8,929 | (6) | 8,924 | 8,929 | (6) | 106,948 |
| Expenditure | 9,505 | 9,850 | 346 | 9,505 | 9,850 | 346 | 108,626 |
| Surplus / Deficit | (581) | (921) | 340 | (581) | (921) | 340 | (1,679) |
| Membership | 1,670 | 1,774 | (104) | 1,670 | 1,774 | (104) | 1,774 |

**ALLIANCE MIDMED MEDICAL SCHEME
BALANCE SHEETS**

| | 31-Dec-18 | 31-Jan-19 | 28-Feb-19 | 31-Mar-19 | 30-Apr-19 | 31-May-19 | 30-Jun-19 | 31-Jul-19 | 31-Aug-19 | 30-Sep-19 | 31-Oct-19 | 30-Nov-19 | 31-Dec-19 |
|---------------------------------------|-------------------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ASSETS | | | | | | | | | | | | | |
| Non-Current Assets | | | | | | | | | | | | | |
| Current assets | 84,303,621 | 85,858,740 | | | | | | | | | | | |
| Outstanding contributions | 996,300 | 1,156,190 | | | | | | | | | | | |
| Member debt | 45,745 | 46,329 | | | | | | | | | | | |
| Supplier debt | 62,738 | 56,561 | | | | | | | | | | | |
| Savings plan account advances | 46,518 | 60,303 | | | | | | | | | | | |
| Cash, call and Fixed Deposits | 22,921,556 | 23,686,319 | | | | | | | | | | | |
| Investments | 60,318,422 | 60,938,297 | | | | | | | | | | | |
| Prepayments | 16,140 | 14,795 | | | | | | | | | | | |
| Sundry debtors | - | - | | | | | | | | | | | |
| Accrued interest | 3,622 | 7,365 | | | | | | | | | | | |
| Provision for bad debts | (107,420) | (107,420) | | | | | | | | | | | |
| Total assets | 84,303,621 | 85,858,740 | | | | | | | | | | | |
| RESERVES AND LIABILITIES | | | | | | | | | | | | | |
| Reserves | 46,427,010 | 45,845,954 | | | | | | | | | | | |
| Accumulated Reserves brought forward | 42,292,868 | 46,427,010 | | | | | | | | | | | |
| Current period surplus / (deficit) | 4,134,142 | (581,056) | | | | | | | | | | | |
| Current Liabilities | 37,876,612 | 40,012,786 | | | | | | | | | | | |
| Sundry creditors and accruals | 287,147 | 188,343 | | | | | | | | | | | |
| Deposits not yet allocated | 690,292 | 775,099 | | | | | | | | | | | |
| Member and supplier credit balances | 2,417,563 | 3,058,369 | | | | | | | | | | | |
| Provision for audit fees | 184,000 | 200,238 | | | | | | | | | | | |
| Member Savings Liability | 32,185,156 | 32,250,799 | | | | | | | | | | | |
| Provision for unpaid claims 2018 | 2,112,454 | 943,593 | | | | | | | | | | | |
| Provision for unpaid claims 2019 | - | 2,596,345 | | | | | | | | | | | |
| Total reserves and liabilities | 84,303,621 | 85,858,740 | | | | | | | | | | | |

Note N1 Relates to amounts owing to members and suppliers for claims that were received and processed but not paid as at month end. This is timing in nature as claims payments are made every Thursday (actual date of payment).

Note N2 This is timing in nature. Relates to deposits received on the last working day and only allocated to member level on first work day of the following month.

Note N3 Relates to the provision for claims incurred but not yet reported (IBNR) to and/or paid by the Scheme. The provision is based on run-off percentages which are determined are based on historical claims payment patterns i.e. in the most recent month of service, it is expected that 70.01% of the total month's claims incurred have been paid by the Scheme by the end of the month. A provision is therefore raised for the remaining 29.99% of the total expected claims for the month. Members and providers have 6 months to submit claims.

**ALLIANCE MIDMED MEDICAL SCHEME
CONSOLIDATED CASH FLOW STATEMENTS 2019**

| | January Actual R | February Actual R | March Actual R | April Actual R | May Actual R | June Actual R | July Actual R | August Actual R | September Actual R | October Actual R | November Actual R | December Actual R | YTD Actual R |
|--|------------------------|-------------------------|----------------------|----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|--------------------|
| Net surplus / (deficit) for the period | (581,056) | - | - | - | - | - | - | - | - | - | - | - | (581,056) |
| Movement in working capital | 1,965,694 | - | - | - | - | - | - | - | - | - | - | - | 1,965,694 |
| Movement in current assets N1 | (170,480) | - | - | - | - | - | - | - | - | - | - | - | (170,480) |
| Movement in claims provision | 1,427,484 | - | - | - | - | - | - | - | - | - | - | - | 1,427,484 |
| Movement in current liabilities | 708,690 | - | - | - | - | - | - | - | - | - | - | - | 708,690 |
| | 1,384,638 | - | - | - | - | - | - | - | - | - | - | - | 1,384,638 |
| Cash utilised in investing activities | (619,875) | | | | | | | | | | | | (619,875) |
| Increase / (decrease) in cash | 764,763 | | | | | | | | | | | | 764,763 |
| Represented by : | | | | | | | | | | | | | |
| Opening cash on hand: | | | | | | | | | | | | | |
| Cash at bank | 22,921,556 | - | - | - | - | - | - | - | - | - | - | - | 22,921,556 |
| Increase / (decrease) in cash | 764,763 | - | - | - | - | - | - | - | - | - | - | - | 764,763 |
| Closing cash on hand: | 23,686,319 | | | | | | | | | | | | 23,686,319 |

Notes:

| | | | | | | | | | | | | | |
|---|-----------|-----------|---|---|---|---|---|---|---|---|---|---|---|
| N1 - Movement in Current Assets [A] - [B] | (170,480) | 1,234,124 | - | - | - | - | - | - | - | - | - | - | - |
| Prior month balance [A] | 1,063,643 | 1,234,124 | - | - | - | - | - | - | - | - | - | - | - |
| Current month balance [B] | 1,234,124 | - | - | - | - | - | - | - | - | - | - | - | - |
| Outstanding contributions | 1,156,190 | - | - | - | - | - | - | - | - | - | - | - | - |
| Member debt | 46,329 | - | - | - | - | - | - | - | - | - | - | - | - |
| Supplier debt | 56,561 | - | - | - | - | - | - | - | - | - | - | - | - |
| Savings plan account advances | 60,303 | - | - | - | - | - | - | - | - | - | - | - | - |
| Prepayments | 14,795 | - | - | - | - | - | - | - | - | - | - | - | - |
| Accrued interest | 7,365 | - | - | - | - | - | - | - | - | - | - | - | - |
| Provision for bad debts | (107,420) | - | - | - | - | - | - | - | - | - | - | - | - |

ALLIANCE-MIDMED MEDICAL SCHEME
INVESTMENTS ANALYSIS AS AT END OF JANUARY 2019
CASH AND EQUIVALENTS

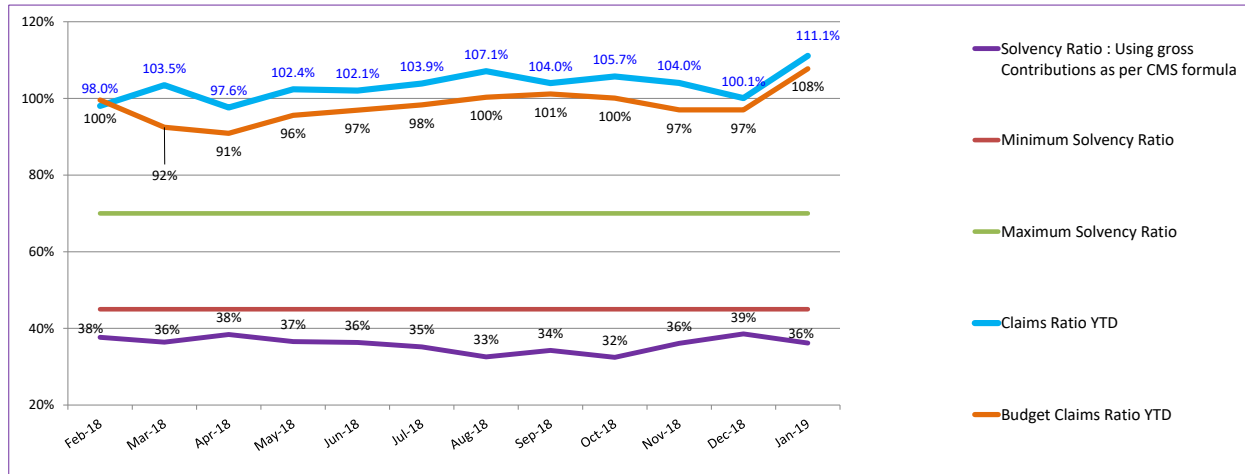
| Institution | Type | Period | Interest Rate | Balance including accrued interest | Interest received year to date | Interest accrued at month-end | Date of Maturity |
|---|---------------|----------|---------------|------------------------------------|--------------------------------|-------------------------------|------------------|
| | | | | R | R | R | |
| ABSA | Call | Call | 6.50% | 15,565 | 85 | | |
| | Fixed Deposit | 12 month | 7.88% | 1,617,801 | | | 01/02/2019 |
| | Fixed Deposit | 12 month | 7.80% | 536,649 | | | 22/02/2019 |
| First Rand Bank | Call | Call | 6.50% | 585 | 3 | | |
| | Fixed Deposit | 12 month | 7.73% | 1,063,705 | | | 05/04/2019 |
| Investec | Call | Call | 6.65% | 4,251,287 | 17,574 | | |
| | Fixed Deposit | 12 month | 8.00% | 1,078,247 | | | 08/02/2019 |
| | Fixed Deposit | 12 month | 7.77% | 532,889 | | | 29/03/2019 |
| Nedbank | Call | Call | 6.50% | 2,001,491 | 1,198 | | |
| | Call | Call | 7.05% | 1,674,405 | 17,738 | | |
| | Fixed Deposit | 12 month | 7.80% | 2,140,614 | | | 09/03/2019 |
| Standard Bank | Call | Call | 6.30% | 4,237,102 | 16,058 | | |
| | Fixed Deposit | 12 month | 7.85% | 537,637 | | | 15/02/2019 |
| | Fixed Deposit | 12 month | 7.73% | 1,062,223 | | | 12/04/2019 |
| Interest including interest on fixed deposits capitalised | | | | | 57,555 | | |
| Subtotal | | | | 20,750,201 | 110,213 | - | |
| Alliance Midmed bank account | | | | 2,936,118 | 7,365 | 7,365 | |
| Less: Investment management fees: Old Mutual | | | | | (16,233) | | |
| Less: Bank fees FNB corporate account | | | | | (3,070) | | |
| TOTAL CASH, CALL AND FIXED DEPOSITS | | | | 23,686,319 | 98,275 | 7,365 | |
| Effective return on investments | | | | 7.50% | | | |

| INVESTMENTS | | | | | | | |
|--------------------------------------|----------------------|-------------------|--------------------|---------------------------|----------------------------------|-------------------------|--|
| Institution | Initial Investment | Market Value | Int and Div Income | Portfolio management fees | Unrealised gains/(losses) in P&L | Realised gains/(losses) | |
| Prudential portfolio managers | 9,727,682 | 22,228,764 | | (10,973) | 332,488 | 3,526 | |
| Stanlib Income Fund | 10,000,000 | 20,762,995 | 438,400 | | (265,174) | | |
| Allan Gray | 17,639,986 | 17,946,538 | 80,827 | | 44,254 | | |
| Total Investments: | 37,367,667 | 60,938,297 | 519,227 | (10,973) | 111,567 | 3,526 | |
| | Effective return YTD | | 12.27% | | | | |

**ALLIANCE-MIDMED MEDICAL SCHEME
FINANCIAL INDICATORS - RESERVES**

Solvency Ratio : Using gross Contributions as per CMS formula
 Minimum Solvency Ratio
 Maximum Solvency Ratio
 Claims Ratio YTD
 Budget Claims Ratio YTD
 Number of Members
 Number of Lives
 Schemes Reserves

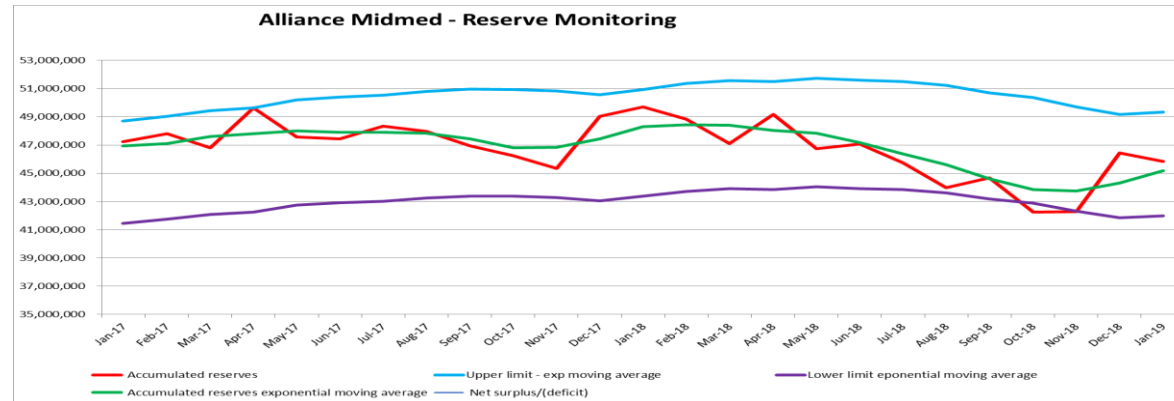
| | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Solvency Ratio : Using gross Contributions as per CMS formula | 37.7% | 36.4% | 38.4% | 36.5% | 36.3% | 35.2% | 32.6% | 34.2% | 32.4% | 36.1% | 38.6% | 36.2% |
| Minimum Solvency Ratio | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% |
| Maximum Solvency Ratio | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% |
| Claims Ratio YTD | 98.0% | 103.5% | 97.6% | 102.4% | 102.1% | 103.9% | 107.1% | 104.0% | 105.7% | 104.0% | 100.1% | 111.1% |
| Budget Claims Ratio YTD | 99.6% | 92.5% | 90.9% | 95.6% | 96.9% | 98.3% | 100.3% | 101.1% | 100.1% | 97.0% | 97.0% | 107.7% |
| Number of Members | 1,807 | 1,803 | 1,787 | 1,778 | 1,770 | 1,774 | 1,769 | 1,774 | 1,765 | 1,759 | 1,748 | 1,670 |
| Number of Lives | 4,243 | 4,237 | 4,228 | 4,224 | 4,210 | 4,207 | 4,195 | 4,189 | 4,174 | 4,171 | 4,150 | 3,909 |
| Schemes Reserves | R 48,827,586 | R 47,091,159 | R 49,153,879 | R 46,739,890 | R 47,055,977 | R 45,753,490 | R 43,986,449 | R 44,668,095 | R 42,250,052 | R 42,292,868 | R 46,427,010 | R 45,845,954 |



Scheme Strategy

Solvency Level to be maintained between 32% - 40%

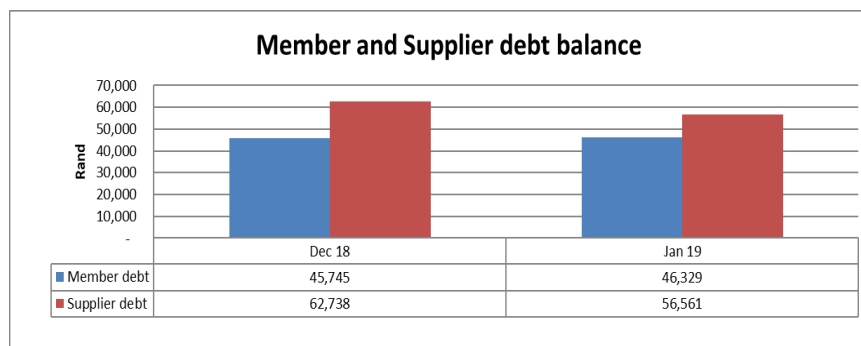
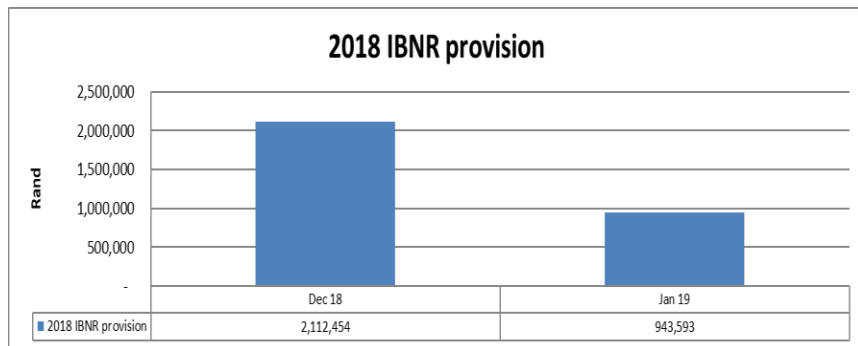
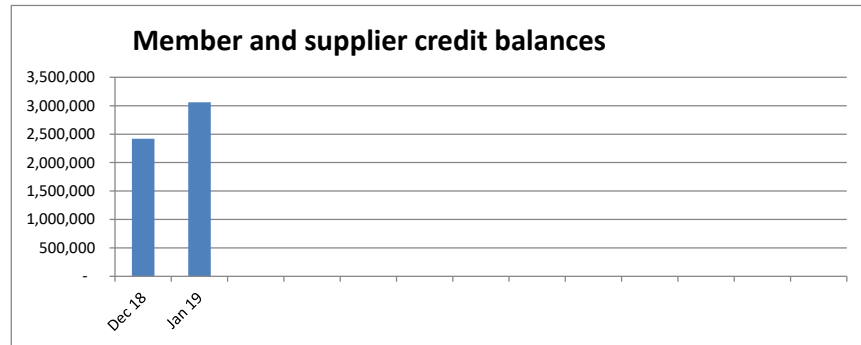
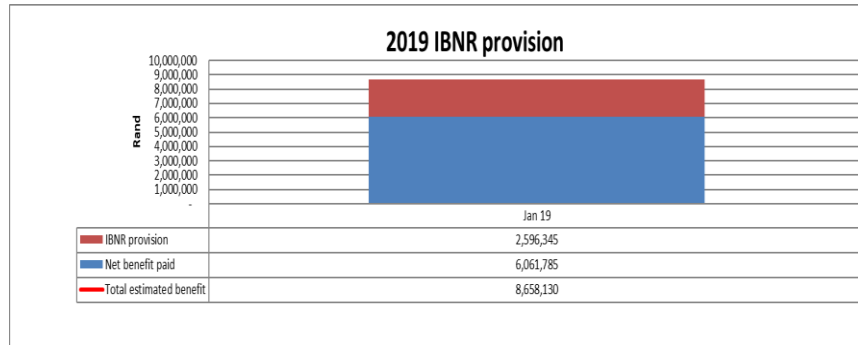
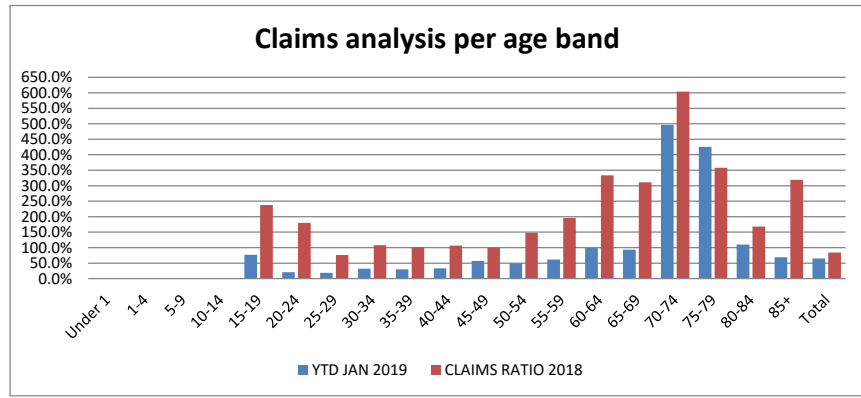
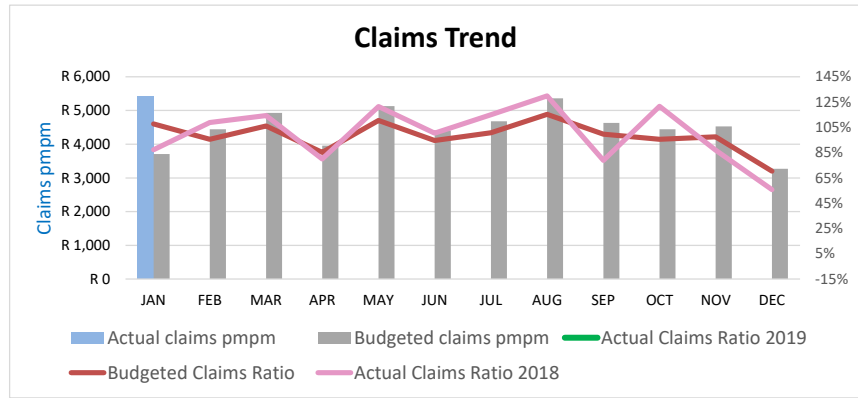
Minimum Reserves of R46.4 million



**ALLIANCE MIDMED MEDICAL SCHEME
FINANCIAL RATIOS AND TRENDS**

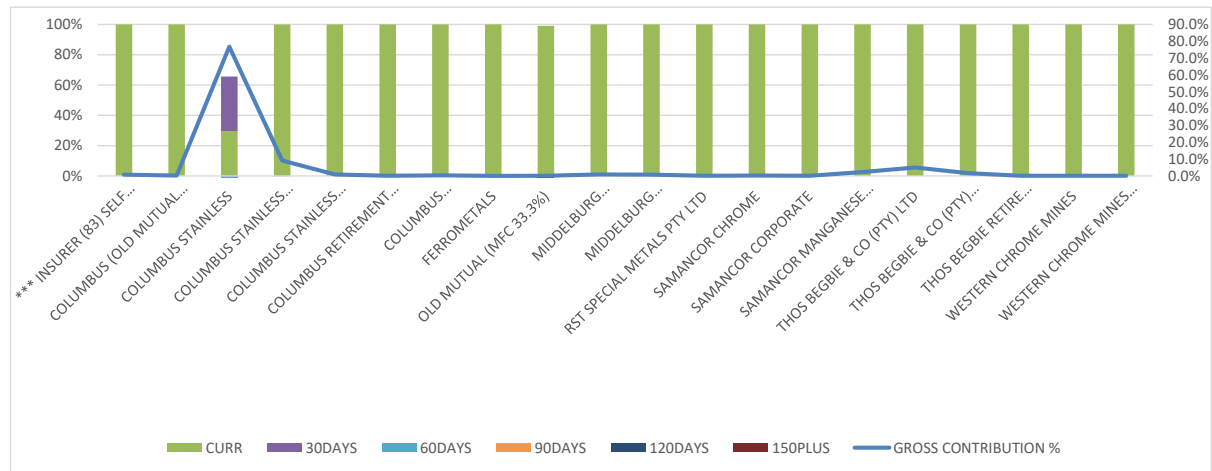
| | | Average 2015 | Average 2016 | Average 2017 | Average 2018 | Jan-19 | TREND 2019 |
|---|---|--------------|--------------|--------------|--------------|-------------|------------|
| Current liabilities to cash | Current liabilities | 29,784,600 | 34,215,119 | 36,570,583 | 38,528,698 | 40,012,786 | |
| | Cash & Investments | 46,270,749 | 49,750,407 | 70,005,410 | 83,606,958 | 84,624,616 | |
| | | 0.64 | 0.69 | 0.52 | 0.46 | 0.47 | |
| <p>Comment: Current liabilities is a fraction of cash and investments - indicating that the scheme is adequately capable of meeting its debts in the normal course of its business</p> | | | | | | | |
| Current liabilities to cash | Current liabilities | 5,561,995 | 7,460,405 | 24,517,441 | 38,528,698 | 40,012,786 | |
| | Cash | 14,983,130 | 16,079,090 | 31,903,579 | 36,061,722 | 23,686,319 | |
| | | 0.37 | 0.46 | 0.77 | 1.07 | 1.69 | |
| <p>Comment: Current liabilities. As a fraction of scheme cash - current liabilities is higher indicating that the scheme does not have sufficient cash on hand to meet its debts in the normal course of business operations. This excludes investments which can be utilised to fund any shortfall if needed so no action required.</p> | | | | | | | |
| Claims ratio | Net premium income | 6,058,026 | 6,700,733 | 7,255,389 | 7,568,455 | 8,139,964 | |
| | Relevant healthcare exp | 5,628,978 | 6,124,978 | 7,133,741 | 7,573,038 | 9,043,703 | |
| | | 93% | 91% | 98% | 100% | 111% | |
| <p>Comment: Just another view indicating a high claiming year, relative to contributions.</p> | | | | | | | |
| Working capital ratio | Current assets | 47,982,589 | 52,695,982 | 72,101,190 | 84,689,443 | 85,858,740 | |
| | Current liabilities | 5,561,995 | 7,460,405 | 24,517,441 | 38,528,698 | 40,012,786 | |
| | | 8.63 | 7.06 | 2.94 | 2.20 | 2.15 | |
| <p>Comment: Ratio indicates that scheme current assets are more than adequate to meet scheme liabilities.</p> | | | | | | | |
| Acid test ratio | Cash, call and Fixed Deposits | 14,983,130 | 16,079,090 | 31,903,579 | 36,061,722 | 23,686,319 | |
| | Investments | 31,287,619 | 33,671,317 | 38,101,831 | 47,545,236 | 60,938,297 | |
| | Total 'near cash' | 46,270,749 | 49,750,407 | 70,005,410 | 83,606,958 | 84,624,616 | |
| | Current liabilities | 5,561,995 | 7,460,405 | 24,517,441 | 38,528,698 | 40,012,786 | |
| | | 8.32 | 6.67 | 2.86 | 2.17 | 2.11 | |
| <p>Comment: Ratio indicates that scheme cash reserves are more than adequate to meet scheme liabilities.</p> | | | | | | | |
| Reporting line performance % | Net premium income | 6,058,026 | 6,698,922 | 7,255,389 | 7,568,455 | 8,139,964 | |
| | Gross healthcare result | 429,048 | 845,160 | 121,648 | (4,583) | (903,740) | |
| | a Gross healthcare result % | 7% | 13% | 2% | 0% | -11% | |
| | Net healthcare result | (69,846) | (63,977) | (377,454) | (500,677) | (1,333,922) | |
| | b Net healthcare result % | -1% | -1% | -5% | -7% | -16% | |
| | Net surplus/(deficit) | 89,973 | 457,221 | 51,212 | (216,568) | (581,056) | |
| | c Net surplus/(deficit) % | 1% | 7% | 1% | -3% | -7% | |
| | <p>Comment: (a) Different view of same pattern of claims ratios. (b) ratio worsens after accounting for non-health care expenditure. (c) Ratio improves after investment income. The reporting line before investment income must be positive - strategy noted in 5 year planning and pricing. Investment income ideally should go towards reserve building.</p> | | | | | | |

**ALLIANCE MIDMED MEDICAL SCHEME
CLAIMS AND CREDITORS**



ALLIANCE-MIDMED MEDICAL SCHEME DEBTORS AGE ANALYSIS AT END OF JANUARY 2019

| Name | Members | Gross Contributions excl backdates | Sum of TOTAL | Sum of BAL CURRE | Sum of BAL 30DAYS | Sum of BAL 60DAYS | Sum of BAL 90DAYS | Sum of BAL 120DAYS | Sum of BAL 150PLUS |
|--|----------|------------------------------------|----------------------------------|------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | | | *** INSURER (83) SELF PAYING *** | 0 | 63,444 | 54,400 | 54,400 | - | - |
| COLUMBUS (OLD MUTUAL PENSIONERS) | 0 | 22,884 | 2,583 | 2,583 | - | - | - | - | - |
| COLUMBUS STAINLESS | 0 | 6,578,923 | 4,354 | 4,126 | 5,029 | (2,569) | (2,232) | - | - |
| COLUMBUS STAINLESS PENSIONERS | 0 | 782,302 | 327,942 | 327,974 | (32) | - | - | - | - |
| COLUMBUS STAINLESS PENSIONERS - DISABILITY | 0 | 77,454 | 5,145 | 5,145 | - | - | - | - | - |
| COLUMBUS RETIREMENT (MOMENTUM40%) | 0 | 5,052 | 195 | 195 | - | - | - | - | - |
| COLUMBUS RETIREMENT(MOMENTUM 20%) | 0 | 29,438 | 690 | 690 | - | - | - | - | - |
| FERROMETALS | 0 | 3,357 | 1,842 | 1,842 | - | - | - | - | - |
| MFC RETIREMENT (MOMEN 33.3%) | 0 | 0 | 13 | 127 | - | - | (114) | - | - |
| OLD MUTUAL (MFC 33.3%) | 0 | 12,142 | 698 | 705 | - | - | - | - | (7) |
| MIDDELBURG FERROCHROME | 0 | 74,877 | 74,877 | 74,877 | - | - | - | - | - |
| MIDDELBURG FERROCHROME PENSIONER | 0 | 71,028 | 66,776 | 66,776 | - | - | - | - | - |
| RST SPECIAL METALS PTY LTD | 0 | 10,631 | 10,631 | 10,631 | - | - | - | - | - |
| SAMANCOR CHROME | 0 | 22,303 | 22,303 | 22,303 | - | - | - | - | - |
| SAMANCOR CORPORATE | 0 | 6,807 | 6,807 | 6,807 | - | - | - | - | - |
| SAMANCOR MANGANESE PROPRIETARY LIMITED | 0 | 196,721 | 34,366 | 34,366 | - | - | - | - | - |
| SOUTH32 SA LIMITED | 0 | 5,433 | 0 | - | - | - | - | - | - |
| THOS BEGBIE & CO (PTY) LTD | 0 | 435,247 | 435,247 | 435,247 | - | - | - | - | - |
| THOS BEGBIE & CO (PTY) LTD PENS | 0 | 143,385 | 144,190 | 144,253 | - | - | - | (63) | - |
| THOS BEGBIE RETIRE (MOMENTUM 20%) | 0 | 5,782 | 112 | 112 | - | - | - | - | - |
| WESTERN CHROME MINES | 0 | 8,689 | 8,689 | 8,689 | - | - | - | - | - |
| WESTERN CHROME MINES PENSIONERS | 0 | 11,134 | 11,130 | 11,130 | - | - | - | - | - |
| MEMBERS / GROSS CONTRIBUTIONS | 0 | 8,567,033 | 1,212,990 | 1,212,978 | 4,997 | (2,569) | (2,346) | (63) | (7) |



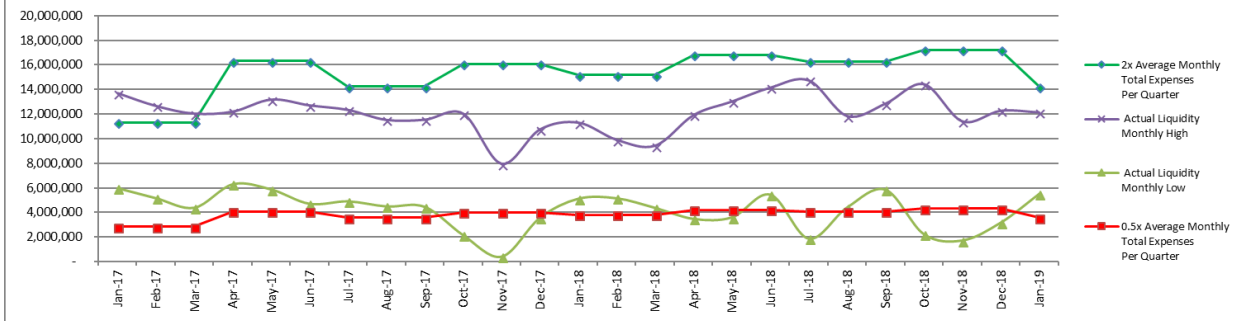
RECONCILIATION TO BALANCE SHEET

BALANCE PER AGE ANALYSIS
LESS: UNPAID SAVINGS CONTRIBUTIONS INCLUDED ABOVE
PER BALANCE SHEET

1,212,990
-56,801
1,156,189



| Month | Relevant healthcare expenditure | Non-healthcare exp | Total Expenses | Average Monthly Total Expenses Per Quarter | Liquidity Level : Indicator | | Actual liquidity Levels | |
|--------|---------------------------------|--------------------|----------------|--|---|---|------------------------------|-------------------------------|
| | | | | | 2x Average Monthly Total Expenses Per Quarter | 0.5x Average Monthly Total Expenses Per Quarter | Actual Liquidity Monthly Low | Actual Liquidity Monthly High |
| Jan-17 | 8,564,337 | 429,347 | 8,993,684 | | 11,317,162 | 2,829,291 | 5,961,406 | 13,701,271 |
| Feb-17 | 6,243,418 | 469,458 | 6,712,876 | | 11,317,162 | 2,829,291 | 5,141,329 | 12,651,425 |
| Mar-17 | 8,249,512 | 496,485 | 8,745,997 | 8,150,852 | 11,317,162 | 2,829,291 | 4,375,978 | 12,028,812 |
| Apr-17 | 4,590,335 | 448,456 | 5,038,791 | | 16,301,705 | 4,075,426 | 6,282,945 | 12,197,467 |
| May-17 | 8,899,324 | 481,647 | 9,380,971 | | 16,301,705 | 4,075,426 | 5,855,561 | 13,178,395 |
| Jun-17 | 6,445,927 | 500,639 | 6,946,566 | 7,122,109 | 16,301,705 | 4,075,426 | 4,689,758 | 12,702,072 |
| Jul-17 | 6,812,573 | 522,331 | 7,334,904 | | 14,244,219 | 3,561,055 | 4,890,389 | 12,330,357 |
| Aug-17 | 7,646,331 | 511,283 | 8,157,614 | | 14,244,219 | 3,561,055 | 4,473,837 | 11,516,584 |
| Sep-17 | 8,128,068 | 496,303 | 8,624,371 | 8,038,963 | 14,244,219 | 3,561,055 | 4,441,519 | 11,531,519 |
| Oct-17 | 8,415,575 | 599,849 | 9,015,424 | | 16,077,926 | 4,019,482 | 2,131,818 | 12,021,818 |
| Nov-17 | 7,868,451 | 508,708 | 8,377,159 | | 16,077,926 | 4,019,482 | 387,515 | 7,934,869 |
| Dec-17 | 4,853,735 | 524,721 | 5,378,456 | 7,590,346 | 16,077,926 | 4,019,482 | 3,559,798 | 10,739,798 |
| Jan-18 | 6,678,656 | 497,975 | 7,176,631 | | 15,180,693 | 3,795,173 | 5,107,752 | 11,292,458 |
| Feb-18 | 8,324,404 | 509,938 | 8,834,342 | | 15,180,693 | 3,795,173 | 5,137,892 | 9,887,478 |
| Mar-18 | 8,736,837 | 489,511 | 9,226,348 | 8,412,440 | 15,180,693 | 3,795,173 | 4,356,866 | 9,413,434 |
| Apr-18 | 6,074,617 | 504,517 | 6,579,134 | | 16,824,881 | 4,206,220 | 3,462,203 | 11,912,203 |
| May-18 | 9,227,587 | 526,532 | 9,754,119 | | 16,824,881 | 4,206,220 | 3,588,826 | 13,015,080 |
| Jun-18 | 7,600,299 | 486,893 | 8,087,192 | 8,140,148 | 16,824,881 | 4,206,220 | 5,437,785 | 14,150,269 |
| Jul-18 | 8,664,835 | 517,302 | 9,182,137 | | 16,280,296 | 4,070,074 | 1,847,880 | 14,741,391 |
| Aug-18 | 9,805,967 | 464,915 | 10,270,882 | | 16,280,296 | 4,070,074 | 4,394,242 | 11,834,242 |
| Sep-18 | 5,935,297 | 428,912 | 6,364,209 | 8,605,743 | 16,280,296 | 4,070,074 | 5,834,297 | 12,844,297 |
| Oct-18 | 9,129,116 | 469,810 | 9,598,926 | | 17,211,485 | 4,302,871 | 2,211,435 | 14,431,435 |
| Nov-18 | 6,526,322 | 622,677 | 7,148,999 | | 17,211,485 | 4,302,871 | 1,705,975 | 11,395,975 |
| Dec-18 | 4,172,526 | 434,140 | 4,606,666 | 7,118,197 | 17,211,485 | 4,302,871 | 3,154,730 | 12,264,730 |
| Jan-19 | 9,043,703 | 430,183 | 9,473,886 | | 14,236,394 | 3,559,099 | 5,497,778 | 12,127,778 |



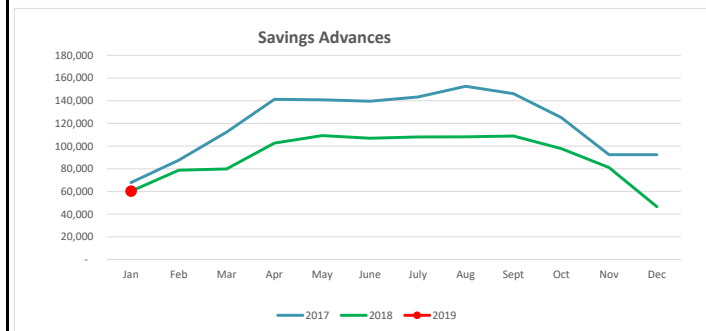
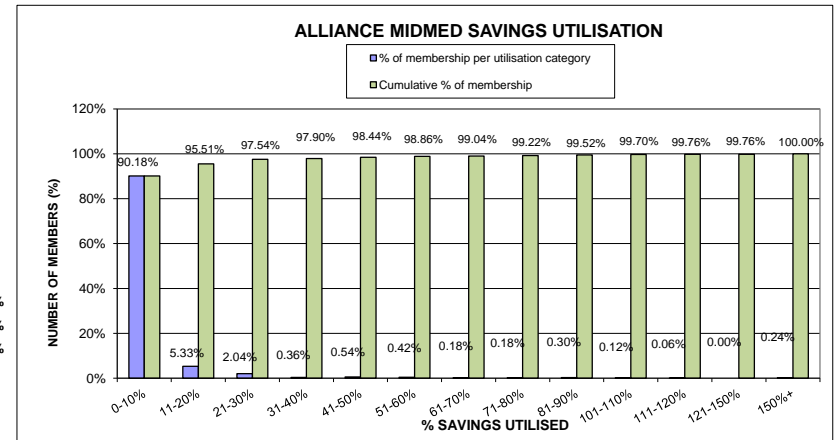
Note: The graph shows the 2 extremes of call balances. If below the lower than 0.5x we run the risk of too little cash on call to meet expenses, if over the above 2.0x then funds need to be invested as too much cash is on hand.

ALLIANCE-MIDMED MEDICAL SCHEME ANALYSIS OF SAVINGS

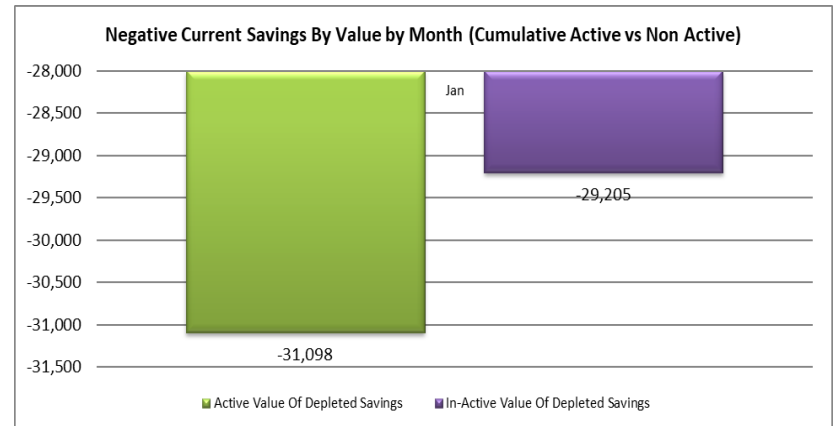
| | January R | February R | March R | April R | May R | June R | July R | August R | September R | October R | November R | December R | Trend |
|--|------------|------------|---------|---------|-------|--------|--------|----------|-------------|-----------|------------|------------|-------|
| Savings Contributions | 468,611 | | | | | | | | | | | | ↑ |
| Savings balances | 32,171,308 | | | | | | | | | | | | ↑ |
| Savings billed less savings received balance | 56,801 | | | | | | | | | | | | ↑ |

% Savings utilised

| Number of contracts | Contributions YTD Jan 19 R | Projection for rest of year | Total savings contributions Jan 19 | Claims paid from savings YTD Jan 19 | Utilisation % | % of membership | |
|---------------------|----------------------------|-----------------------------|------------------------------------|-------------------------------------|---------------|-----------------|----------|
| 1,506 | 560,749 | 4,219,985 | 4,780,734 | (73,995) | 1.55% | 90.2% | 0-10% |
| 89 | 35,873 | 259,072 | 294,945 | (41,060) | 13.92% | 5.3% | 11-20% |
| 34 | 17,155 | 112,123 | 129,278 | (30,570) | 23.65% | 2.0% | 21-30% |
| 6 | 6,333 | 18,326 | 24,659 | (8,600) | 34.88% | 0.4% | 31-40% |
| 9 | 5,905 | 29,414 | 35,319 | (15,469) | 43.80% | 0.5% | 41-50% |
| 7 | 3,877 | 18,601 | 22,478 | (12,669) | 56.36% | 0.4% | 51-60% |
| 3 | 2,546 | 12,760 | 15,306 | (9,645) | 63.01% | 0.2% | 61-70% |
| 3 | 1,734 | 5,412 | 7,146 | (5,398) | 75.53% | 0.2% | 71-80% |
| 5 | 2,882 | 10,428 | 13,310 | (11,190) | 84.07% | 0.3% | 81-90% |
| 2 | 1,292 | 352,066 | 353,358 | (11,453) | 3.24% | 0.1% | 101-110% |
| 1 | 426 | 3,234 | 3,660 | (4,152) | 113.44% | 0.1% | 111-120% |
| - | 546 | - | 546 | (741) | 135.63% | 0.0% | 121-150% |
| 4 | 6,627 | 7,557 | 14,184 | (39,017) | 275.07% | 0.2% | 150%+ |
| 1,670 | 646,982 | 4,704,502 | 5,351,484 | (262,759) | 4.91% | 100.0% | |

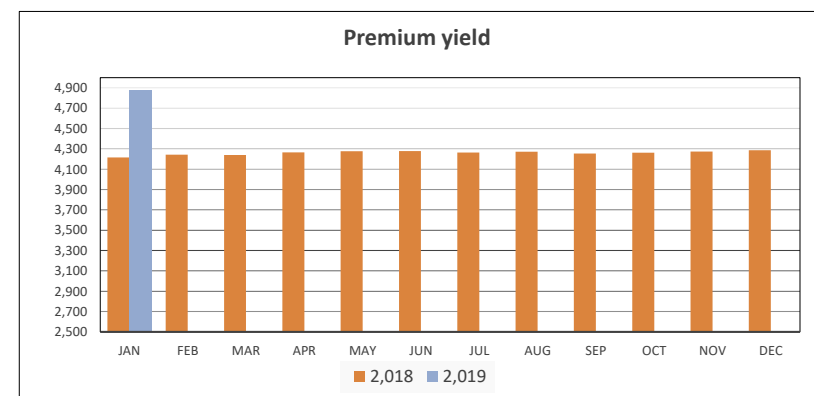
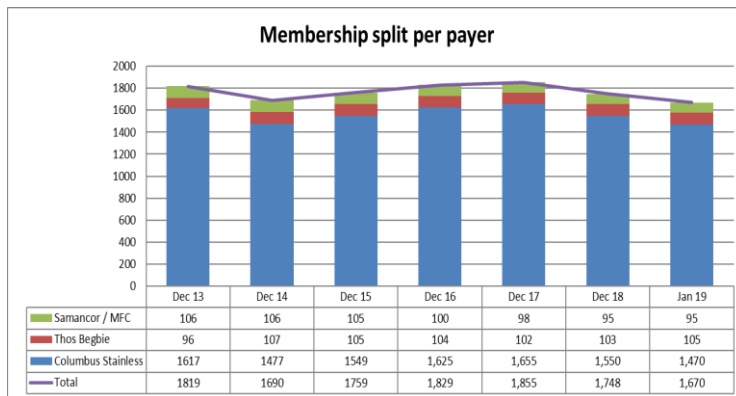
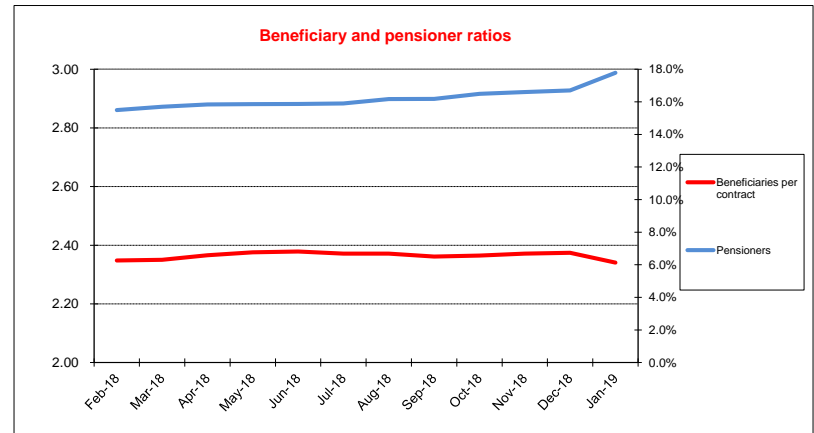
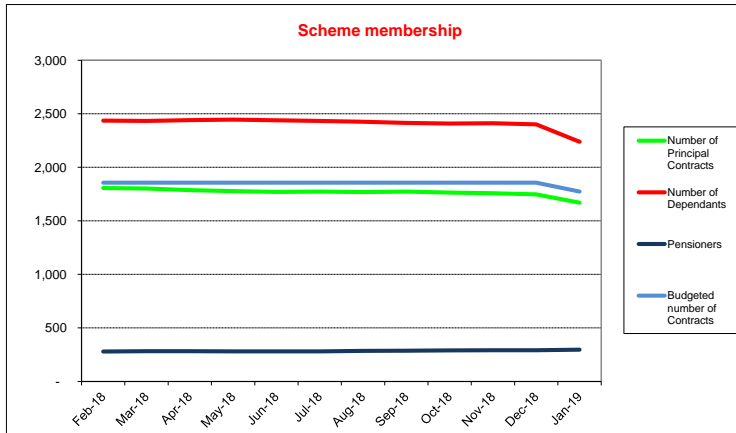


During the year a number of members typically utilise annual savings in excess of their year-to-date savings contributions and therefore are reported as having received advanced funding. This level increases during the year and around August/September the contributions begin 'catching' up with advances given, resulting in the levels decreasing to year end. The graph (above) shows that the 2017 and 2018 trend are similar. 2019 has followed a similar pattern.



ALLIANCE-MIDMED MEDICAL SCHEME MEMBER RATIOS AND TREND ANALYSIS

| Description | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Membership Ratios: | | | | | | | | | | | | |
| Number of Principal Contracts | 1,807 | 1,803 | 1,787 | 1,778 | 1,770 | 1,774 | 1,769 | 1,774 | 1,765 | 1,759 | 1,748 | 1,670 |
| Budgeted number of Contracts | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,857 | 1,774 |
| Principal contracts variance to budget | (50) | (54) | (70) | (79) | (87) | (83) | (88) | (83) | (92) | (98) | (109) | (104) |
| Number of Dependants | 2,436 | 2,434 | 2,441 | 2,446 | 2,440 | 2,433 | 2,426 | 2,415 | 2,409 | 2,412 | 2,402 | 2,239 |
| Beneficiaries per contract | 2.35 | 2.35 | 2.37 | 2.38 | 2.38 | 2.37 | 2.37 | 2.36 | 2.36 | 2.37 | 2.37 | 2.34 |
| Pensioners | 280 | 283 | 283 | 282 | 281 | 282 | 286 | 287 | 291 | 292 | 292 | 297 |
| Pensioner ratio | 15.5% | 15.7% | 15.8% | 15.9% | 15.9% | 15.9% | 16.2% | 16.2% | 16.5% | 16.6% | 16.7% | 17.8% |
| Beneficiaries > 65 years of age | 283 | 288 | 289 | 289 | 291 | 289 | 293 | 297 | 296 | 296 | 297 | 299 |
| Beneficiaries > 65 years of age ratio | 6.67% | 6.80% | 6.84% | 6.84% | 6.91% | 6.87% | 6.98% | 7.09% | 7.09% | 7.10% | 7.16% | 7.65% |
| Beneficiaries >= 60 years of age | 430 | 433 | 434 | 432 | 434 | 435 | 438 | 438 | 442 | 442 | 443 | 451 |
| Beneficiaries >= 60 years of age ratio | 10.13% | 10.22% | 10.26% | 10.23% | 10.31% | 10.34% | 10.44% | 10.46% | 10.59% | 10.60% | 10.67% | 11.54% |



Alliance-Midmed Medical Scheme

The history of SEP adjustments from 2013 to 2019

| Measure | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|------|------|------|------|------|------|------|
| Max. legislated SEP increase | 5.8 | 5.8 | 7.5 | 4.8 | 7.5 | 1.3 | 5.0 |
| SEP change in basket medicines | 3.9 | 4.6 | 5.7 | 3.8 | 7.5 | 1.3 | |

Mediscor will continue to track the actual impact of the annual SEP adjustments to a basket of medicines, and results will be published in the Mediscor Medicine Review.

General assumptions used in the 2019 budget

| Description | Percentage |
|--------------------------------------|------------|
| Contribution increase | 10.70% |
| Increase in Scheme tariffs: | |
| - Hospitals | 5.40% |
| - SEP | 5.00% |
| - Remaining service provider tariffs | 3.00% |
| Managed care: healthcare expenses | 5.30% |
| Membership growth | 0.00% |
| | |
| Non-health expenditure | |
| Administration fees | 5.60% |
| Other administration costs | 5.90% |
| Managed care: management services | 5.60% |
| Investment return | 11.00% |