



BMW
Employees
Medical Aid Society

**Annual General Meeting
7 June 2015**

BMW EMPLOYEES MEDICAL AID SOCIETY

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of the BMW Employees Medical Aid Society will be held at BMW Rosslyn, on Sunday, 7 June 2015 at 09:30

A G E N D A

1. Chairman's welcome to members
2. Confirmation of the Minutes of Twenty-Ninth Annual General Meeting
3. Election of Trustees
4. Adoption of the Annual Financial Statements ("AFS") and Board of Trustees report for the year ended 31 December 2014
5. Appointment of the External Auditors for the ensuing financial year
6. General
 - 6.1 Notices of motions to be placed before the Annual General Meeting must reach the Principal Officer, Mr. A Kelbrick by no later than close of business on 29 May 2015.
 - 6.2 Nomination for Employee Representatives must reach the Principal Officer, Mr. A Kelbrick by no later than close of business on 29 May 2015. A nomination form is attached.
 - 6.3 If a member cannot attend the meeting, then he/she is entitled to appoint a proxy to speak, and to vote in his/her behalf. Proxies must be lodged with the Principal Officer, Mr. A Kelbrick by not later than close of business on 29 May 2015. A proxy form is attached.

BY ORDER OF THE BOARD OF TRUSTEES BMW Employees Medical Aid Society

BMW (SA)(Pty) Limited
6 Frans Du Toit Street
Rosslyn 0200

E-mail: anthony.kelbrick@bmw.co.za
Facsimile 086 678 1892

A member is entitled to appoint a proxy TO VOTE on his/her behalf at the meeting. A form of proxy is enclosed on the last page (perforated page).

May 2015

BMW EMPLOYEES MEDICAL AID SOCIETY

MINUTES OF THE TWENTY- NINTH ANNUAL GENERAL MEETING OF THE BMW EMPLOYEES MEDICAL AID SOCIETY HELD ON 9 JUNE 2014 AT 14H30, IN THE MAIN CANTEEN, BMW SA (PTY) LIMITED, ROSSLYN

PRESENT

Mr C Khambula (In the Chair)
47 members as per the attendance register
3 proxies for voting received

IN ATTENDANCE

Ms R Felstead Fund Manager, Discovery Health
Ms U Jantjies Fund Coordinator, Discovery Health

APOLOGIES

The following apology was noted:
Mr JP Meiring Pensioner Member Representative

Action

1. CHAIRPERSON'S WELCOME

The Chairperson welcomed all present to the twenty-ninth Annual General Meeting (AGM) of the BMW Employees Medical Aid Society. It was confirmed that there were 47 members present and 3 represented by proxy. The necessary quorum being present, the meeting was declared duly constituted.

The Chairperson noted that an attendance register was available and requested that all members present sign the register. The apology received from Mr Meiring was noted.

A concern was raised by a member that the members of the Society were not notified of the AGM and that no communication of the time and venue was circulated. He also stated that the workforce in the plant could not attend due to the shift schedules and felt that the member representation at the AGM was insufficient. He suggested that the AGM be rescheduled to a date and time when all the members of the Society were able to attend.

The chairperson noted the concern of the member and confirmed that the notice of the meeting was circulated to all members of the Society in accordance with Rule 26 of the Society, which required that members were advised of the meeting at least 14 days prior to the date of the meeting. The notice was circulated to members on 26 May 2014. He noted that in terms of the Rules of the Society, that 21 members needed to be present and reiterated that as the meeting was duly constituted, legislation required for the meeting to continue.

Mr Radebe confirmed that the Board of Trustees had deliberated on scheduling the AGM on a Sunday when all members could attend, however due to unexplained reasons, the proposal was declined by the employer.

The chairperson noted that the Board of Trustees acknowledged his concerns raised and would in future ensure that the Notice of the AGM was properly received and distributed to all employees and that it be discussed with management in the plant to release employees to attend the AGM. He confirmed that the Board of Trustees would place the issue on the Board Agenda for further discussion.

The Chairperson confirmed that no additional motions were received to be added to the Agenda of the meeting.

2. **CONFIRMATION OF THE MINUTES OF THE TWENTY- EIGHT ANNUAL GENERAL MEETING HELD ON 19 JUNE 2013**

The minutes of the Twenty Eighth Annual General Meeting held on 19 June 2013 having been circulated with the notice of the meeting as part of the AGM Agenda Pack were taken as READ. The Chairman enquired whether there were any questions regarding the minutes of the previous meeting. The Chairman moved to accept the minutes of the Annual General Meeting (“AGM”) held on 19 June 2013 which was approved by Mr Lee and seconded by Ms Bender. The Chairman declared the motion CARRIED.

3. **ELECTION OF TRUSTEES**

The Chairman confirmed that in terms of Rule 18 of the Society, the Society would be managed according to the Rules by a Board consisting of nine persons who are fit and proper to be Trustees and of whom four should be appointed by the Employer, and five should be elected by members in general meetings. All Trustees would hold office for three years from the date that he/she was appointed or elected and would retire automatically every three years. A retiring Trustee would be eligible for re-election, provided that with effect from 1 January 2008, no person would serve more than two consecutive terms and no more than a total of three terms.

The Chairman confirmed the employer appointed and member elected Trustees that were currently serving in 2013/14 were:

Dr J Fegbeutel (Chairperson)	Last appointed date 10 July 2007(Retired May 2014)
Mr DW Blue	Appointed 19 June 2012(1 st term)
Ms C Hector	Alternate: Dr JP Fegbeutel since 25 February 2013 (Replaced Dr Fegbeutel as at 9 June 2014)
Mr C Khambula	Appointed 19 June 2012(1 st term) Resigned as at 9 June 2014
Mr D Radebe	Appointed 9 June 2014 to replace Mr C Khambula
Ms W Scott	Alternate: to Mr D Radebe (previously alternate to Mr C Khambula since 21 August 2013)
Mr F Viljoen	Appointed 19 June 2012 (1 st term)

The member elected Trustees serving in 2013/2014 were:

Mr C Bathauer	Elected 19 June 2013 (2 nd term)
Mr D Lee	Elected 19 June 2012 (1 st term)
Mr K Madumo	Elected 19 June 2012 (1 st term)
M JN Mantji	Re- elected 23 July 2011 (2 nd term) Not due for re-election
Mr J Meiring	Pensioner representative re- elected 23 July 2011 (1 st term) due for re- election
Mr M Molefe	Alternate: Mr Madumo since 21 August 2012

The co-opted Trustee serving in 2013/2014 was:

Mr S Roodt	Co-opted 25 February 2013
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The Principal Officer CONFIRMED that Dr Vuyelwa Vatsha-Mahlaba has been co-opted onto the board as from 09 June 2014.

The Chairperson noted that in terms of Rule 18.7, a member of the Board would have the right to nominate a member of the Society to act as his alternate on the Board. The office of an alternate would become vacant in the same manner as that of a member of the Board, in addition to which he would cease to be an alternate if the member he represented ceased to be a member of the Board.

He confirmed that Mr Mantji was required to stand down at the meeting due to the fact that he had served two terms and was not eligible for re-election. He noted, however, that Mr Meiring was eligible for re-election and presented himself for re-election at the meeting.

The Chairperson reported that one nomination to fill the two vacancies were received for Mr J Meiring and one for Mr A Kgoathe. He noted that the nominations were received unopposed and no ballot was required.

The Chairperson confirmed the appointment of Mr J Meiring and one for Mr A Kgoathe to the Board of Trustees.

APPOINTMENT OF A DISPUTES COMMITTEE

The Chairman confirmed that in terms of the Rules of the Society, a Disputes Committee consisting of three persons were required to be appointed by the Board of Trustees annually. At the Board of Trustees meeting held it was confirmed that the following individuals were appointed to the Disputes Committee:

- Mrs LA Fitzsimons;
- Ms D McIntosh; and
- Ms S Rambharos.

4. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS (“AFS”) AND BOARD OF TRUSTEES REPORT FOR THE YEAR ENDED 31 December 2013

The Chairperson confirmed that in terms of Rule 26.1.2 of the Society, the Notice of the AGM, Agenda, Board of Trustees Report, highlights of the Annual Financial Statements and external auditor's report would be provided to the employer's registered office, and to the members of the Society at least 14 days prior to the date of the meeting.

The full set of the Annual Financial Statements, together with the unqualified audit report issued by KPMG (the Society auditors) was made available at the Administrator's office and was distributed to those members who requested a copy thereof.

The Chairperson noted that copies of the full set of Annual Financial Statements, together with the unqualified audit report were also included in the AGM Pack and circulated to all members of the Society. Mr Kelbrick also confirmed that a full set of AFS was available on the BMW Intranet.

The Chairperson motioned for the adoption of the Annual Financial Statements and the Board of Trustees report for the year ended 31 December 2013. Mr D Lee seconded the motion and the Chairman declared the motion to accept the Annual Financial Statements and the Report of the Board of Trustees effective 31 December 2013 CARRIED

unanimously.

5. APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING FINANCIAL YEAR

The Chairman stated that KPMG Inc. had made themselves available for re-appointment as the Society's Auditors for the ensuing year, to hold office until the conclusion of the next Annual General Meeting.

The Chairman proposed that KPMG Inc. be re-appointed as the Society's external auditors. The motion was seconded by Mr R Bender and was CARRIED unanimously by the members who attended the meeting.

6. GENERAL

The following matters were raised under general:

A member of the Society stated that there was extreme unhappiness amongst the members of the Society and proposed that a Special General Meeting be held, where members could raise their concerns.

The Chairperson responded that a Special General meeting was held on 28 May 2015, where various issues raised by members caused due to the change in administrator were addressed. He reported that Dr Majoro and he (Mr Khambula) provided a detailed overview of what the concerns were and the answers to those concerns.

Mr Kelbrick noted a number of issues were raised with regards to the change in administrator to which the BMW employer and Board of Trustees compiled a detailed responses. He confirmed that he would share these details with all the members.

The meeting noted that due to the shift schedules, some of the members were not able to attend the Special General Meeting and were therefor not addressed.

Ms Hector responded that the purpose of the AGM was to conclude regulatory matters as required by the Council for Medical Schemes. The Chairperson and Ms Hector confirmed that the Board of Trustees would gladly address the various member concerns at a separate Special General meeting.

Board of Trustees

Mr Viljoen reminded the members present that the Society Board of Trustees were appointed to serve the members and encouraged the members to approach any of the Trustees with their concerns.

7. CONCLUSION

There being no further business or questions raised, the Chairman thanked those members present for their attendance and closed the meeting.

8. **DATE OF THE NEXT MEETING**

The next meeting to be confirmed.

SIGNED AS A CORRECT RECORD

CHAIRMAN

DATE

TRUSTEE

DATE

BMW EMPLOYEES MEDICAL AID SOCIETY
MEMBERSHIP OF THE BOARD OF TRUSTEES

In terms of Rule 18 of the Society, which took effect 14 March 2012, the Society shall be managed according to the Rules by a Board consisting of nine persons who are fit and proper to be Trustees and of whom four shall be appointed by the Employer, and five shall be elected by members in general meetings. All Trustees shall hold office for three years from the date that he/she was appointed or elected and will automatically retire every three years. A retiring Trustee shall be eligible for re-election provided that with effect from 1 January 2008, no person shall serve more than two consecutive terms and no more than a total of three terms.

The employer appointed Trustees serving in 2014/15 are:

Ms C Hector - Chairperson	Appointed 09 June 2014 (1 st Term)
Mr DW Blue	Appointed 19 June 2012 (2 ^{de} Term)
Ms N Moonia	Alternate D Blue - Appointed 19 June 2012 (2 ^{de} Term)
Mr D Radebe	Appointed 09 June 2014 (1 st Term)
Ms W Scott	Alternate; D Radebe – Appointed 21 August 2012
Mr F Viljoen	Appointed 19 June 2012 (2 nd Term)

The member elected Trustees serving in 2014/15 are:

Ms C Bathauer (Vice-Chairman)	Elected 19 June 2013 (2 nd Term)
Mr D Lee	Elected 19 June 2012 (1 st Term and due for re-election)
Mr K Madumo	Elected 19 June 2012 (1 st Term and due for re-election)
Mr M Molefe	Alternate: Mr K Madumo since 21 August 2012
Mr A Kgoathe	Elected 19 June 2013 (1 st Term)

Mr J Meiring	Pensioner representative re-elected 9 June 2014 (2 nd Term)
Dr JP Fegbeutel	Alternate to J Meiring – Appointed 21 August 2014

The co-opted Trustees serving in 2014/2015 are:

Mr S Roodt	Co-opted 25 February 2013
Dr V Vatsha-Mahlaba	Co-opted 9 June 2014

In terms of the Rule 18.7 a member of the Board shall have the right to nominate a member of the Society to act as his alternate on the Board. The office of an alternate shall become vacant in the same manner as that of a member of the Board, in addition to which he shall cease to be an alternate if the member he represents ceases to be a member of the Board.

It has been determined that Mr Lee and Mr Madumo will stand down at this meeting, due to the fact that they have served three years, however, Mr. Lee and Mr Madumo are eligible for re-election and present themselves for re-election at the meeting.

Nominations to fill the vacancies must be signed by a proposer and the nominee and must reach the Principal Officer by not later than 7 days before the date of the meeting. Nomination Forms are included in this communication.

BMW EMPLOYEES MEDICAL AID SOCIETY

FINANCIAL STATEMENTS

for the year ended 31 December 2014

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BMW EMPLOYEES MEDICAL AID SOCIETY

FINANCIAL STATEMENTS

for the year ended 31 December 2014

TRUSTEES' RESPONSIBILITY AND APPROVAL

The Trustees are responsible for the preparation and fair presentation of the financial statements of BMW Employees Medical Aid Society, comprising the statement of financial position at 31 December 2014, the statements of comprehensive income, changes in funds and reserves and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Medical Schemes Act of South Africa. In addition, the Trustees are responsible for preparing the report of the Board of Trustees.

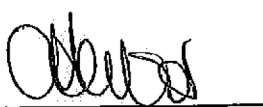
The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the ability of the Scheme to continue as a going concern and have no reason to believe the Scheme will not be a going concern in the year ahead.


The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements of BMW Employees Medical Aid Society, as identified in the first paragraph, were approved by the Trustees on 24 April 2015 and are signed on their behalf by:



CHAIRMAN



TRUSTEE



PRINCIPAL OFFICER

BMW EMPLOYEES MEDICAL AID SOCIETY

FINANCIAL STATEMENTS

for the year ended 31 December 2014

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The BMW Employees Medical Aid Society (the Scheme) is committed to the principles and practice of responsibility, accountability, fairness and transparency with its dealings with all stakeholders and applies good governance principals.

The Scheme is committed to ensure compliance with recognised framework and conducting affairs in accordance with ethical values, to ensure the adoption of risk assessment, evaluation and management processes with regular monitoring of third party administrators and providers in accordance with the service level agreements. This includes evaluating the performance of the Board and of the Board sub-committees against agreed terms of reference and performance targets, establishment and management of internal controls by assessing the adequacy and effectiveness through the reports of the internal auditors and calling on expert and professional advice when required. The Trustees are either appointed by the respective employers or elected by the members of the Scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the performance of the Administrator and other service providers. 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 consultants and, where appropriate, may seek independent professional advice at the expense of the Scheme.

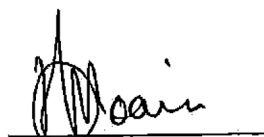
INTERNAL CONTROL

The Administrator of 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.

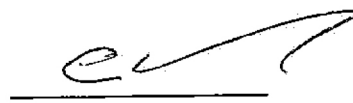
No event or item has come to the attention of the Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



CHAIRMAN



TRUSTEE



PRINCIPAL OFFICER

24 April 2015



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg

Independent Auditor's Report

To the Members of the BMW Employees Medical Aid Society

Report on the Financial Statements

We have audited the financial statements of the BMW Employees Medical Aid Society as set out on pages 6 to 44 which comprise the statement of financial position at 31 December 2014, and the statements of comprehensive income, changes in funds and reserves and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The scheme's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 about whether the financial statements are free from 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 judgement, 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 management, 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the BMW Employees Medical Aid Society at 31 December 2014, and its 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 of South Africa.

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:
Chief Executive: TR Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba, MM Mpayi,
M Oddy, CAT Smit

Other Directors: LP Fourie, N Fubu,
AH Jaffer (Chairman of the Board), FA Karreem,
ME Magondo, AMS Morigabodi,
GM Pickering, JN Pierco

The company's principal place of business is at KPMG Crescent,
85 Empire Road, Parktown, where a list of the directors' names is
available for inspection.



Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, that have come to our attention during the course of our audit.

KPMG Inc

A handwritten signature in black ink, appearing to be 'M Fouché', written over a faint, illegible stamp.

Per M Fouché
Registered Auditor
Chartered Accountant (SA)
Director
24 April 2015

BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	Notes	2014 R	2013 R
ASSETS			
Non-current assets			
Available-for-sale investments	2	67 384 295	59 579 381
Current assets			
Trade and other receivables	3	502 737	501 980
Cash and cash equivalents	4	20 251 296	23 131 136
Current and short term deposits		18 952 989	21 805 444
Personal medical savings account trust funds		1 298 307	1 325 692
Total assets		88 138 328	83 212 497
FUNDS AND LIABILITIES			
Members' funds			
Accumulated funds		64 834 013	63 549 335
Available-for-sale reserve		15 909 537	13 975 500
Current liabilities			
Outstanding risk claims provision	5	4 200 000	3 236 000
Personal medical savings account trust liability	6	1 379 947	1 280 585
Trade and other payables	7	1 814 831	1 171 077
Total funds and liabilities		88 138 328	83 212 497

BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Notes	2014 R	2013 R
Risk contribution income	8	115 509 680	104 463 045
Relevant healthcare expenditure		(111 050 134)	(92 319 162)
Risk claims incurred	9	(111 769 264)	(92 448 764)
Claims recoveries from third parties		346 115	326 471
Net income/(expense) on risk transfer arrangement		373 015	(196 869)
Risk transfer arrangement fees	10	(364 544)	(438 992)
Recoveries from risk transfer arrangement	10	737 559	242 123
Gross healthcare results		4 459 546	12 143 883
Managed care: management services	11	(2 967 342)	(2 946 731)
Administration expenditure	20	(6 175 836)	(5 358 206)
Other operating expenses	12	(572 647)	(796 224)
Net impairment on healthcare receivables	13	-	23 469
Net healthcare results		(5 256 279)	3 066 191
Other income		7 144 392	3 612 770
Investment income	14	7 000 390	3 504 297
Scheme		6 928 410	3 433 507
Return on personal medical savings account trust funds		71 980	70 790
Sundry income	15	144 002	108 473
Other expenditure		(603 435)	(660 636)
Expenses for asset management services rendered		(531 455)	(603 277)
Interest paid on personal medical savings account trust funds	16	(71 980)	(57 359)
Net surplus for the year		1 284 678	6 018 325
Other comprehensive income		1 934 037	5 210 344
Changes in fair value of available for sale investments		6 172 632	5 210 344
Realised gain on available-for-sale investments		(4 238 595)	-
Total comprehensive income		3 218 715	11 228 669

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BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF CHANGES IN FUNDS AND RESERVES
for the year ended 31 December 2014

	Accumulated funds	Available-for-sale reserve	Members' funds
	R	R	R
Balance as at 1 January 2013	57 531 010	8 765 156	66 296 166
Total comprehensive income for the year	6 018 325	5 210 344	11 228 669
Net surplus for the year	6 018 325	-	6 018 325
Other comprehensive income	-	5 210 344	5 210 344
Changes in fair value of available for sale investments	-	5 210 344	5 210 344
Balance as at 31 December 2013	63 549 335	13 975 500	77 524 835
Total comprehensive income for the year	1 284 678	1 934 037	3 218 715
Net surplus for the year	1 284 678	-	1 284 678
Other comprehensive income	-	1 934 037	1 934 038
Changes in fair value of available for sale investments	-	6 172 632	6 172 632
Realised gains on disposal of available-for-sale investments	-	(4 238 595)	(4 238 595)
Balance as at 31 December 2014	64 834 013	15 909 537	80 743 550

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BMW EMPLOYEES MEDICAL AID SOCIETY

STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	Notes	2014 R	2013 R
Cash flows from operating activities			
Cash flows from operations before working capital changes	17	(5 643 732)	2 547 918
Working capital changes			
- Decrease in trade and other receivables		2 216	75 701
- Increase/(decrease) in trade and other payables		643 754	(593 948)
- Increase in outstanding risk claims provision		964 000	1 193 607
- Decrease/(increase) in medical savings account liability		99 362	(243 395)
Cash (utilised by)/generated from operations		(3 934 401)	2 979 884
- Income from investments		2 758 822	3 504 297
- Interest paid		(71 980)	(57 359)
Net cash flows from operating activities		(1 247 559)	6 426 822
Cash flows from investing activities			
Additions to available-for-sale investments		(23 672 679)	(4 827 834)
Proceeds on disposal of investments		22 040 398	2 659 291
Net cash flows utilised from investing activities		(1 632 280)	(2 168 543)
Net (decrease)/increase in cash and cash equivalents		(2 879 840)	4 258 278
Cash and cash equivalents at beginning of the year		23 131 136	18 872 858
Cash and cash equivalents at end of the year	4	20 251 296	23 131 136
Current and short term deposits		18 952 989	21 805 444
Personal medical savings account trust funds		1 298 307	1 325 692



REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2014.

1 DESCRIPTION OF THE SCHEME

1.1 Terms of registration

The BMW Employees Medical Aid Society is a not-for-profit restricted membership Scheme registered in terms of the Medical Schemes Act, No 131 of 1998, as amended.

1.2 Benefit options within the BMW Employees Medical Aid Society

The Scheme offers one (1) benefit option.

1.3 Savings plan

To provide a facility for Scheme members to set funds aside to meet day-to-day and other healthcare costs not covered by the 'risk' benefits in the option, the Trustees have made a personal medical savings account available.

Contributions to the personal medical savings accounts (MSA) are set and the total available amount is based on family size and the member's income level. The amounts contributed to the personal MSA do not exceed 1% (one percent) of the member's total medical scheme contribution.

The liability to the members in respect of the savings plan is reflected as a current liability in the Scheme's financial statements, repayable in terms of Regulation 10.

In terms of the rules of the Scheme, the savings plan is underwritten by the Scheme.

BMW EMPLOYEES MEDICAL AID SOCIETY

Registration Number: 1526

REPORT OF THE BOARD OF TRUSTEES (continued)

2 MANAGEMENT

2,1 Board of Trustees in office during the year and at the date of this report was:

C Hector	Chairman - Employer Representative	
C Bathauer	Vice Chairman - Employee Representative	
DW Blue	Employer Representative	
C Khambula	Employer Representative	- resigned 09 June 2014
D Radebe	Employer Representative	- appointed 09 June 2014
N Moonia	Employer Representative	
W Scott	Employer Representative	
F Viljoen	Employer Representative	
A Kgoathe	Employee Representative	- appointed 09 June 2014
D Lee	Employee Representative	
K Madumo	Employee Representative	
JN Mantji	Employee Representative	- resigned 09 June 2014
M Molefe	Employee Alternative Representative	
J Meiring	Pensioner Representative	
JP Fegbeutel	Pensioner Representative	
S Roodt	Co-opted Employer Representative	
V Vatsha-Mahlaba	Co-opted Employer Representative	- appointed 09 June 2014

2,2 Principal Officer

AR Kelbrick

2,3 Registered office address and postal address

16 Fredman Drive	PO Box 786722
Sandton	Sandton
2146	2146

2,4 Scheme administrator during the year

Discovery Health (Pty) Limited

16 Fredman Drive	PO Box 786722
Sandton	Sandton
2146	2146

Discovery Health (Pty) Ltd was appointed administrator with effect from 1 January 2014. The previous administrator was Medscheme Holdings (Pty) Ltd.

BMW EMPLOYEES MEDICAL AID SOCIETY

Registration Number: 1526

REPORT OF THE BOARD OF TRUSTEES (continued)

2,5 Investment managers during the year

The Scheme made use of the services of the following asset managers:

- Acsis Limited
- Coronation Fund Managers
- Cadiz Asset Management
- Huysamer Capital Investments (Pty) Ltd
- Prescient Management Company (Pty) Ltd
- Prudential Portfolio Managers (South Africa) Life Ltd

2,6 Investment consultant during the year

Acsis Limited

Old Mutual Square	PO Box 650140
3rd Floor, Ubomi Building	Benmore Gardens
93 Grayston Drive	Johannesburg
Sandton	2010
2010	

2,7 Actuaries

16 Fredman Drive	PO Box 786722
Sandton	Sandton
2146	2146

2,4 Scheme administrator during the year

1st Floor, Block J	Private Bag X17
Central Park	Halfway House
400 16th Road	1685
Midrand	

3 INVESTMENT AND FIXED ASSET POLICY OF THE SCHEME

The Trustees continue to invest funds in line with the requirements of the Act. The Scheme continues to pursue a growth-orientated investment strategy.

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)**4 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES**

4.1 Operational statistics

	2014	2013
Number of members at the end of the accounting period	3 264	3 182
Number of beneficiaries at the end of the accounting period	7 551	7 254
Average number of members for the accounting period	3 209	3 134
Average age of beneficiaries for the accounting period	28,18	29,00
Pensioner ratio (beneficiaries > 65 years)	1,71%	4,02%
Average net contributions per member per month	R 2 999,63	R 2 777,68
Average net contributions per beneficiary per month	R 1 274,77	R 1 216,00
Average claims incurred per member per month	R 2 883,82	R 2 455,00
Average claims incurred per beneficiary per month	R 1 225,56	R 1 075,00
Average administration costs per member per month	R 175,25	R 163,65
Average administration costs per beneficiary per month	R 74,48	R 70,70
Average managed care: Management services per member per month	R 77,06	R 78,35
Accumulated funds per member at 31 December	R 19 863,36	R 20 275,00
Beneficiary ratio at 31 December 2013	2,31	1,28
Net claims as a percentage of net contributions	96,14%	87,50%
Managed care: Management services as a percentage of gross contributions	2,54%	2,79%
Administration expenses as a percentage of gross contributions	5,78%	8,63%

4.2 Results of operations

The results of the Scheme are set out in the financial statements and the Trustees believe that no further clarification is required.

4.3 Accumulated funds ratio

	2014	2013
	R	R
The accumulated funds ratio is calculated on the following basis:		
Total members' funds per statement of financial position	80 743 550	77 524 835
- Less: Available-for-sale reserve **	(15 909 538)	(13 975 500)
Accumulated funds per Regulation 29	<u>64 834 012</u>	<u>63 549 335</u>
Annualised gross contributions	<u>116 670 920</u>	<u>105 506 359</u>
Accumulated funds ratio		
= Accumulated funds/annualised gross contribution income x 100	<u>5,78%</u>	<u>8,63%</u>

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)

4,3 Accumulated funds ratio (continued)

** Cumulative net gains on re-measurement to fair value are calculated as follows:

	2014	2013
	R	R
Net cumulative gain at the beginning of the period	13 975 500	8 765 156
Unrealised gain on revaluation of available-for-sale investments included in accumulated funds	6 172 632	5 210 344
Realised gains on derecognition of available-for-sale investments	(4 238 595)	-
Cumulative net gain on remeasurement to fair value of available-for-sale investments included in accumulated funds	<u>116 670 920</u>	<u>105 506 359</u>

4,4 Reserve accounts

Movements in the reserves are set out in the statement of changes in funds and reserves. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

4,5 Outstanding risk claims

Movements on the outstanding risk claims provision are set out in note 5 to the financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

5 ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels. The Scheme's actuaries also calculate the annual budget and monthly actuarial reports of the Scheme, including the monthly incurred but not yet reported (IBNR) claims provision.

6 EVENTS AFTER THE REPORTING DATE

There have been no events that occurred subsequent to the end of the accounting period that affect the financial statements and that the Trustees consider should be reported.

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)**7 INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE SCHEME AND TO OTHER RELATED PARTIES**

Discovery Health (Pty) Ltd is the administrator of the Scheme.

Payments are made in terms of the administration and managed care agreements, for 2014 with Discovery Health (Pty) Ltd (2013: Medscheme Holdings (Pty) Ltd).

Fees were paid as follows:

	2014	2013
	R	R
Discovery Health (Pty) Ltd	8 874 126	(7 816 150)
Administration fees	6 175 836	(5 358 206)
included in accumulated funds	2 698 290	(2 457 944)

8 AUDIT AND RISK COMMITTEE

An Audit and Risk Committee (the 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 6 members of which 2 are members of the Board of Trustees. The Committee met on two occasions during the course of the year as follows:

- 07 April 2014
- 10 November 2014.

The Chairman of the Board of Trustees and the Administrator attend all Committee meetings and have unrestricted access to the Chairman of the Committee. The external auditor of the Scheme attend meetings on invitation only. 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 auditor formally reports to the Committee on critical findings arising from audit activities.

This Committee also acts as a risk committee.

The Committee presently comprises:

N Koosiale	Independent - Chairman	- resigned 7 April 2014
S Moodley	Independent - Chairman	
J Badenhorst	Independent	
S Bisnath	Independent	
C Dorasamy	Independent	- appointed 10 November 2014
C Hector	Employer Trustee	
JP Fegbeutel	Employee Trustee	- resigned 7 April 2014
C Bathauer	Employee Trustee	

REPORT OF THE BOARD OF TRUSTEES (continued)

9 NON-COMPLIANCE MATTERS

In terms of Section 26(7) of the Medical Schemes Act, No 131 of 1998, as amended (“the Act”), all subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Although the majority of contribution payments were made within the stipulated payment deadlines, there were a small number of instances where the Scheme received contributions after three days of becoming due. These contributions equate to 0.11% of the gross contributions billed and were received within the month of them becoming due. Such arrear payments are outside the agreed contribution collection agreements with paying parties and are actively addressed as and when they occur.

The procedures that the Scheme follows for collection of these arrear contributions are aligned with its credit risk management policies.

9.2 Sustainability of benefit option

In terms of Section 33(2) of the Medical Schemes Act, No 131 of 1998, as amended, each option shall be self-supporting in terms of membership and financial performance and be financially sound.

At 31 December 2014 the scheme reported a net healthcare deficit amounting to R4 856 279. After taking investment income and fair value adjustments on investments, the Scheme reported total comprehensive income of R3 618 715 for the year ended 31 December 2014.

A large amount of in hospital claims were experienced in the current year. It is not expected that these would occur every year. The Board of Trustee and Principal Officer continuously monitor the Scheme to ensure sustainability of the benefit options.

9.3 Investment in Medical Administrators and Other Medical Schemes

At 31 December 2014, the Scheme indirectly held shares in Discovery Holdings Limited amounting to R2 150 243 (2013: R2 013 635), MMI Holdings Limited amounting to R525 783 (2013: R191 712) and Liberty Group Limited amounting to R59 490 (2013: R27 774).

Ordinarily this would be in contravention of Section 35(8) of the Act which, inter alia, prohibits medical schemes from holding shares in any other medical scheme, any administrator and any person associated with any of these. However, as funds in these portfolios are structured at the sole discretion of the asset manager in a manner that maximises returns and the Scheme provides no input into the structuring of the portfolios.

The Scheme has received exemption from this section of the Act.

9.4 Limitation of assets - equity

In terms of the explanatory notes and conditions for Annexure B to Regulation 30 of the Act, the equity shares held in category 4(a) shall not be more than 40% of the aggregate of the fair value of liabilities and the minimum accumulated funds to be maintained by a medical scheme in accordance with Regulation 29 of the Act.

At 31 December 2014, the Schemes’ total equity shares held exceeded the limitation as per category 4(a) per Annexure B as, the investments held amounted to 49.92% of the minimum aggregate of the fair value of liabilities and the minimum accumulated funds to be maintained by a medical scheme.

Regulation 30(3A) states that a medical scheme can provide the Registrar with a certified statement from a suitably qualified professional, indicating that alternative percentages should apply to such assets. The Scheme is currently addressing this matter in line with this section of the Regulation.

BMW EMPLOYEES MEDICAL AID SOCIETY

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REPORT OF THE BOARD OF TRUSTEES (continued)**10 MEETING ATTENDANCE**

The following schedules set out Board of Trustee meeting attendances and attendances by members of Sub-Committees:

Board of Trustees meetings	Number of meetings
Number of meetings for the year	5
C Hector	5
C Bathauer	5
DW Blue	3
C Khambula - resigned 09 June 2014	1
D Radebe - appointed 09 June 2014	1
N Moonia	3
W Scott	4
F Viljoen	3
A Kgoathe - appointed 09 June 2014	1
D Lee	5
K Madumo	4
JN Mantji - resigned 09 June 2014	2
M Molefe	5
J Meiring	3
JP Fegbeutel	3
S Roodt	4
V Vatsha-Mahlaba - appointed 09 June 2014	1
<i>Attendees:</i>	
AR Kelbrick - Principal Officer	5

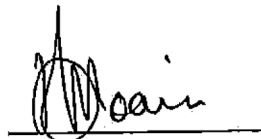
REPORT OF THE BOARD OF TRUSTEES (continued)

10 MEETING ATTENDANCE (continued)

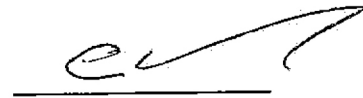
Audit and Risk Committee meetings	Number of meetings
Number of meetings for the year	2
N Koosialee - resigned	1
S Moodley	2
J Badenhorst	2
S Bisnath	-
C Dorasamy - appointed	1
C Hector	-
JP Fegbeutel	1
C Bathauer	1



CHAIRMAN



TRUSTEE



PRINCIPAL OFFICER

24 April 2015

