## Financial overview and statistics

Core benefits paid to all policyholders: **R263.4 million**

Investment return (10 year average): **14.3%**

Total assets: **R4.2 billion**

### Five year review

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<tbody>
<tr>
<td><strong>PPS GROUP</strong></td>
<td></td>
<td></td>
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<tr>
<td>Total Ordinary membership at year end</td>
<td>123 947</td>
<td>119 483</td>
<td>114 810</td>
<td>106 963</td>
<td>98 360</td>
<td>6.0</td>
</tr>
<tr>
<td>Total realised income (Rm)</td>
<td>844.0</td>
<td>765.5</td>
<td>696.0</td>
<td>790.5</td>
<td>542.7</td>
<td>11.7</td>
</tr>
<tr>
<td>Changes in fair value of investments (Rm)</td>
<td>(519.8)</td>
<td>503.7</td>
<td>(195.1)</td>
<td>470.9</td>
<td>(332.4)</td>
<td>–</td>
</tr>
<tr>
<td>Net assets – market value (Rm)</td>
<td>4 116.3</td>
<td>4 199.8</td>
<td>3 431.0</td>
<td>3 297.6</td>
<td>2 289.5</td>
<td>15.8</td>
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<tr>
<td><strong>ORIGINAL SICKNESS AND PERMANENT INCAPACITY PLAN</strong></td>
<td></td>
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<tr>
<td>Benefits paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Sickness and incapacity benefits (R’000)</td>
<td>140 999</td>
<td>139 006</td>
<td>106 289</td>
<td>103 034</td>
<td>95 936</td>
<td>–</td>
</tr>
<tr>
<td>Payments on cessation of benefits (R’000)</td>
<td>122 377</td>
<td>142 730</td>
<td>122 996</td>
<td>81 881</td>
<td>88 710</td>
<td>–</td>
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<tr>
<td><strong>PPS LIFE AND DISABILITY ASSURANCE SCHEME</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total policyholders</td>
<td>95 662</td>
<td>91 495</td>
<td>87 017</td>
<td>79 343</td>
<td>70 470</td>
<td>7.9</td>
</tr>
<tr>
<td>Percentage of PPS Ordinary members</td>
<td>77.8</td>
<td>76.6</td>
<td>75.8</td>
<td>74.4</td>
<td>71.6</td>
<td>–</td>
</tr>
<tr>
<td>Total cover (Rb)</td>
<td>81.2</td>
<td>66.7</td>
<td>55.7</td>
<td>46.3</td>
<td>36.8</td>
<td>21.9</td>
</tr>
<tr>
<td>Total recurring monthly premium at year end (Rm)</td>
<td>18.2</td>
<td>13.5</td>
<td>11.2</td>
<td>9.2</td>
<td>7.4</td>
<td>25.2</td>
</tr>
<tr>
<td>Profit/(loss) share (Rm)</td>
<td>53.8</td>
<td>41.1</td>
<td>31.3</td>
<td>25.1</td>
<td>1.1</td>
<td>164.5</td>
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(Hierdie verslag is op aanvraag in Afrikaans verkrygbaar vanaf die administrateur – PPS Versekering asook op die PPS webterrein: www.pps.co.za.)
Whereas 2001 was a watershed year of profound change and turbulence, both for our PPS Group and for the Global Community, 2002 was a year of consolidation, planning and functional evolution. It is my pleasure to report that, after the transformation of our Society into a long-term Insurance Company, both the Boards of PPS Limited and that of PPS Insurance, together with their dependant structures and management, have made significant progress in bedding down and streamlining our new operating processes and effectively attending to numerous areas of concern as they were identified.

The organisation’s information technology problems, as highlighted in my 2001 Report, were boldly addressed. The internationally respected Gartner organisation joined us for some months to guide us through the processes required by our intention to migrate from our AS/400 mainframe system to a Windows-based ‘WINTEL’ architecture. Their recommendations were far-reaching and insightful and the proposals resulted, amongst others, in the appointment of a Chief Information Officer. By the end of last year, the innumerable and unacceptable service inadequacies and lapses experienced by our members and our distribution network were contained and then slowly turned around. While we are not yet free of isolated problems in the provision of a smooth and professional service, I am confident that we have installed the necessary expertise and have freed up adequate resources to enable the emergence of a truly world class IT system.

Part of our deliberations around the integrity and sophistication of our Information Systems concerned the wisdom of continuing to support the administration of PROFMED using our own “back office” functions. After months of debate and due diligence, we decided to outsource our “back office” for PROFMED to Eternity Private Health Fund Administrators (Proprietary) Limited, while still retaining our administrative function and retaining both the PROFMED brand and our Marketing and Sales responsibilities. While this arrangement is still bedding down, I, as well as the Trustees of PROFMED, are optimistic that we have made the correct decision to link up with an organisation which has “state of the art” trend data, service capabilities and efficiencies which we, sadly, could not reproduce without a major investment in our current systems.

The emergence of the “King Report 2002” on good corporate governance was both prophetic and seminal. Prophetic, since the year in question saw the emergence of numerous and infamous examples of both global and local company fraud, beginning with the now infamous ENRON debacle. In line with the evolution and functioning of our new structures, a working group was convened by PPS Limited to redefine the Charters of both PPS Limited and PPS Insurance Boards, to make far reaching proposals regarding the relevant Board and associated structure’s responsibilities and mandates and to clarify and define the interfaces of the various structures. The recommendations were tabled and addressed by the organisation in the first quarter of 2003.

The strategic objectives of the Board for 2002 were Growth, Customer Relationship Management and an emphasis on Management and Administrative efficiencies.

Regarding growth, both organic growth relating to new product introductions and potential growth in our markets have been addressed. Expansion into other countries such as the United Kingdom have been seriously considered but not currently proceeded with for various reasons. We are also working towards the establishment of a Namibian long-term Insurance Company to comply with the assurances given within the provisions of the Namibian Long-term Insurance Act No.5 of 1998. As far as expanding the range of our products, we have made substantial progress in forming strategic alliances with both a short-term Insurance Company and a number of potential Investment Houses in order to offer our members increasing benefits and opportunities in 2003 which leverage and add value to our Brand and our niche market.

We have given much emphasis to dealing with shortfalls in the levels of customer service in 2002 and have seriously worked towards turning around the trend for an ever-increasing administration ratio. We have consequently taken meaningful steps to assist and support management in their efforts to develop an increasingly robust and transparent “Team” approach by facilitating a corporate climate survey through PricewaterhouseCoopers to identify the key drivers which need attention. This is to ensure that the leadership and management competencies so critical in today’s changing business environment are in place. Functional “Gap analyses” and coaching/training programmes are being rolled out to ensure that our staff deliver outputs which are consistent with the expectations which our members and the Boards have of the organization.

In terms of our financial Market Performance, 2002 was a difficult year for both Global and Local markets. Global asset classes lost significant value, the Rand, totally unexpectedly, gained 40% against the hard currencies, Gold escalated from $279.65 to $347.60 and most equity portfolios realised negative real and absolute returns. Nevertheless, our PPS portfolio still outperformed our benchmarks, and both of our Asset managers (Investec and Coronation, with funds under management of approximately R4 billion) exceeded the benchmarks with careful husbandry. Furthermore, the total 2002 Interest and Bonus allocations have exceeded those for 2001 by R36 million, equating to a 16% increase.

Finally, it is my personal intention to expose myself more intimately to our members. In this regard, I have committed myself to hosting meetings in the main commercial centers of our country during 2003 in order to
Charles Dickens in describing elements of the French revolution in a Tale of Two Cities so aptly begins with “It was the best of times, it was the worst of times...”. In the end despite the revolution the fibre and ethos of France remained France as it had been at the time of Caesar’s Gallic wars or as it is today. So what changed? The old order had to be replaced, it had served its time; the best of the past was retained, the opportunities of the future laid bare to be advantageously developed.

As we ventured into the second year of operation under our “optimum structure”, we are confident that our strategic objectives will both retain the ethos of “Our France” and make the most of the opportunities availed to the PPS Group in the new order. By so doing we remain committed to our vision being an exclusive organisation of Professionals, belonging to its members, which provides unique and exceptional sickness and disability cover and a range of financial benefits, ensuring peace of mind and security to members and their families.

Despite the performance of the financial markets in 2002, “Our France” has stood valiantly;
- The total bonus allocations of R184m (R150m in 2001) was achieved by the improvement in the surplus for distribution which is attributed to the financially favourable operation of PPS Insurance.
- The excess of assets over liabilities exceeded the prescribed minimum level of capital required to be held by a long-term insurance company.
- Sufficient share capital and retained earnings were maintained to ensure that PPS Insurance can continue to operate and remain solvent under extremely adverse circumstances.
- The decrease in the underwriting ratio is a valuable indicator of the overall improvement in the experience of PPS Insurance: PPS Insurance is in a better position (in respect of claims vs. premiums) in 2002 than it was in 2001. This improvement in the overall experience can be attributed to both of the following factors:
  - Improved claims experience; and
  - Higher premium income.

With the centrality of doubles in the novel’s opening words, “It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair...”, we know “Our France” cannot “justify much national boasting”;
- The special benefit allocation showed a negative growth and the investment portfolio decreased in fair value.
- The impact of our IT systems on business operations took a heavy toll and the investment that has been incurred must start to show a return for the members.
- The profitability of the sickness and disability cover is being influenced by a higher administration ratio.
- We are wary of the social ills which plague our land, noticeably the impact of the HIV / Aids epidemic and the “brain drain”.

Like Dickens, we remain keenly aware of what our “reading public” want and, unlike most artists of his calibre, unapologetically admit to aiming for the largest possible “readership” amongst our eligible market – be it through our differentiated products or service offerings. As he had done previously, Dickens set his sights on capturing readers into the story by creating a climate of suspense – and it is this sense of excitement and anticipation that we approach the year 2003.

I would like to thank Prof Haus, the Chairman of PPS Limited and Dr Anderson, the Chairman of PPS Insurance, and members of the respective Boards for their invaluable guidance and support during the various “seasons” of the year. I am immensely appreciative of all the efforts of our staff especially in the light of the “winter of despair” experienced at times.
From left to right

**Back row:** Mr E A Moolla, Dr T A M Mutloane, Prof A B Koller, Dr A F Thomas, Mr E Huggett, Dr D G C Presbury, Mr U H Kuhn

**Middle row:** Prof H E Wainer, Mr I Kotzé, Judge L I Goldblatt, Mrs A M Jansen van Vuuren, Mr E Huggett, Dr N G Campbell, Dr B P Botha, Mr E M Letty (Chief Executive)

**Front row seated:** Dr G M Strydom, Mr R Honeyborne, Dr D R Anderson (Deputy Chairman), Prof M Haus (Chairman), Dr R D Sykes, Adv. R Meyer, Judge R H Zulman

**Inset:** Dr J Adno, Dr M Alli, Dr J J van Niekerk

**Group structure**

**MEMBERS**

Professional Provident Society Limited (Limited by Guarantee) (PPS Limited)
Reg No. 2001/011016/09

**Gateway**

PPS Retirement Annuity Fund

PPS Beneficiaries Trust IT 48/81

PROFMED (Medical Scheme)

**Administration**

Sickness & Permanent Incapacity Benefits

Life & Disability Cover

**100% Shareholding**

Professional Provident Society Insurance Company Limited PPS Insurance
Reg. No. 2001/017730/06
1 PREAMBLE

The directors of PPS Limited and its subsidiaries (“PPS Group”) confirm their commitment to the principles of discipline, transparency, independence, accountability, responsibility and integrity, as advocated in the King Report on Corporate Governance for South Africa 2002 (the “King Report 2002”). Through this process, stakeholders may derive assurance that the PPS Group is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.

The directors of PPS Limited and its subsidiaries regard Corporate Governance as vitally important to the success of the business of the PPS Group and are unreservedly committed to applying the principles necessary to ensure that good governance is practised in all of its business dealings in respect of its members and relevant stakeholders:

- all Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- all Board members are responsible for the PPS Group achieving the highest level of business conduct; and
- the Board is the focal point of the PPS Group’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the PPS Group.

Board Charters, setting out the specific responsibilities to be discharged by the Board members collectively, and the individual roles expected of them, are in the process of being adopted. The purpose of these Board Charters is to regulate how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The objective of these Board Charters are to ensure that all Board members acting on behalf of the company are aware of their duties and responsibilities as Board members and the various legislation and regulations affecting their conduct and to ensure that the principles of good Corporate Governance are applied in all their dealings in respect, and on behalf, of the PPS Group.

Governance Charters are also being developed for all Board committees.

2 BOARD LEADERSHIP

There is a clear division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Board provides leadership and vision to the PPS Group in a way that enhances member value and ensures long-term sustainable development and growth of the PPS Group.

The Chairman and the Chief Executive provide leadership and guidance to the Board as a whole, and encourage proper deliberation of all matters requiring the Board’s attention, and obtain optimum input from the other Board members.

2.1 The Chairman

2.1.1 The Chairman has no executive functions.

2.1.2 Each year the Board appoints from among their non-executive members a Chairman who presides at meetings.

2.1.3 The Chairman is responsible for representing the Board to the members and indirectly to the general public for performance and provides overall leadership to the Board without limiting the principle of collective responsibility for Board decisions.

2.1.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.

2.2 The Chief Executive

2.2.1 The Chief Executive and management’s primary point of reference is through PPS Insurance, as this is the level at which the operations of PPS are executed.

2.2.2 The Chief Executive attends meetings of the Board of PPS Limited by invitation and reports on the activities of PPS Insurance.
3 COMPOSITION OF THE BOARD

3.1 PPS Limited has a unitary board, consisting of non-executive directors who are either elected, nominated or co-opted to the Board in terms of the articles of association of PPS Limited (“the articles of association”).

3.2 A non-executive director is considered an individual who:

3.2.1 is not involved in the day-to-day management of the company or its subsidiaries; and/or
3.2.2 is not a full-time salaried employee of the company or its subsidiaries.

3.3 Procedures for appointments to the Board are formal and transparent.

3.4 Time period of office

3.4.1 All elected Board members are subject to retirement by rotation and re-election by members at least once every three years.
3.4.2 Nominated Board members hold office for a period of one year, subject to re-election by their respective Professional Association members for a further term of one year.
3.4.3 Co-opted Board members are subject to re-appointment to the Board annually.

3.5 Reward system

3.5.1 The Remuneration Committee reviews and considers the remuneration of the non-executive directors, Chief Executive and senior management and makes recommendations to the Board.
3.5.2 Non-executive members receive no significant benefits, other than their directors’ fees, as follows:

3.5.2.1 basic fee as ordinary remuneration;
3.5.2.2 additional remuneration (an extra fee) – for services rendered as Chairman and Deputy Chairman of a Board or Board committee;
3.5.2.3 additional remuneration (an extra fee) – for services rendered as a member of a Board or Board committee.

3.5.3 No Board member or senior manager is involved in deciding his or her own remuneration.

4 ROLE OF THE BOARD

The Board is explicitly responsible for the stewardship of the PPS Limited and having regard to its role, the Board is concerned with key elements of the governance processes underpinning the operation of the PPS Group.

5 BOARD GOVERNANCE

5.1 Board procedures

5.1.1 Directors’ responsibilities and limitations are primarily set out in the articles of association, the Companies Act (No. 61 of 1973), and Board and/or members’ resolutions.

5.1.2 The Board members are entitled to have access, at reasonable times, to all relevant company information and to senior management to assist them in the discharge of their duties and responsibilities to enable them to take informed decisions.

5.1.3 There are procedures agreed by the Board for the furtherance of their duties to take independent professional advice, if necessary, at the PPS Group’s expense.

6 BOARD COMMITTEES

6.1 The Board is authorised to form Board committees as and when it is efficient or necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, powers and authorities. Delegating authority to Board committees or management does not in any way mitigate or dissipate the discharge by the Board of their duties and responsibilities.

6.2 There is transparency and full disclosure from the Board committees to the Board.

6.3 The PPS Group has three standing committees, namely the Audit Committee, the Remuneration Committee, and the Medical Committee.
6.4 The purpose and membership of the committees are as follows:

6.4.1 Audit Committee

6.4.1.1 One of the joint Chairmen and two of the members are non-executive directors on the Boards of PPS Limited and PPS Insurance. To ensure that the majority of the members of the Audit Committee are financially literate, additional independent parties, who are not directors of the PPS Group, have been co-opted onto the committee. The appropriate constituent membership of the committee is under review. There are no relationships that exist that could interfere with the Audit Committee members’ independence from management.

6.4.1.2 The Committee analyses and evaluates the systems of internal control and risk management. The Committee also reviews the audited consolidated annual financial statements of the PPS Group with the external auditors.

6.4.1.3 The Committee provides assistance to the Board with regard to:
   (a) Matters relating to financial accounting, accounting policies, reporting and disclosure;
   (b) Internal and external audit policy;
   (c) Activities, scope, adequacy and effectiveness of the internal audit function and audit plans; and
   (d) Review of external audit plans, findings, problems, reports and fees.

6.4.2 Remuneration Committee

6.4.2.1 The PPS Group has a Remuneration Committee, consisting mainly of non-executive directors, which is chaired by a non-executive director and advised by independent outside experts.

6.4.2.2 The purpose of this Committee is to review, consider and recommend on matters relating to, inter alia, general staff policy, senior management remuneration and development, succession planning, and Chief Executive and Boards members’ remuneration and fees (The financial statements accompanying this report reflect the total Directors’ earnings and other benefits in accordance with the requirements of the Companies Act, 1973, and the King Report 2002) and the formulation of policies with particular reference to equal opportunity employment and human capital development.

6.4.3 Medical Committee

A Medical Committee, comprising of directors from PPS Limited and PPS Insurance, has been established by PPS Insurance to deal with specific matters of a medical nature. The function of the Medical Committee is to review appeals by policyholders against the decisions of the Medical Officers, to review the decisions of the Medical Officers, to recommend the cancellation of benefits and to set policy.

7 BOARD MEETINGS

Board members use their best endeavours to attend Board meetings and to prepare thoroughly. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

8 COMPANY SECRETARY

8.1 The company secretary has a key role to play in ensuring that Board procedures are both followed and reviewed regularly, and has the responsibility in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers.

8.2 The company secretary is responsible for ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with its efficient operation are maintained.
9 RISK MANAGEMENT

Effective risk management is integral to the Board’s objective of consistently adding value to the business. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed – internally and externally. The Board appreciates the business risk issues and key performance indicators affecting the ability of the PPS Group to achieve its strategic purpose and objectives and ensures that appropriate systems are in place to manage the identified risks, measure their impact and to proactively manage them, so that the PPS Group’s assets and reputation are suitably protected.

10 INTERNAL CONTROL SYSTEMS

To meet its responsibility with respect to providing reliable financial information, the PPS Group maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management’s authority, that the assets are adequately safeguarded against material loss of unauthorised acquisition, use, or disposal, and that transactions are properly authorised and recorded.

Internal auditors monitor the operation of the internal controls and report findings and recommendations to Management and the Audit Committee. Corrective actions are taken to address control deficiencies and improve the systems as identified. The Board, operating through its Audit Committee, provides oversight to the financial reporting process and internal controls.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

The PPS Group assessed its internal control systems in operation during the year. Based on the assessment, the PPS Group believes that, as at 31 December 2002, the systems of internal controls over financial reporting and over safeguarding of assets against unauthorised acquisitions, use, or disposal were adequate.

11 GENERAL MANAGEMENT

Being involved with the day-to-day business activities, the Chief Executive and the General Management team are responsible for ensuring that decisions, strategies, and views of the Board are implemented.

12 COMPLIANCE OFFICER

The PPS Group has a Compliance Officer who is responsible for ensuring effective compliance with the relevant statutory, regulatory and supervisory requirements.

13 EMPLOYEES

The focus on empowerment across the PPS Group reinforces the operating autonomy of subsidiary companies. It also provides additional opportunities for employees at all levels to influence the success of the PPS Group. Management is encouraged to enhance the motivation and commitment of all employees by providing opportunities for involvement in business performance improvement, on the basis of mutual information sharing. Employment policies are designed that are appropriate to the business and markets in which the PPS Group operates and that attract, retain, and motivate the quality of staff necessary to compete. These policies are required to provide equal employment opportunities, without discrimination.

14 EMPLOYMENT EQUITY

There is continual monitoring and enforcement of the Employment Equity Plan. This plan presents, prescribes, and outlines the basis upon which employment equity is embraced. An Employment Equity Forum has been established to monitor, evaluate, implement, and manage the progress of this plan and to ensure that the legislative provisions are upheld.

15 THE ENVIRONMENT, HEALTH AND SAFETY

The PPS Group strives to conform to environmental, health and safety laws in its operations and seeks to add value to the quality of life of its employees through preventative health programmes. An HIV policy for staff will be attended to. Although the PPS Group’s major activities do not pose a significant threat to the environment, the PPS Group’s risk management activities continue to focus on compliance with key features of existing environmental, health and safety legislation and international standards.
Directors’ responsibility for financial reporting
for the year ended 31 December 2002

The directors accept responsibility for the preparation, integrity and fair presentation of the PPS Group annual financial statements, the company annual financial statements and related information included in this annual report. These financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates, in conformity, in all material respects, with South African Statements of Generally Accepted Accounting Practice, taking into account the nature of the business and in the manner required by the Long-term Insurance Act, 1998 and the South African Companies Act, 1973. The directors are of the opinion that the financial statements fairly present the financial position of the company and the PPS Group. The independent auditors are responsible for reporting on these financial statements and were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of directors and committees of the Board. The directors have no reason to believe that all representations made to the independent auditors during the audit are not valid and appropriate. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control. Internal financial and operating controls are described in the corporate governance statement on pages 5 to 8 of the annual report.

Nothing has come to the attention of the directors to indicate that the PPS Group or any company within the PPS Group will not remain a going concern for at least the ensuing financial year.

The company annual financial statements and the PPS Group annual financial statements which appear on pages 11 to 34 were approved by the Board of directors and are signed on its behalf by:

Prof M Haus
Chairman
Johannesburg
31 March 2003

Dr D R Anderson
Deputy Chairman

Mr E M Letty
Chief Executive

In terms of the Companies Act (No. 61 of 1973), I hereby confirm that for the year ended 31 December 2002, PPS Limited has lodged with the Registrar of Companies all such returns as are required in terms of this Act and that all such returns are true, correct and up to date.

Mrs J Lester
Company Secretary
31 March 2003
To the members of Professional Provident Society Limited
(Limited by Guarantee)

We have audited the company annual financial statements and group annual financial statements of Professional Provident Society Limited (Limited by Guarantee) set out on pages 11 to 34 for the year ended 31 December 2002. These financial statements are the responsibility of the company’s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by Management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the financial statements fairly present, in all material respects, the financial position of the company and of the group at 31 December 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the South African Companies Act, 1973.

PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
Registered Accountants and Auditors
Sunninghill
31 March 2003