Financial overview and statistics

Core benefits paid to all policyholders
Investment return (10 year average)
Total assets - PPS Group at market value
Investment return for 2003 (gross i.e. before deducting investment management expenses)

Five year review

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<tbody>
<tr>
<td><strong>PPS</strong></td>
<td></td>
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</tr>
<tr>
<td>Policyholder contributions for units of benefit (Rm)</td>
<td>527</td>
<td>453</td>
<td>395</td>
<td>311</td>
<td>292</td>
<td>15.91%</td>
</tr>
<tr>
<td>Total ordinary membership at year end</td>
<td>127 028</td>
<td>123 947</td>
<td>119 483</td>
<td>114 810</td>
<td>106 963</td>
<td>4.39%</td>
</tr>
<tr>
<td>Total realised income (Rm)</td>
<td>844.9</td>
<td>739.3</td>
<td>765.5</td>
<td>696.0</td>
<td>790.5</td>
<td>1.68%</td>
</tr>
<tr>
<td>Changes in fair value of investments</td>
<td>421.7</td>
<td>(414.9)</td>
<td>503.7</td>
<td>(195.1)</td>
<td>470.9</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets (Rm) - market value</td>
<td>4 852.1</td>
<td>4 116.3</td>
<td>4 199.8</td>
<td>3 431.0</td>
<td>3 297.6</td>
<td>10.14%</td>
</tr>
<tr>
<td>Sickness and incapacity benefits (R'000)</td>
<td>160 323</td>
<td>140 999</td>
<td>139 006</td>
<td>106 289</td>
<td>103 034</td>
<td>11.69%</td>
</tr>
<tr>
<td>Payments on cessation of benefits (R'000)</td>
<td>133 509</td>
<td>122 377</td>
<td>142 730</td>
<td>122 996</td>
<td>81 881</td>
<td>13.00%</td>
</tr>
<tr>
<td><strong>PPS LIFE ASSURANCE SCHEME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total members</td>
<td>99 515</td>
<td>95 662</td>
<td>91 495</td>
<td>87 017</td>
<td>79 343</td>
<td>5.83%</td>
</tr>
<tr>
<td>Percentage of PPS ordinary membership</td>
<td>78.3</td>
<td>77.2</td>
<td>76.6</td>
<td>75.8</td>
<td>74.2</td>
<td>3.11%</td>
</tr>
<tr>
<td>Total cover (Rb)</td>
<td>100.7</td>
<td>81.2</td>
<td>66.7</td>
<td>55.7</td>
<td>46.3</td>
<td>21.44%</td>
</tr>
<tr>
<td>Total recurring premium at year end (Rm)</td>
<td>18.8</td>
<td>18.2</td>
<td>13.5</td>
<td>11.2</td>
<td>9.2</td>
<td>19.56%</td>
</tr>
<tr>
<td>Profit / (loss) share (Rm)</td>
<td>35.4</td>
<td>53.8</td>
<td>41.1</td>
<td>31.3</td>
<td>25.1</td>
<td>8.98%</td>
</tr>
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</table>
Annual Report of Professional Provident Society Limited (Limited by Guarantee) (‘PPS Limited’) and its subsidiaries

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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.)
It is, once again, with a sense of significant achievement and meaningful progress, that I am delighted to report on the affairs of your company during 2003. I am happy to confirm that all of the strategic objectives for our Group during 2003 were realised and implemented, a situation which has taken much courage, a deep resolve and a vigorous commitment to effective implementation. In these matters, the successful management of some difficult and far reaching decisions have been embraced and resolutely confronted by our Board, by the Directors and Trustees of our various legal operating units and structures and by our Managerial infrastructures. In an increasingly complex operating environment, both locally and globally, and at a time when onerous pressures are being brought to bear on many of our historically successful services and product lines, I have been deeply encouraged and indeed impressed by the uncompromising appetite of our organisation to remain the gold standard and the “Insurance destination of choice” for professionals in all of the areas in which we have thus far chosen to operate.

Our financial and investment performance has been most encouraging during a period of market volatility, the awesome and unpredictable strength of our currency and the disbursement of significant capital into special projects such as, for instance, the roll out of our new IT initiatives and systems as recommended by the Gartner consulting group in 2002. Our total return on investments was 17.3%, well above our ten year average of 11.93%. Core benefits paid to members for the sickness and incapacity benefits totalled R160m and benefits paid on cessation of membership totalled R133m. Our total assets, excluding the Retirement Annuity Funds managed by the Sanlam Group were R5 042m and the assets of PPS Insurance continue to exceed the liabilities by a satisfactory margin. Our reserves have effectively built our reserves to a level of currency and the disbursement of significant capital into special projects such as, for instance, the roll out of our new IT initiatives and systems as recommended by the Gartner consulting group in 2002. Our total return on investments was 17.3%, well above our ten year average of 11.93%. Core benefits paid to members for the sickness and incapacity benefits totalled R160m and benefits paid on cessation of membership totalled R133m. Our total assets, excluding the Retirement Annuity Funds managed by the Sanlam Group were R5 042m and the assets of PPS Insurance continue to exceed the liabilities by a satisfactory margin.

Our feedback policy has effectively built our reserves to a level of comfort and our Capital Adequacy Requirements have been generously met. We took on 10 121 new members, showing impressive growth at a time when we have already reached close to saturation point in some professions. Consequently, while the managerial administration ratio has been under constant and prudent scrutiny by this Board, significant additional financial resources were nevertheless committed to the Group in order to ensure the aggressive and proactive rebuilding of our business. This major investment has been relentlessly debated, and there is a shared understanding that we need to be bold and courageous in our resolve to build and grow our very unique and precious organisation. Anything less than an unswerving commitment to move forward with vigour and determination, in these volatile, turbulent and fragile times, will not be enough. Your Board is quite sure about our direction, and will ruthlessly and unstintingly protect and nurture our heritage and the legacy that the PPS has come to represent.

Flowing from the above, and running like a golden thread through the tapestry of our endeavours last year, was the unassailable and sometimes harsh realisation that customer centricity and unequivocally efficient service provision was the single most important issue for us collectively to address and to improve. The historical reasons as to why our services to our members deteriorated and was sometimes less than satisfactory have been highlighted before, in previous annual reports. Ranging from the problems encountered in transforming our IT platform from an AS400 to a Wintel based architecture in the early 2000’s, the outsourcing of certain aspects of our PROFMED related administration and many other internal management challenges, it was quite clear to our Board that the re-establishment of our reputation as an efficient and caring service is our biggest short term priority. In this sense, personally, I honoured my commitment to our members in my last annual report to be more accessible to them during the year. I consequently completed a national “roadshow” of all the major centres at which our members were invited to air not only their frustrations but also their support. The feedback was processed and then dealt with at Board and Managerial level, and the decision taken to prioritise, as our number one ambition, the decision to actively address and solve these problems as a key strategic objective for 2004. In this regard, additional financial resources were again approved to effect this turnaround, to ensure the satisfaction of our primary stakeholders, our members. This transformation of our organisation’s profile will re-engineer business processes, systems and people behaviours at those sensitive, rock face touch points with our customers. This commitment to become a customer centric organisation has also resulted in the creation of a new general manager position. David Gnodde was appointed in this capacity.

The Board of the Holding Company has provided further unequivocal strategic direction to the organisation’s various operating structures, including the Insurance Company, by providing the Group with unambiguous key performance indicators and objectives, together with measurable financial and other output expectations. In a sense, although this well accepted business practice has, in PPS, evolved far too gradually over the years, the fact that the collective organisation now operates quite distinctly as a group of diverse operating companies and trusts, charged with the implementation and
and cascaded down the organisation by the Holding Company, has accelerated the need for unambiguous strategic direction to be formulated and operational follow through of defined strategy as set by the Holding Company, the Insurance Company, the various Trusts Accounts under the PPS Beneficiaries Trust and Profmed in line with current corporate governance principles and our relative Board Charters, continues to provide us with challenges, these various operating structures have shown a remarkable flexibility and a readiness to embrace the change required when we transformed to an Insurance Company.

The year was additionally marked by a significant change in the leadership structures of our Management organisation. Edwin Letty, an icon of PPS, first as a long standing Board Member, then as Chairman of the Board and finally as Chief Executive of the organisation, announced his retirement from the organisation. His enormous contribution to our Society has been fully recognised and acknowledged. A new era was embarked upon during the last quarter of the year with the appointment of Mike Jackson, formally of Liberty Life, to the Chief Executive role.

With his appointment, some management reshuffling and regrouping has also taken place, in line with our commitment to provide our services with staff of the highest quality and experience.

The bedding down of our new organisation has meant that much time and effort has been spent on internally focussed priorities. Nevertheless, our Product Development Department has been relentlessly active in pursuing their mandate for organic growth. In this regard, new product initiatives, new strategic alliance opportunities and also the clarification of our evolving and dynamic relationship with Sanlam, have been actively addressed. I have every confidence that the groundwork we have covered in 2003 will result in the introduction of significant new product offerings in 2004. These will vary from a short term insurance product to a new multi manager investment product overseen by the Retirement Annuity Board of Trustees.

The Board has also taken the issue of Corporate Governance and the recognition and acceptance of the Directors’ fiduciary duties to heart. Plans were formulated to ensure that all of our Directors be made increasingly aware of their responsibilities inherent in their respective roles. The growth and evolution of our company has put onerous responsibilities on our non executive Directors, who have traditionally been drawn from their professional constituencies either by ballot or by nomination from the various professional bodies. The increasing demands on their time, their expertise, their accountabilities and their intellectual capital necessitated a reassessment of our Board Fees against current corporate trends. While the adjustments made still lag behind the median 50th percentile fee structures of similar organisations, having now been set on the 25th percentile, the remuneration structure is now more equitable and relevant to the demands of our business. Additionally, the PPS Group is committed to rise to the challenges of deepening South Africa’s democracy through not only broadening economic participation and the creation of opportunities for Black South Africans, but also to ensure that our Board representation and our management structures fairly and equitably reflect our demography.

In conclusion, I sincerely wish, firstly, to thank the Members of my Board, who have shown an extraordinary level of commitment and trust in my leadership and in my judgement. This collegiality has occurred in often difficult and sometimes potentially divisive times, when the decisions we had to collectively make probed new, uncharted territory and entered new waters. At every moment, through periods of soul searching as well as in times of exhilaration and satisfaction, I have consistently revelled in the enormous privilege and honour I have been given by our members at large and by my colleagues on the Board, to serve our company. Secondly, to our management, an additional word of thanks for bearing patiently with the Board during a turbulent year, when uncertainty and insecurity oft prevailed as we instituted some significant changes.

Our future successes together will be your reward. Within this part of the organisation, I wish to single out the profound contributions made to both the Board and to me personally, by Jennifer Lester, our Company Secretary and Marnelle van Aswegen, her assistant. The enormity of what you do for us, week in and week out, needs to be recognised. Thirdly, a very special word of gratitude and encouragement to our new Chief Executive, Mike Jackson, for so quickly capturing the nuances and subtleties of the vision which our Board has for our future and for accelerating and promoting very surely the emergence of our new culture. Fourthly, my gratitude to David Presbury, our Deputy Chairman, for his sage, consistent support and friendship during this term.

And finally, to my longstanding colleague and current Chairman of the Insurance Company, David Anderson, with whom I have worked so closely, for such a long time, to build and mould an organisation which will hold pride and success for us all. Without the enormous clarity of vision he holds and which we both share, without his resolute determination to stick to principles which embody the highest levels of integrity and values, without his absolute consistency, courage and a deep understanding of what we are jointly trying to achieve for our members, our path would have been infinitely more difficult.
**Chief Executive’s report**

The PPS Group has a number of strategic differentiators with the loyalty of both members and accredited PPS advisers key features. Our members are not regarded as only policyholders – members share in the PPS Group’s profits, elect representatives to the Board of PPS Limited, and through the application of the eligibility gateway, pay risk premiums that are among the best in the market. PPS Insurance is in fact South Africa’s only remaining life insurer run on a mutual basis.

**Comparison to the life assurance sector**

In comparison to the weakening performance of the life assurance sector, PPS Insurance enjoys a very low withdrawal rate of approximately 5%, membership is growing, and commission on product sales is spread across all members – as opposed to individual policyholders - a unique feature of the company. Our mortality and morbidity experience enables us to offer lower premiums to members in respect of our product range. Despite the indifferent performance of the investment markets, PPS Insurance achieved an aggregated investment return on assets of 17.3% for 2003 and our achieved investment returns for the 3, 5 and 10 year period remain positive as illustrated below;

<table>
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<tr>
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<th>3 yrs</th>
<th>5 yrs</th>
<th>10 yrs</th>
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<tbody>
<tr>
<td>Profit</td>
<td>11.82%</td>
<td>15.78%</td>
<td>11.93%</td>
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</tbody>
</table>

The profit for distribution showed a year on year increase of 369% (R667 million (2003) in comparison to R142 million (2002)). This is largely attributed to investment performance.

As indirect owners of the business, members can be assured that their benefit expectations (in the context of the bonus distributions) are consistent with the experience of the business and the assets of the business continue to exceed the liabilities by a significant margin.

**Membership of the LOA**

In July 2003, PPS Insurance became a member of the Life Offices Association (“LOA”).

The LOA is an association of registered long-term insurance companies conducting business in South Africa. It is a forum where member offices can interact to promote their interests and the interests of current and future stakeholders.

A variety of services are made available to members, including:

- Access to the LOA Life Register and Claims Register, the Intermediary Register, the Reversed Commission Agreement Register and the S-reference system.
- Access to news releases, submissions, and industry statistics.
- Access to membership of LOA Committees: these cover specialist fields such as tax, health care and medical issues.
- Information sharing: circulars are issued on all developments and topical industry matters.
- The LOA office can help direct queries and act as a general reference point.

The LOA is at the forefront of development and helps guide formulation of policy through regular interaction with the Financial Services Board, National Treasury, SARS and other stakeholders and PPS Insurance intends to make a meaningful contribution via its membership.

**Activities within the PPS Group**

**Professional Provident Society Retirement Annuity Fund**

The trustees have carefully monitored the changes in process of the asset managers to the Fund (Sanlam Investment Management) and are pleased with the improved performance. An increasing number of members are opting for the “multi-manager” alternative and the trustees are investigating a PPS branded multi-manager platform for our members.

**PPS Beneficiaries Trust**

PPS Insurance is also responsible for the administration of the PPS Beneficiaries Trust, which is a separate entity (Umbrella Trust) within the PPS Group. The Trust became independent in October 2001 and is responsible for the administration of funds of deceased members left in the Trust for their beneficiaries. The future strategy of the Trust is being reviewed in terms of growth and structure.

**Profmed**

Profmed has been through a very difficult period with changes in administration, regulatory requirements and benefit structure – all putting additional pressure on the Scheme. Significant resources are currently being deployed to improve the service levels of the Scheme.

**Looking forward**

Three priorities have been identified. Firstly we must build our membership and increase our ‘share of wallet’ by refining and expanding our product range, which will also enhance customer loyalty. The intention is for PPS Insurance to be seen as ‘the financial services provider of choice’ for our members as far as all their risk and investment needs are concerned, and this is also a way of preventing profit leakage, which is most important when employing a mutual approach.

Secondly, we have to improve service levels – a justifiable bone of contention among our members in the past. The Board has just approved a very ambitious five year plan in this regard, which involves an outbound call centre and greater use of electronic communication. Finally, we must broaden our distribution base, and there are opportunities for the professional broker, particularly from the corporates, who have access to our target market.
Growth potential
With membership of PPS Insurance presently numbering approximately 125,000, including 28,000 enjoying the Profmed benefit, there is considerable potential for growth with suitable marketing.

The PPS Group has very advantageous relationships with the universities and professional bodies and we aim to strengthen these relationships particularly in terms of the opportunities presented by the Financial Sector Charter.

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 and all staff for the warm welcome extended to me.

PPS Limited Board of Directors

Back: Mr E Huggett, Mr EA Moolla, Mr I Kotzé, Mr CD Reay, Dr AF Thomas, Prof AB Koller, Dr NG Campbell.
Front: Judge LI Goldblatt, Dr DR Anderson, Dr RD Sykes, Mr MJ Jackson, Pr of M Haus, Dr DGC Presbury,
Mr RB Honeyborne, Dr JJ van Niekerk, Adv R Meyer, Dr TKS Letlape
Inserts: Mr DJ Cornish, Dr J Adno, Dr GM Strydom, Judge RH Zulman
PPS Group Structure

Professional Provident Society Limited
(Limited by Guarantee)
Note: Membership is the gateway to all products

Corporate Governance Statement
for the year ended 31 December 2003

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, have been adopted. The purpose of these Board Charters are 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 respective companies 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.

All Board Committees have adopted Governance Charters, prepared against contemporary standards of best practice in organisational and board governance.

In order to create a point of convergence between the respective Boards, the following aspects have been a focal point of debate and discussion and the Boards remain committed to ensuring that these aspects do not inculcate the corporate governance standards enunciated in the King Report 2002:

• The importance of distinguishing decisions taken as shareholder and decisions taken as directors.

Recommendations contained in the King Report 2002 serve to emphasise each director’s duty to observe the utmost good faith towards the company (as applicable) and that at all times an independent judgment is exercised in the best interests of the company without fetter or instruction.

• Recognition that a director does not owe his or her fiduciary duties to the company’s holding or subsidiary companies and nor does a director owe a fiduciary duty to the group as a whole. In particular, it should be observed that the directors of a holding company may not use the controlling powers of the holding company to prevent or cause the subsidiary from acting in its own best interests.

1 BOARD STRUCTURE

1.1 Board Composition

The role of the Chairperson and Chief Executive are separate. Each year the Board appoints from among their non-executive members a Chairperson who presides at meetings. The Chairperson has no executive functions. The Chairperson is responsible for ensuring the integrity and effectiveness of the governance process, providing overall leadership to the Board without limiting the principle of collective responsibility for board decisions, ensuring that all directors play a full and constructive role in the affairs of the company and taking a lead role in removing non-performing or unsuitable directors from the Board and ensuring that all the relevant information and facts, objectively speaking, are placed before the Board to enable the directors to reach an informed decision.

PPS Limited has a unitary Board, consisting of non-executive directors. General guidelines expected of any director of the PPS are clearly set out in the Director’s Charter.

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

Board Charters clarify the function and role of the Board in the Group structure and give clarity to its operational and fiduciary responsibilities. The Charters also stipulate the mandatory term of contracts. Induction of new directors – On appointment, directors will have the benefit of an induction programme aimed at deepening their understanding of PPS Group and the business environment and markets in which the PPS Group operates.

1.3 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. Meetings of the Board are scheduled quarterly with defined objectives and agenda structure, with additional “combined” meetings with the directors of PPS Insurance to consider the annual business plan, budget, major capital expenditure and key strategic issues.

1.4 Remuneration

Non-executive directors receive no significant benefits other than their directors’ fees, which are calculated as follows:

- Basic fee as ordinary remuneration comprising of a retainer and a sitting fee per meeting;
- Additional remuneration (an extra fee) – as Chairman or Deputy Chairman of a Board or of a Board Committee; and
- Additional remuneration (an extra fee) – as a member of a Board Committee.

The quantum of the fee structure is in line with industry trends.

No Board member is involved in deciding his or her own remuneration. The Remuneration Committee reviews and considers the remuneration of the non-executive directors, Chief Executive and senior management and makes recommendations to the Board.

2 BOARD GOVERNANCE

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

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.

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.

3 BOARD COMMITTEES

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. The Committee do not perform any management functions or assume any management responsibilities.

The Committees in carrying out its tasks under these terms of reference:

- Is authorised to investigate any activity within its terms of reference;
- May, at the discretion of the Committee, require other employees of the company to attend meetings or parts of meetings; and
- May consult with and seek any information it requires from any employees and all employees in the company are required to co-operate with any request made by the Committee in the course of its duties.

The Board ensures that the Committee have reasonable access to professional advice both inside and outside of the company in order for it to perform its duties, at the cost of the company. There is transparency and full disclosure from the Board Committees to the Board.
The PPS Group has operational standing committees, namely the Audit and Risk Committee of PPS Insurance, the Remuneration Committee, and the Medical Risk and Review Committee (previously named the Medical Committee) and the Medical Officers Committee.

The purpose and membership of the Committees are as follows:

3.1 Audit and Risk Committee
The Audit and Risk Committee performs a critical governance function and as with the Board, its constitution, structure and operation have been considered in relation to best practice recommended in terms of the King Report 2002.

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 Committee are financially literate, additional independent parties, who are not directors of the PPS Group, have been co-opted onto the Committee. This ensures that the appropriate skills and experience are deployed to obtain the effective functioning of this Committee. There are no relationships that exist that could interfere with the Audit and Risk Committee members’ independence from management.

The scope of functions of the Committee is as follows:
(a) Auditors and External Audit
The Committee recommends to the Board of PPS Insurance which firm should be appointed as external auditor.

(b) Financial Statements
The Committee examines and reviews the annual financial statements and other relevant financial reports.

(c) Internal Control and Risk Assurance
An important role of the Committee is to consider whether appropriate procedures are in place for the ongoing evaluation of the effectiveness of internal systems of control and reviewing the reliability and the integrity of financial and operating information including the internal audit function.

(d) Ethics and Corporate Conduct
The Committee considers whether adequate procedures are in place to ensure compliance with the requirements of the Articles of Association, appropriate standards of ethical conduct and identification of any violations of misconduct or fraud or any other unethical activity.

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

The purpose of this Committee is to review, consider and recommend on matters relating to, inter alia, general staff policy, senior management remuneration and the 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 group policies with particular reference to equal opportunity employment and human capital development.

3.3 Medical Risk and Review Committee/Medical Officers Committee
A Medical Risk and Review 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 Committee is to review appeals by policyholders and to recommend the cancellation of benefits and to set policy.

The Committee has delegated its powers, by resolution, to a group (Medical Officers Committee) appointed by the Committee consisting of not less than the Chairperson of the Medical Risk and Review Committee and the Chief Medical Officer.
4 COMPANY SECRETARY

The role of the Company Secretary has been acknowledged and formalised in the Board Charters to embrace amongst other functions the following:

- 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.
- It is the responsibility of the Board, and in its own best interests, to ensure that the Company Secretary remains capable to fulfil the function for which he / she has been appointed, and the appointment and removal of the Company Secretary is a matter for the Board as a whole.
- 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.
- In addition to the statutory duties of the Company Secretary, he / she must provide the Board as a whole and the Board members individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the company.
- The Company Secretary should provide a central source of guidance and advice to the Board and its committees on issues including compliance with rules and procedures, statutory regulations and the King Report 2002.
- The Company Secretary must keep abreast of, and inform, the Board of current governance thinking and practice. Board evaluation and performance are co-ordinated via the Company Secretary.

5 RISK MANAGEMENT

The Board recognises that it has the overall responsibility for risk management. The Board ensures that risks are properly identified, evaluated and managed. The Board, via the establishment of the various Committees, is developing an understanding of the major risks the PPS Group faces and is in the process of satisfying itself that executive management has adequately discharged its responsibilities for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the PPS Group. PPS Insurance has processes in place to identify and evaluate the broad range of risks to its activities on an ongoing basis and has deployed effective control mechanisms to prevent and mitigate their effect.

6 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 and Risk Committee. Corrective actions are taken to address control deficiencies and improve the systems as identified. The Board, operating through its Audit and Risk 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 2003, the systems of internal controls over financial reporting and over safeguarding of assets against unauthorised acquisitions, use, or disposal were adequate.

7 EXECUTIVE MANAGEMENT TEAM

Being involved with the day-to-day business activities, the Chief Executive and the Executive Management Team are responsible for ensuring that decisions, strategies, and views of the Board are implemented.
8 COMPLIANCE OFFICER
The PPS Group has a Compliance Officer who is responsible for ensuring effective compliance with the relevant statutory, regulatory and supervisory requirements.

9 EMPLOYEES
The human resources strategy is focused on human capital development in areas such as the number of staff (with a particular focus on progress against equity targets, achievement of corporate training and development initiatives, age, and employee development). This will address issues that create the conditions and opportunities for previously disadvantaged individuals (in particular women) to have an equal opportunity to reach executive levels in the PPS Group and to realise their full potential.

10 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.

11 CODE OF CONDUCT
The Chief Executive, as the custodian of ethics, maintains a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of the company. In addition, the Chief Executive fosters a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility objectives and imperatives (where it is material to the PPS Group).

A Code of Conduct and Conflict of Interest Policy has been formulated, and all employees have been appropriately exposed to and made aware of the policy.

12 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. 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.

13 CORPORATE SOCIAL RESPONSIBILITY
The PPS Group is reassessing its social responsibility investment with the aim of initiating programmes in line with the requirements of the Financial Sector Charter.

Current strategic social investment, as listed below, are aimed at leveraging “corporate giving” – and the PPS Group has voluntarily undertaken a variety of activities for the improvement of the working and living conditions of communities and to demonstrate social responsibility by engaging in ethical business practices and creating value for their various stakeholders, including employees, and communities. The challenge for the PPS Group is to interpret and apply the concepts of the triple bottom line, sustainable economic growth and greater social equity within the context under which the PPS Group operates.

PPS Chairman’s Scholarship and Bursaries
To demonstrate a commitment to student activities, each year PPS Limited awards scholarships and bursaries to academically and financially deserving students of professions, which, once graduated, make them eligible for membership of PPS Limited. Students registered at South African universities and technikons may apply for financial assistance.

PPS Refurbishment Sponsorship
PPS Limited has for several years, set aside funds for refurbishment projects open to all South African universities and technikons. Refurbishment awards are made annually and spread nationally so as to accommodate the needs of tertiary institutions on a broad basis.
Refurbishment Sponsorship Project – R90 000 awarded to Stellenbosch University to upgrade the Economic and Management Sciences faculty in order to enhance the computing ability of disadvantaged students.

From the left: Bev van Nijkerk, PPS Provincial Manager (Cape); Prof Najma Moosa, Dean of the Law Faculty; Mike Jackson, PPS Chief Executive and Dr Letetia van der Poll, Head of Department: Academic Teaching and Development.

A R30 000 PPS Chairman’s Scholarship was awarded to Shane Kotze from Pretoria (right) by Mike Jackson, PPS Chief Executive (left).

From the left: Professor Chitke (Dean); Gerrit Strydom (Marketing Manager); Bev van Nijkerk (Provincial Manager – Cape); MBChB student, Janette Verster (received the R5 000 special bursary award); Professor Ben van Heerden, (Head of School for Medicine).

Bursaries cheque handed over to the University of the Free State.
(Seated L-R): Mr TG Motumi, Ms LJ Matthews and Mr C Jooste.
(Back row L-R): Mr TE Shaw, Mr H Ferreira (PPS Provincial Manager – Pretoria) and Mr B Pretorius (Marketer Consultant – Pretoria).

University of the Witwatersrand received a Refurbishment grant to upgrade their Community Centre.
Director’s responsibility for financial reporting
for the year ended 31 December 2003

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 judgments 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 7 to 11 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 a least the ensuing financial year.

The company annual financial statements and the PPS Group annual financial statements which appear on pages 15 to 40 were approved by the Board of Directors and are signed on its behalf by:

Prof M Haus
Chairman
Johannesburg
19 April 2004

Dr DGC Presbury
Deputy Chairman

Mr MJ Jackson
Chief Executive

Certificate by the Company Secretary

In my capacity as Company Secretary, I hereby certify, in terms of the Companies Act (No. 61 of 1973), that for the year ended 31 December 2003, 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, to the best of my knowledge and belief, true, correct and up to date.

Jennifer Lester
Company Secretary
19 April 2004
Report of the independent auditors

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 15 to 40 for the year ended 31 December 2003. 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 2003 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

19 April 2004
Report of the independent actuary

To: THE MEMBERS of

PROFESSIONAL PROVIDENT SOCIETY LIMITED (LIMITED BY GUARANTEE)
For the year ending 31 DECEMBER 2003

1 Certification of Financial Position

I have conducted an actuarial review of Professional Provident Society Insurance Company Limited (PPS Insurance) and Professional Provident Society Insurance Company (Namibia) Limited (PPS Namibia) ("the insurance interests") in accordance with, and this Actuary's Report has been produced in accordance with, applicable Actuarial Society of South Africa Professional Guidance Notes. These principles require reasonable provision for the liability in respect of future benefit payments to policyholders, generally based on the assumption that current conditions will continue. Provision is therefore not made for all possible contingencies. I have accepted that the Financial Statements comply with the requirements of the Companies Act.

My report, read together with the annual financial statements fairly presents the financial position of the insurance interests.

Based on this review, as at 31 December 2003, in my opinion, the insurance interests were financially sound, and in my opinion are likely to remain financially sound for the foreseeable future. The actuarial balance sheet and results of the life business are shown below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets</td>
<td>2 4 851 484</td>
<td>4 116 345</td>
</tr>
<tr>
<td>Policyholder Liabilities</td>
<td>3 4 717 811</td>
<td>3 982 672</td>
</tr>
<tr>
<td>Apportionment and Special Benefit Accounts</td>
<td>3 485 464</td>
<td>3 127 019</td>
</tr>
<tr>
<td>Other Benefits</td>
<td>1 232 347</td>
<td>855 653</td>
</tr>
<tr>
<td>Excess of assets over liabilities</td>
<td>133 673</td>
<td>133 673</td>
</tr>
<tr>
<td>Capital adequacy requirement</td>
<td>4 50 264</td>
<td>50 000</td>
</tr>
<tr>
<td>Ratio of excess assets to Capital Adequacy Requirement</td>
<td>2.7</td>
<td>2.7</td>
</tr>
</tbody>
</table>

2 Valuation basis of assets

The assets are valued at balance sheet values, i.e. at market or directors’ values as described in the accounting policies. The assets relate to the consolidated assets of the insurance interests.

3 Valuation basis of actuarial liabilities

The actuarial liabilities were valued on bases which were consistent with the asset values, using the Financial Soundness Valuation method in accordance with the requirements of the Long-term Insurance Act, 1998 and Professional Guidance Note (PGN) 104, as follows:

For sickness and permanent incapacity benefits, the actuarial liabilities were stated at the present value of expected benefit payments and expenses less the present value of expected future premium receipts.

For benefits where the value is related to the return on an underlying investment portfolio (i.e. the apportionment and special benefit accounts), the actuarial liabilities were stated at the value of the non-vesting account balances per the financial statements.

Where investment returns and profits exceeded the bonuses and investment allocations to policyholder benefits, bonus smoothing reserves were established. The bonus smoothing reserves increased from the prior year and were positive at 31 December 2003.

An allowance for future bonus payments has been made at a level consistent with assumed future experience, and our understanding of policyholder expectations.

The assumptions regarding future experience are based on best estimates suitably adjusted to provide safety margins according to the requirements of PGN104 of the Actuarial Society of South Africa.
There are no second tier margins included in the liability valuation for the South African business. For the Namibian business no policy was treated as an asset.

In accordance with generally accepted practice, the best estimates of future expenses, mortality, morbidity and persistency are largely based on recent past experience rather than being an attempt to predict the future course of these variables. The most recent experience investigations were for the period 01 January 2001 – 31 December 2002.

No allowance was made for any assumed deterioration in mortality and morbidity due to HIV/AIDS. It is expected that the impact of the epidemic on the current membership will not be significant in the near future.

The assumed future persistency was based on the actual experience for the period 01 January 2002 to 31 December 2003.

The provision for expenses (before adding margins) is based on the company's current experience. Costs per unit of benefit are assumed to escalate at 2% per annum in future (in line with past experience). The experience will be monitored and adjustments made as and when necessary.

The future tax outgo is based on the tax basis currently applicable to life insurers and includes provision for Capital Gains Tax.

The economic assumptions were based on the following:

- **Bond Yield @ 31 December 2003**: 9.50%
- **Equity Return**: 11.50%
- **Cash**: 7.50%
- **Property Return**: 10.50%

The assumed future gross investment return is 10.9% p.a. (2002: 12.2% p.a.).

### 4 Capital adequacy requirement

The capital adequacy requirement is calculated to determine whether the excess of assets over liabilities is sufficient to provide for the possibility of a significant departure of actual future experience from the assumptions made in calculating actuarial liabilities and for significant fluctuations in the value of assets. The capital adequacy requirement has been calculated in accordance with PGN104. The excess of the assets over the liabilities is 2.7 times (2002: 2.7 times) the capital adequacy requirement.

In deriving the investment resilience requirement in the ordinary capital adequacy requirement (OCAR) it was assumed that a decline of 30% in equity asset values, 15% in property values, and 24% in fixed interest asset values (as a result of a 3% increase in fixed-interest yields) will occur, in accordance with PGN104.

The following offsetting management actions have been assumed in the OCAR:

- The impact of fluctuations in the mortality, morbidity and medical fluctuations experience will be absorbed by available bonus smoothing reserves. This assumption reduced the capital adequacy requirements by R48 million.
- The impact of fluctuations in the expense experience will be absorbed by available bonus smoothing reserves. This assumption reduced the capital adequacy requirements by R11 million.
- The impact of the fall in assets described above will be absorbed by available bonus smoothing reserves and by reducing member's non-vesting benefits. This assumption reduced the capital adequacy requirements by R1 091 million.
- The impact of a fall in foreign assets will be absorbed by available bonus smoothing reserves. This assumption reduced the capital adequacy requirements by R7 million.

The offsetting management actions assumed above have been approved by specific resolution by the board of directors, and I am satisfied that these actions would be taken if the corresponding risks were to materialise.

For the purpose of grossing up the intermediate ordinary capital adequacy requirements (IOCAR) to determine the ordinary capital adequacy requirements (OCAR), it has been assumed that assets backing the capital adequacy requirements are invested 70% in equities, 20% in fixed interest assets and 10% in cash.

The termination capital adequacy requirement (TCAR) was calculated allowing for selective adverse withdrawals as required by PGN104. The TCAR exceeded the OCAR after management action.
In terms of a directive issued to PPS Insurance by the Regulator a minimum level of shareholder funds of R50m must be maintained at all times. An addition to the capital adequacy requirement was made to reflect this directive, as the calculated CAR requirement is less than R50m.

5 Reconciliation with Income Statement

The earnings on the Financial Soundness basis comprise of the change in the excess of assets over liabilities over the year. The financial soundness basis earnings reconcile to the income statement for the year as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated change in excess of assets over liabilities in the Life Interests</td>
<td>0</td>
</tr>
<tr>
<td>Other Group Income</td>
<td>675</td>
</tr>
<tr>
<td>Surplus attributable to members’ Capital Fund</td>
<td>675</td>
</tr>
</tbody>
</table>

The earnings for the year in the Life Interests on the Financial Soundness basis were comprised of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment Return on Shareholder Assets</td>
<td>17 427</td>
<td>(4 774)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>6 750</td>
<td>6 490</td>
</tr>
<tr>
<td>Capital Appreciation</td>
<td>10 677</td>
<td>(11 264)</td>
</tr>
<tr>
<td>Tax on shareholders assets</td>
<td>(3 317)</td>
<td>4</td>
</tr>
<tr>
<td>New business reserving strain</td>
<td>(62 380)</td>
<td>(34 683)</td>
</tr>
<tr>
<td>Balance of profits / (losses)</td>
<td>48 270</td>
<td>317</td>
</tr>
</tbody>
</table>

Earnings for the years on the Financial Soundness basis

0 (39 136)

The philosophy underlying the PPS business is that profits emerging from the policyholder funds are retained in the fund and distributed to policyholders by means of annual bonus allocations to the non-vesting Apportionment and Special benefit accounts. Any profits not distributed in a year are held in bonus smoothing reserves for subsequent allocation to policyholders.

The impact of any changes to valuation methods and assumptions is offset by a corresponding change in the bonus smoothing reserves. These changes will thus not impact on the earnings for the year on the Financial Soundness basis.

6 Alterations, notes and qualifications

The actuarial assumptions will be reviewed from time to time to reflect changes in experience and/or expectations.

C.R. VAN DER RIET, F.I.A., F.A.S.S.A.
Statutory Actuary
19 April 2004
Directors report for PPS Limited and its subsidiaries

for the year ended 31 December 2003

1 NATURE OF BUSINESS

Professional Provident Society Limited (Limited by Guarantee) (“PPS Limited”) is incorporated as a company limited by guarantee under the Companies Act. PPS Limited is an investment holding company whose sole investment is 100% of the shares of Professional Provident Society Insurance Company Limited (“PPS Insurance”). PPS Limited is owned and controlled by its members.

PPS Insurance, a wholly owned subsidiary of PPS Limited, and long-term insurance company duly registered in South Africa, offers Sickness, Partial and Permanent Incapacity Benefits, and Life Assurance Benefits.

PPS Insurance has incorporated a long-term insurance company in Namibia, Professional Provident Society Insurance Company (Namibia) Limited (Registration Number 2003/122) (“PPS Namibia”). PPS Namibia is a wholly owned subsidiary of PPS Insurance and is a public company.\(^1\)

A reinsurance agreement has been concluded between PPS Insurance and PPS Namibia in terms of which PPS Namibia will partially reinsure its obligations to the Namibian members with PPS Insurance. In order to protect the security and benefit expectations of these Namibian members the intention is that the liabilities in the Namibian Insurer will be reinsured with PPS Insurance in South Africa. This will provide security as the Namibian members will, once again, be included in a risk pool of around 130,000 members. Without this reinsurance the approximately 2,500 Namibian members would participate in a significantly smaller risk pool with the associated expected greater volatility of benefits.

PPS Insurance provides certain administrative functions, in relation to the conducting of the business of PPS Namibia.

PPS Insurance functions as the primary administrator of Profmed Medical Scheme (“Profmed”) and also administers the Professional Provident Society Retirement Annuity Fund in certain respects. The PPS Beneficiaries Trust (“Beneficiaries Trust”), Master Reference No. IT 4876/01, is managed on a day-to-day basis by PPS Insurance in terms of a Management and Administration Agreement.

The Beneficiaries Trust manages portion of the funds previously administered by Professional Provident Society of South Africa (“PPS”) in nominated “beneficiary accounts” on behalf of each group of beneficiaries and/or individual beneficiaries.

---

\(^1\) Professional Provident Society Insurance Company (Namibia) Limited

On 1 October 2001, the rights and duties of PPS to provide benefits (other than retirement annuity fund benefits) to its members were transferred in terms of section 14 of the South African Pension Funds Act 24 of 1956 (“the SA Act”) to a registered long-term insurance company, Professional Provident Society Insurance Company Limited (“PPS Insurance”). The rights and duties of members relating to their “interface” with PPS were transferred to Professional Provident Society Limited (Limited by Guarantee) (“PPS Limited”). The Namibian Registrar of Pension Funds subsequently directed that the portion of sickness and incapacity insurance business of PPS relating to Namibian based members should have been excluded from the transfer to PPS Insurance. This business should retrospectively be transferred under section 14 of the Namibian Pension Funds Act 24 of 1956.

Accordingly, following a separate application to the Namibian Registrar of Pension Funds, the Namibian sickness and incapacity insurance business was transferred from PPS to PPS Namibia. In a revision to the terms of the original transfer, the transfer of the Namibian business was co-approved by the SA Registrar of Pension Funds under section 14 of the SA Act on 28 January 2004. The effective date of the transfer was midnight on 31 August 2003.

The assets and related liabilities of the Namibian business were actuarially valued at this date and transferred to PPS Namibia.
2 PPS GROUP FINANCIAL RESULTS

The financial statements on pages 15 to 40 clearly set out the results of the PPS Group.

These results incorporate the consolidated results of PPS Limited and its subsidiaries, PPS Insurance, PPS Namibia and Plexus Properties (Proprietary) Limited, which holds investment property, whose year-end are all coterminous.

2.1 2003 – Interest and bonus allocations to Apportionment Accounts

The approved allocations to the policyholders Apportionment Accounts are set out as follows –

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>4.25%</td>
<td>4.37%</td>
<td>75 137</td>
<td>69 478</td>
</tr>
<tr>
<td>Bonus allocation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– per unit of benefit per month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full – ordinary</td>
<td>18.15c</td>
<td>18.15c</td>
<td>134 063</td>
<td>108 237</td>
</tr>
<tr>
<td>Reduced – ordinary</td>
<td>5.15c</td>
<td>5.15c</td>
<td>8 568</td>
<td>8 064</td>
</tr>
<tr>
<td>Supplementary A</td>
<td>7.00c</td>
<td>7.00c</td>
<td>32 354</td>
<td>31 912</td>
</tr>
<tr>
<td>Supplementary B</td>
<td>31.62c</td>
<td>31.62c</td>
<td>5 902</td>
<td>5 956</td>
</tr>
<tr>
<td>Deferred</td>
<td>6.05c</td>
<td>6.05c</td>
<td>12 643</td>
<td>12 541</td>
</tr>
<tr>
<td>Accident</td>
<td>6.00c</td>
<td>6.00c</td>
<td>2 892</td>
<td>2 912</td>
</tr>
<tr>
<td>Hospital benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full – ordinary</td>
<td>2.35c</td>
<td>2.35c</td>
<td>10 407</td>
<td>7 861</td>
</tr>
<tr>
<td>Reduced – ordinary</td>
<td>1.05c</td>
<td>1.05c</td>
<td>1 528</td>
<td>1 432</td>
</tr>
<tr>
<td>Supplementary A</td>
<td>1.32c</td>
<td>1.32c</td>
<td>3 386</td>
<td>3 331</td>
</tr>
<tr>
<td>Supplementary B</td>
<td>4.60c</td>
<td>4.60c</td>
<td>554</td>
<td>556</td>
</tr>
<tr>
<td>Accident</td>
<td>4.00c</td>
<td>4.00c</td>
<td>1 465</td>
<td>1 483</td>
</tr>
<tr>
<td>PPS RA special bonus</td>
<td>0.84c</td>
<td>0.99c</td>
<td>5 781</td>
<td>5 259</td>
</tr>
</tbody>
</table>

2.2 Interest on Special Benefit Accounts

An interest allocation of 7.1% for 2003 was made to the special benefit accounts. Whereas available smoothing reserves were utilized to reduce the negative allocation to members at the end of 2002, not all returns will now, at end of 2003, be allocated to members as a portion of these returns have been retained for distribution in subsequent years. This is in line with the policy of smoothing returns allocated to members from year to year.
Directors report for PPS Limited and its subsidiaries
for the year ended 31 December 2003 (continued)

3 ADMINISTRATIVE INFORMATION

3.1 Business address

Principal place of business
6 Anerley Road,
Parktown
2193

Postal Address
P O Box 1089
Houghton
2041

3.2 Statutory Actuary (for the insurance interests)

Carl van der Riet

3.3 Fund Managers

Coronation Asset Management
Investec Asset Management

4 DIRECTORS AND OFFICE BEARERS

4.1 Details of directors of PPS Limited

At every succeeding Annual General Meeting one-third of the elected directors appointed, retire from
office. Retiring directors are eligible for re-election. The directors who retire are those who have been
longest in office since their last election. The length of time a director has been in office is computed
from his last election, appointment or date upon which he was deemed re-elected. For the purposes of
retirement, the length of time a director has been in office is computed by taking into account the length
of time such a director had been a member of the Board of the Professional Provident Society of South
Africa, in terms of the Rules of the Professional Provident Society of South Africa.

The following were non-executive directors of PPS Limited during the financial year:

Elected Board Members (serve a 3 year term)

Prof M Haus Chairman (term ends June 2005)
Dr DGC Presbury Deputy Chairman (term ends June 2004)
Dr DR Anderson (term ends June 2006)
Dr J Adno (term ends June 2006)
Mr E Huggett (term ends June 2005)
Judge LJ Goldblatt (term ends June 2006)
Mrs AM Jansen van Vuuren (term ended June 2003)
Prof AB Koller (term ends June 2004)
Dr GM Strydom (term ends June 2005)
Dr AF Thomas (term ends June 2004)
Mr DJ Cornish (term ends June 2006)
Dr JJ van Niekerk (term ends June 2005)
Judge RH Zulman (term ends June 2004)

Co-opted members

Dr BP Botha (resigned July 2003)
Ms D Marole (appointed February 2004)
Mr JN Njeke (appointed February 2004)

Nominated members*

Dr NG Campbell S A Dental Association
Mr RB Honeyborne S A Institute of Chartered Accountants
Mr I Kotzé Pharmaceutical Society of S A
Dr TKS Letlapa S A Medical Association (appointed October 2003)
Adv R Meyer SC General Council of the Bar of S A
Mr EA Moolla Association of Law Societies
Dr TAM Mutloane S A Medical Association
(resigned October 2003)
Mr CD Reay S A Society for Professional Engineers
(appointed February 2003)
Mr UH Kühn The Institute of Professional Land Surveyors of S A
(resigned September 2003)
Dr RD Sykes S A Veterinary Association

* There are three categories of nominated members in terms of the Articles of Association.

4.2 Details of Directors of PPS Insurance
All the directors of PPS Insurance retire at every Annual General Meeting. Retiring directors are eligible for re-appointment by the Board of PPS Limited.

Dr DR Anderson Chairman Non-Executive Director
Adv R Meyer SC Deputy Chairman Non-Executive Director
Mr RJ Barge Executive Director
Dr NG Campbell Non-Executive Director
(appointed July 2003)
Judge LI Goldblatt Non-Executive Director
Dr PJP Goodwin Executive Director
Prof M Haus Non-Executive Director
Mr MJ Jackson Executive Director
(appointed September 2003)
Mr I Kotzé Non-Executive Director
Mr EM Letty Executive Director
(retired September 2003)
Mr C J Masson Executive Director
Mr EA Moolla Non-Executive Director
(appointed July 2003)
Mr W Mthembu Independent Non-Executive Director
Dr DGC Presbury Non-Executive Director
Mr DK Smith Independent Non-Executive Director

4.3 Office bearers
Mr RJ Barge General Manager
Mrs M Glansbeek General Manager
Dr PJP Goodwin Chief Medical Officer
Mr R Govenden General Manager
Mr DD Gnodde General Manager
(appointed February 2004)
Mr PA Holtzhausen General Manager
Mr M J Jackson Chief Executive
(appointed September 2003)
Mrs J Lester Company Secretary/Compliance Officer
Mr EM Letty Chief Executive
(retired September 2003)
Mr JN Marsden General Manager
(appointed March 2004)
Mr CJ Masson Chief Financial Officer
Mr A Tait General Manager
Mr L Watkins Chief Information Officer
### Directors report for PPS Limited and its subsidiaries

for the year ended 31 December 2003 (continued)

#### 4.4 Director's record of attendance and directors' emoluments

<table>
<thead>
<tr>
<th>Director's Name</th>
<th>Number of Meetings attended (PPS Limited)</th>
<th>Number of Meetings attended (Committees)</th>
<th>Directors' Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr J Adno</td>
<td>17</td>
<td>62,900</td>
<td>900</td>
</tr>
<tr>
<td>Dr DR Anderson</td>
<td>18</td>
<td>63,900</td>
<td>172,900</td>
</tr>
<tr>
<td>Dr BP Botha</td>
<td>10</td>
<td>22,200</td>
<td>38,000</td>
</tr>
<tr>
<td>Dr NG Campbell</td>
<td>18</td>
<td>60,500</td>
<td>92,900</td>
</tr>
<tr>
<td>Mr DJ Cornish</td>
<td>7</td>
<td>22,200</td>
<td>700</td>
</tr>
<tr>
<td>Judge LI Goldblatt</td>
<td>17</td>
<td>37,700</td>
<td>92,900</td>
</tr>
<tr>
<td>Prof M Haus</td>
<td>17</td>
<td>155,000</td>
<td>89,900</td>
</tr>
<tr>
<td>Mr RB Honeyborne</td>
<td>19</td>
<td>62,900</td>
<td>3,000</td>
</tr>
<tr>
<td>Prof AB Koller</td>
<td>16</td>
<td>58,000</td>
<td>1,500</td>
</tr>
<tr>
<td>Mr I Kotze</td>
<td>17</td>
<td>59,000</td>
<td>21,900</td>
</tr>
<tr>
<td>Prof AB Koker</td>
<td>17</td>
<td>59,000</td>
<td>92,900</td>
</tr>
<tr>
<td>Prof AB Koker</td>
<td>16</td>
<td>59,000</td>
<td>28,500</td>
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<tr>
<td>Dr TAM Mutloane</td>
<td>16</td>
<td>60,500</td>
<td>24,000</td>
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<td>Dr DG Presbury</td>
<td>18</td>
<td>76,500</td>
<td>24,000</td>
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<tr>
<td>Mr CD Reay</td>
<td>15</td>
<td>56,900</td>
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<tr>
<td>Mr DK Smith</td>
<td>15</td>
<td>1,500</td>
<td>83,400</td>
</tr>
<tr>
<td>Director's Name</td>
<td>Number of Meetings attended (PPS Limited) and Directors' Fees</td>
<td>Number of Meetings attended (PPS Insurance and Committees) and Directors' Fees</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PPS Limited (19 meetings)</td>
<td>PPS Insurance (23 meetings)</td>
<td>Medical Risk and Review Committee</td>
</tr>
<tr>
<td></td>
<td>Rand</td>
<td>Rand</td>
<td>Rand</td>
</tr>
<tr>
<td>Dr GM Strydom</td>
<td>16</td>
<td>58 400</td>
<td></td>
</tr>
<tr>
<td>Dr RD Sykes</td>
<td>17</td>
<td>61 400</td>
<td>2</td>
</tr>
<tr>
<td>Dr AF Thomas</td>
<td>13</td>
<td>59 900</td>
<td>8</td>
</tr>
<tr>
<td>Dr JJ Van Niekerk</td>
<td>18</td>
<td>62 900</td>
<td>2</td>
</tr>
<tr>
<td>Judge R Zulman</td>
<td>10</td>
<td>56 900</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive DirectorsE</th>
<th>PPS Insurance Meetings attended (23 meetings)</th>
<th>Months in office</th>
<th>Salary</th>
<th>BonusG</th>
<th>Pension</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr M Jackson (new appointment)</td>
<td>5</td>
<td>3</td>
<td>450 750</td>
<td>156 074</td>
<td>–</td>
<td>606 824</td>
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<tr>
<td>Mr EM LettyH (retired)</td>
<td>18</td>
<td>9</td>
<td>964 488</td>
<td>385 295</td>
<td>115 378</td>
<td>1 465 161</td>
</tr>
<tr>
<td>Mr RJ Barge</td>
<td>22</td>
<td>12</td>
<td>611 772</td>
<td>255 361</td>
<td>73 052</td>
<td>940 185</td>
</tr>
<tr>
<td>Dr PJP Goodwin</td>
<td>21</td>
<td>12</td>
<td>674 244</td>
<td>274 909</td>
<td>80 549</td>
<td>1 029 702</td>
</tr>
<tr>
<td>Mr CJ Masson</td>
<td>19</td>
<td>12</td>
<td>610 740</td>
<td>252 601</td>
<td>72 928</td>
<td>936 269</td>
</tr>
</tbody>
</table>

A For the period from January to June, the fee structure included an annual retainer for Chairman / Deputy Chairman (if applicable), an annual retainer per director, a fee per meeting (subject to a cap being applied) and an amount for the use of the Internet. For the period from July to December, the fee structure included an annual retainer, a sitting fee per meeting and an amount for the use of the Internet

B Medical Risk and Review Committee – Dr DR Anderson, Dr J Adno, Dr B P Botha (Chairman), Prof M Haus, Prof A B Koller, Adv R Meyer, Dr T A M Mutloane, Dr D G C Presbury, Dr A F Thomas, Dr J J Van Niekerk,

C Remuneration Committee – Dr L I Goldblatt, Prof M Haus, Adv R Meyer, Mr D K Smith, Mr MJ Jackson

D Audit and Risk Committee – Prof H E Wainer (joint Chairman), Adv R Meyer (joint Chairman), Mr I Kotzé, Mrs C Mackenzie, Mr EA Moolna, Mr P Lamprecht (resigned March 2003), Prof C E Rabin (appointed February 2004)

E These are directors of PPS Insurance but not of PPS Limited

F Executive directors in the salaried employ of PPS Insurance

G Bonuses reflected are payable in 2004, based on the 2003 results

H In addition a retirement package of R1 309 330 was paid
Summary of accounting policies

1 Basis of preparation
The accounting policies adopted by the company and the group comply, in all material respects, with South African Statements of Generally Accepted Accounting Practice as well as the South African Companies Act, 1973. The consolidated financial statements are prepared on the historical-cost basis, modified by the revaluation of properties and financial instruments to fair value.

2 Basis of consolidation
The group annual financial statements incorporate the financial statements of the company and its wholly-owned subsidiary, Professional Provident Society Insurance Company Limited, and its subsidiaries, Plexus Properties (Proprietary) Limited and Professional Provident Society Insurance Company (Namibia) Limited. Inter-company transactions, balances and unrealised profits are eliminated on consolidation.
In the Company's annual financial statements, the interests in subsidiaries are accounted for at cost.

3 Foreign currency transactions and balances
Foreign currency transactions are translated into South African Rand at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into South African Rand at the rates of exchange ruling at the balance sheet date. Any translation differences are included in the income statement in the year in which the differences occur.

4 Foreign operations
Foreign operations are operations whose activities are an integral part of those of a reporting enterprise. The Group has a foreign operation, PPS Namibia which was incorporated in 2003. Income and expenditure items of this foreign operation are translated into South African Rand at the rates of exchange ruling at the transaction date. Monetary assets and liabilities are translated into South African Rand using the exchange rate ruling at balance sheet date. Non-monetary assets and liabilities, which are carried at historical cost, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are carried at fair value, are reported using the exchange rates that existed when the fair values were determined. Differences arising on translation of foreign operations are recognised in the income statement in the year in which they arise, as investment gains or losses.

5 Financial instruments
At initial recognition, the Group determines the appropriate classification of financial instruments, as follows:
– Financial instruments held at fair value. This category includes those instruments held for trading or short-term profit taking as well as those which the Group specifically designates as held at fair value on initial recognition.
– Held-to-maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity where the Group has the intention and ability to hold to maturity.
– Loans and receivables originated by the Group are non-derivative financial instruments created by providing money or services directly to debtors or members and exclude those that are originated with the intention of sale immediately or in the short term.
– Non-derivative financial instruments that are not classified as any of the above are classified as available-for-sale.
Financial assets
All of the Group’s financial assets have been classified as financial assets held at fair value except for loans and receivables originated by the Group, which are carried at amortised cost.
Financial liabilities
Financial liabilities are stated at cost, which approximates their fair values.
Recognition & measurement
Financial instruments are initially measured at cost including transaction costs. All financial instrument purchases and sales are recognised using trade date accounting. Thereafter held at fair value financial instruments are stated at fair value and loans and receivables originated by the Group are stated at amortised cost, less any provisions for impairment.
Fair values are based on regulated exchange quoted ruling prices at the close of business on the last trading day on or before the balance sheet date.
Gains and losses

All gains and losses arising from a change in fair value of or on disposal of financial instruments are included in the income statement.

Gains and losses arising from remeasurement or disposal of loans or receivables originated by the Group are included in the income statement.

AC133

The adoption of AC133 has not resulted in a change in accounting policy for the Group.

6 Investment property

The investment property is held to earn rentals and for capital appreciation for the benefit of policyholders. The investment property is reflected at fair market value, which is determined annually by independent professional valuators and is not depreciated. Gains and losses arising from a change in value or on disposal of the investment property are included in the income statement.

7 Property and equipment

Owner-occupied property

The owner-occupied property represents land and buildings held for administrative purposes and for capital appreciation for the benefit of policyholders.

Measurement

Owner-occupied property is initially recorded at cost. Land and buildings are subsequently shown at fair market value, based on annual valuations by external independent professional valuators, less subsequent depreciation.

Increases in the carrying amount arising on revaluation are credited to an asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. Where such decreases exceed the credit on the revaluation reserve, the deficit is charged to the income statement.

Each year the movement in the revaluation reserve is transferred to the policyholders’ fund. Land is not depreciated as it is deemed to have an indefinite life. Buildings are depreciated on a straight-line basis over 50 years.

Office furniture, computer equipment and other tangible assets

Office furniture, computer equipment and other tangible assets are initially recorded at cost and reflected at historical cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis to write off the costs of assets to their expected residual values over their estimated useful lives at the following rates:

- Computer hardware and purchased software: 33.3%
- Furniture: 10%
- Office equipment: 20%
- Fittings: 10% – 33.3%
- Motor vehicles: 20%

Gains and losses on disposal are determined by reference to the carrying amount and are dealt with in the income statement.

8 Intangible asset

Computer software development costs

Generally, costs associated with developing computer software are recognised as expenses when incurred. However, costs that are clearly associated with an identifiable system, which will be controlled by the group and have a probable benefit exceeding the cost beyond one year, are recognised as an asset. Computer software development costs recognised as assets are, from the date the asset is brought into use, amortised in the income statement on a straight-line basis at rates appropriate to the expected useful lives of the assets, not exceeding five years.

Such assets are carried in the balance sheet at cost less any accumulated amortisation and impairment losses.
Summary of accounting policies (continued)

9 Impairment of assets
The carrying value of assets is reviewed annually to assess whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the recoverable amount or fair value of an asset is less than its carrying amount.

10 Policyholder liabilities under insurance contracts
Policyholder contracts that transfer significant insurance risk are classified as insurance contracts. These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in PGN104 issued by the Actuarial Society of South Africa and are reflected as “Policyholder liabilities under insurance contracts” in the balance sheet.

The investment component in the Group’s insurance contracts cannot be determined and separated from the insurance component from inception. The respective cash flows relating to each component are also not independent of each other. The investment component cannot therefore be unbundled or accounted for as a separate investment contract. In such cases, existing accounting guidance accepts that the entire contract be accounted for as an insurance contract, through the income statement.

All the Group’s policy contracts therefore continue to be classified as insurance contracts.

Policyholders are defined as members with sickness, permanent incapacity and partial permanent incapacity benefit cover. The Group’s statutory actuary, in accordance with prevailing legislation and Generally Accepted Actuarial Standards calculates the company’s liabilities under in-force member policies at the balance sheet date using the Financial Soundness Valuation basis. The transfers to/from the “Policyholder liabilities under insurance contracts” represent the increase or decrease of these actuarially determined liabilities and reserves. The policyholder liabilities include members’ apportionment and special benefit accounts which will vest on cessation of policies.

11 Retirement Benefits
The Group operates a defined benefit pension scheme for all full-time employees, the assets of which are held in a separate trustee-administered fund. The fund is governed by the Pensions Fund Act, 1956. The pension plan is funded by payments from employees and the Group, taking account of the recommendations of independent actuaries. Statutory actuarial valuations are required every three years. An independent actuary also performs interim valuations annually at balance sheet date.

The Group’s current service costs to the defined benefit fund are recognised as expenses in the current year. Past service costs are recognised as expenses or income in the current year to the extent that they relate to retired employees. Experience adjustments and the effects of changes in actuarial assumptions are recognised as expenses or income systematically over the expected remaining service period of the current employees.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates with reference to the market yield of interest bearing bonds at balance sheet date in line with the projected unit credit method.

Cumulative actuarial gains and losses at the beginning of the period in excess of 10% of the greater of fund assets or liabilities are recognised in the income statement over the expected average remaining service lives of participating employees.

12 Post-retirement medical obligations
The Group provides for the unfunded post-retirement healthcare benefits of those employees and retirees employed before 4 October 1999, as well as their spouses and dependants. The entitlement to post-retirement healthcare benefits is based on an employee remaining in service up to retirement and completion of a minimum service period. For existing employees, the expected post-retirement costs of these benefits are accrued over the period of employment, using the projected unit credit method. For past service of employees, the Group recognises and provides for the actuarially determined present value of post-retirement medical aid employer contributions on an accrual basis.

13 Deferred tax
Provision is made for deferred tax attributable to all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, at applicable tax rates. A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are not discounted.
14 Revenue recognition

Premium income

- Premiums on insurance contracts are recognised when due.

Investment income

- Investment income comprises interest, dividends, net rental income from investment properties, realised and unrealised gains or losses on investments.

Interest income is recognised on an accrual basis.

Net rental income comprising rental income net of property expenses is recognised on an accrual basis.

Realised gains and losses are accounted for as the difference between net sales proceeds and the carrying value at the beginning of the year.

Unrealised gains and losses are accounted for as the difference between the remeasurement to fair values of an asset or liability at the balance sheet date and their original cost, or if they have been previously fair valued, their fair values at the beginning of the year.Movements in unrealised gains and losses are accounted for through the income statement.

Dividend income is recognised when the right to receive the dividend is established. Capitalisation shares received in terms of a capitalisation issue from reserves, other than share premium or a reduction in share capital, are treated as dividend income.

Administration fees are recognised as services are rendered.

15 Life Assurance Scheme

The group operates a life assurance scheme on behalf of those members who elect to join. The scheme is underwritten by Sanlam and, in terms of an agreement, the group shares in the profits of the scheme in accordance with a predetermined formula.

16 Provisions

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

Provision is made for the estimated costs of claims outstanding at year-end, including those incurred but not yet reported to the group at that date.

Employee entitlements to annual leave are recognised as these accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

17 Claims and policyholder benefits

Sickness and incapacity benefit claims received up to the last day of each financial period and claims incurred but not reported are provided for on an accrual basis. Past claims experience is used as the basis for determining the extent of the claims incurred but not reported.

Benefits on cessation of policies are accounted for when paid or, if earlier, on the date when the policy ceases to be included in the calculation of the “Policyholder liabilities under insurance contracts”.

18 Sales commissions

Sales commissions consist of commission paid by the Group upon the acquisition of new or additional insurance business. This commission is expensed in full in the financial period during which the new policies are acquired.

19 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with bankers but do not include deposits and money market securities held for investment, even if nearing maturity, as these will be reinvested in similar investments.

20 Comparative figures

Where necessary, prior year comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 22 for more details.
## Group income statements

for the year ended 31 December 2003

<table>
<thead>
<tr>
<th>Notes</th>
<th>Group 2003 R'000</th>
<th>Group 2002 R'000</th>
<th>Company 2003 R'000</th>
<th>Company 2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contributions from policyholders</td>
<td>526 870</td>
<td>452 824</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Sales commissions</td>
<td>(20 537)</td>
<td>(17 242)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Life Assurance Scheme Profit Share</td>
<td>35 368</td>
<td>53 801</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Other income</td>
<td>–</td>
<td>–</td>
<td>2 836</td>
</tr>
<tr>
<td></td>
<td>Net administration costs</td>
<td>1 (139 087)</td>
<td>(129 045)</td>
<td>(2 836)</td>
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<tr>
<td></td>
<td><strong>Surplus before claims and investment return</strong></td>
<td>402 614</td>
<td>360 338</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Claims and policyholder benefits</td>
<td>2 (293 832)</td>
<td>(263 376)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Investment return</td>
<td>3 704 412</td>
<td>(182 258)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Surplus / (deficit) before tax</td>
<td>813 194</td>
<td>(85 296)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Tax</td>
<td>4 (77 846)</td>
<td>1 218</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>Surplus / (deficit) for the year</strong></td>
<td>735 348</td>
<td>(84 078)</td>
<td>–</td>
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<tr>
<td></td>
<td>Transfer (to) / from Policyholder liabilities under insurance contracts</td>
<td>13 (734 673)</td>
<td>44 600</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Surplus / (deficit) attributable to members’ capital fund</td>
<td>675</td>
<td>(39 478)</td>
<td>–</td>
</tr>
</tbody>
</table>

The transfer to policyholder liabilities under insurance contracts is in terms of accounting policy note number 10.
## Group balance sheets

as at 31 December 2003

<table>
<thead>
<tr>
<th>Group Company</th>
<th>Notes</th>
<th>2003 R'000</th>
<th>2002 R'000</th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>96 343</td>
<td>68 319</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>5</td>
<td>53 462</td>
<td>43 094</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Intangible asset</td>
<td>6</td>
<td>42 881</td>
<td>25 225</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investment in insurance subsidiary</td>
<td>7</td>
<td>–</td>
<td>–</td>
<td>10 000</td>
<td>10 000</td>
</tr>
<tr>
<td>Investment property</td>
<td>8</td>
<td>14 000</td>
<td>20 000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investments</td>
<td>9</td>
<td>4 834 610</td>
<td>4 031 670</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>96 886</td>
<td>753</td>
<td>131 649</td>
<td>753</td>
<td>584</td>
</tr>
<tr>
<td>Receivable from insurance subsidiary</td>
<td>–</td>
<td>–</td>
<td>622</td>
<td>399</td>
<td></td>
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<tr>
<td>Receivable from Profmed</td>
<td>10</td>
<td>752</td>
<td>2 869</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other receivables</td>
<td>11</td>
<td>86 923</td>
<td>128 487</td>
<td>131</td>
<td>185</td>
</tr>
<tr>
<td>Tax prepaid</td>
<td>12</td>
<td>2 417</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>6 794</td>
<td>293</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>5 041 839</td>
<td>10 753</td>
<td>4 251 638</td>
<td>10 584</td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ capital fund</td>
<td>134 297</td>
<td>10 500</td>
<td>133 622</td>
<td>10 500</td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Members’ reserves</td>
<td>134 297</td>
<td>133 622</td>
<td>10 500</td>
<td>10 500</td>
<td></td>
</tr>
<tr>
<td>Policyholder liabilities under insurance contracts</td>
<td>13</td>
<td>4 717 811</td>
<td>3 982 672</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>14</td>
<td>47 038</td>
<td>7 274</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Retirement benefit obligations</td>
<td>15</td>
<td>8 808</td>
<td>5 466</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>133 885</td>
<td>84</td>
<td>122 604</td>
<td>253</td>
<td></td>
</tr>
<tr>
<td>Claims and cessation benefits payable</td>
<td>49 426</td>
<td>–</td>
<td>35 754</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Provision for unintimated claims</td>
<td>24 582</td>
<td>–</td>
<td>12 118</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Sundry payables, accruals and provisions</td>
<td>59 295</td>
<td>–</td>
<td>64 283</td>
<td>253</td>
<td>84</td>
</tr>
<tr>
<td>Tax payable</td>
<td>582</td>
<td>–</td>
<td>10 449</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>5 041 839</td>
<td>10 753</td>
<td>4 251 638</td>
<td>10 584</td>
<td></td>
</tr>
</tbody>
</table>
Statement of changes in members’ capital fund
for the year ended 31 December 2003

<table>
<thead>
<tr>
<th>Note</th>
<th>Members’ Reserves</th>
<th>Revaluation Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
</tbody>
</table>

**GROUP**

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>Members’ Reserves</th>
<th>Revaluation Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2002</td>
<td></td>
<td>173 100</td>
<td>173 100</td>
<td></td>
</tr>
<tr>
<td>Revaluation of land and buildings</td>
<td></td>
<td></td>
<td>560</td>
<td>560</td>
</tr>
<tr>
<td>Transfer to policyholder liabilities under insurance contracts</td>
<td>13</td>
<td>(560)</td>
<td>(560)</td>
<td></td>
</tr>
<tr>
<td>Deficit for the year</td>
<td></td>
<td>(39 478)</td>
<td>(39 478)</td>
<td></td>
</tr>
<tr>
<td>Balance at 31 December 2002</td>
<td></td>
<td>133 622</td>
<td>–</td>
<td>133 622</td>
</tr>
<tr>
<td>Revaluation of land and buildings</td>
<td></td>
<td></td>
<td>466</td>
<td>466</td>
</tr>
<tr>
<td>Transfer to policyholder liabilities under insurance contracts</td>
<td>13</td>
<td>(466)</td>
<td>(466)</td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td>675</td>
<td>675</td>
<td></td>
</tr>
<tr>
<td>Balance at 31 December 2003</td>
<td></td>
<td>134 297</td>
<td>–</td>
<td>134 297</td>
</tr>
</tbody>
</table>

As the capital appreciation on the owner occupied property accrues to the policyholders, this surplus has been included in the Policyholder liabilities under insurance contracts.

Capital gains tax has not been provided on the revaluation of land and buildings, as the base cost at 1 October 2001 is the same as the carrying value at 31 December 2003.

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>Members’ Reserves</th>
<th>Revaluation Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
</tbody>
</table>

**COMPANY**

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>Members’ Reserves</th>
<th>Revaluation Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2002</td>
<td></td>
<td>10 500</td>
<td>–</td>
<td>10 500</td>
</tr>
<tr>
<td>Transfer from income statement</td>
<td></td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balance at 31 December 2002</td>
<td></td>
<td>10 500</td>
<td>–</td>
<td>10 500</td>
</tr>
<tr>
<td>Transfer from income statement</td>
<td></td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balance at 31 December 2003</td>
<td></td>
<td>10 500</td>
<td>–</td>
<td>10 500</td>
</tr>
</tbody>
</table>
## Group cash flow statement

for the year ended 31 December 2003

<table>
<thead>
<tr>
<th>Notes</th>
<th>2003 R’000</th>
<th>2002 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from insurance operations</td>
<td>19</td>
<td>193 300</td>
</tr>
<tr>
<td>Investment income</td>
<td>20</td>
<td>234 779</td>
</tr>
<tr>
<td>Tax paid</td>
<td>21</td>
<td>(50 366)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td></td>
<td>377 713</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, furniture and equipment</td>
<td>(23 515)</td>
<td>(12 049)</td>
</tr>
<tr>
<td>Increase in intangible asset</td>
<td>(39 572)</td>
<td>(19 367)</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(2 426 172)</td>
<td>(1 991 396)</td>
</tr>
<tr>
<td>Increase of investments in cash and cash equivalents</td>
<td>(248 851)</td>
<td>(50 843)</td>
</tr>
<tr>
<td>Proceeds from disposal of equipment</td>
<td>109</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from disposal of investments</td>
<td>2 366 789</td>
<td>1 730 815</td>
</tr>
<tr>
<td>Net cash flow from investing activities</td>
<td>(371 212)</td>
<td>(342 840)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>6 501</td>
<td>(85 507)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>293</td>
<td>85 800</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>6 794</td>
<td>293</td>
</tr>
</tbody>
</table>
Notes to the group financial statements
for the year ended 31 December 2003

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>1 Net administration costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net administration costs include:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>1 689</td>
<td>1 288</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td>Audit fees – current year provision</td>
<td>1 297</td>
<td>998</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td>Audit fees – prior year underprovision</td>
<td>73</td>
<td>166</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Taxation consulting services</td>
<td>40</td>
<td>78</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Human resources consulting services</td>
<td>225</td>
<td>46</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other services</td>
<td>54</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-executive directors’ fees – for attendance at board meetings</td>
<td>2 688</td>
<td>1 891</td>
<td>1 441</td>
<td>999</td>
</tr>
<tr>
<td>Paid by company</td>
<td>1 431</td>
<td>999</td>
<td>1 441</td>
<td>999</td>
</tr>
<tr>
<td>Paid by subsidiary company</td>
<td>1 257</td>
<td>892</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Fees for services</td>
<td>5 131</td>
<td>6 547</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Actuarial (Statutory actuarial valuation, product development, section 14 transfer to Namibia, sickness investigation, director training, determination of liability profile and investment strategy)</td>
<td>1 519</td>
<td>1 143</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Legal</td>
<td>1 536</td>
<td>1 388</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Internal audit</td>
<td>663</td>
<td>887</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Software systems evaluation</td>
<td>203</td>
<td>1 562</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Other (Management consulting, forensic investigations and investment risk management)</td>
<td>1 210</td>
<td>1 567</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Staff costs</td>
<td>76 708</td>
<td>66 604</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation on property and equipment (note 5)</td>
<td>13 578</td>
<td>9 297</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net realised profit on disposal of fixed assets</td>
<td>(74)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amortisation of intangible asset (note 6)</td>
<td>16 247</td>
<td>20 032</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Impairment of intangible asset (note 6)</td>
<td>5 869</td>
<td>4 110</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Operating lease rentals – property</td>
<td>1 585</td>
<td>1 192</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Data processing &amp; Information Technology systems maintenance</td>
<td>20 249</td>
<td>22 780</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cost of research &amp; development relating to Namibian insurer and conversion into insurance company (Actuarial fees, legal fees, taxation consultants, management consultants, and campaign management and communication specialists)</td>
<td>–</td>
<td>1 259</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net administration expenses disclosed above</td>
<td>143 470</td>
<td>135 000</td>
<td>1 511</td>
<td>1 049</td>
</tr>
<tr>
<td>Other administration expenses</td>
<td>26 744</td>
<td>41 414</td>
<td>1 325</td>
<td>716</td>
</tr>
<tr>
<td>Recoveries (Administration and related fees from Profmed, Professional Provident Society Beneficiaries Trust, Professional Provident Society Retirement Annuity Fund and Professional Provident Society Life and Disability Assurance Scheme)</td>
<td>(31 127)</td>
<td>(47 369)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net administration expenses per Income Statement</td>
<td>139 087</td>
<td>129 045</td>
<td>2 836</td>
<td>1 765</td>
</tr>
</tbody>
</table>

Number of persons employed by the group in South Africa at 31 December:

<table>
<thead>
<tr>
<th>Number</th>
<th>2003</th>
<th>Number</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time</td>
<td>253</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td>13</td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>2 Claims and policyholder benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sickness and incapacity benefits</td>
<td>160 323</td>
<td>140 999</td>
</tr>
<tr>
<td>Benefits on cessation of membership</td>
<td>133 509</td>
<td>122 377</td>
</tr>
<tr>
<td>Total</td>
<td>293 832</td>
<td>263 376</td>
</tr>
</tbody>
</table>
3 Investment return

<table>
<thead>
<tr>
<th>Item</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>100 305</td>
<td>91 943</td>
</tr>
<tr>
<td>Interest</td>
<td>132 398</td>
<td>126 539</td>
</tr>
<tr>
<td>Rental income</td>
<td>2 512</td>
<td>2 054</td>
</tr>
<tr>
<td>Net realised gains on disposal of investments</td>
<td>66 529</td>
<td>35 538</td>
</tr>
<tr>
<td>Remeasurement to fair value</td>
<td>560 824</td>
<td>(187 159)</td>
</tr>
<tr>
<td>Remeasurement to fair value: foreign exchange loss</td>
<td>(133 083)</td>
<td>(227 715)</td>
</tr>
<tr>
<td>Decrease in fair value of investment property</td>
<td>(6 000)</td>
<td>(14)</td>
</tr>
<tr>
<td>less: Investment management fees</td>
<td>(19 073)</td>
<td>(23 444)</td>
</tr>
<tr>
<td></td>
<td>704 412</td>
<td>(182 258)</td>
</tr>
</tbody>
</table>

4 Tax

<table>
<thead>
<tr>
<th>Item</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year tax</td>
<td>38 082</td>
<td>45 464</td>
</tr>
<tr>
<td>Prior year overprovision</td>
<td>–</td>
<td>(3 026)</td>
</tr>
<tr>
<td>Deferred tax: Normal income</td>
<td>(301)</td>
<td>(367)</td>
</tr>
<tr>
<td>Deferred tax: Capital gains</td>
<td>40 066</td>
<td>(43 289)</td>
</tr>
<tr>
<td></td>
<td>77 846</td>
<td>(1 218)</td>
</tr>
</tbody>
</table>

5 Property and equipment

<table>
<thead>
<tr>
<th>Item</th>
<th>Owner-occupied property</th>
<th>Computer hardware &amp; software</th>
<th>Vehicles, Office furniture &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
</tbody>
</table>

GROUP

Year ended 31 December 2002

<table>
<thead>
<tr>
<th>Item</th>
<th>Owner-occupied property</th>
<th>Computer hardware &amp; software</th>
<th>Vehicles, Office furniture &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening carrying amount</td>
<td>23 000</td>
<td>14 688</td>
<td>2 108</td>
<td>39 796</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>11 553</td>
<td>482</td>
<td>12 035</td>
</tr>
<tr>
<td>Revaluation</td>
<td>560</td>
<td>–</td>
<td>–</td>
<td>560</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>(560)</td>
<td>(7 908)</td>
<td>(829)</td>
<td>(9 297)</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>23 000</td>
<td>18 333</td>
<td>1 761</td>
<td>43 094</td>
</tr>
</tbody>
</table>

At 31 December 2002

<table>
<thead>
<tr>
<th>Item</th>
<th>Owner-occupied property</th>
<th>Computer hardware &amp; software</th>
<th>Vehicles, Office furniture &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or valuation</td>
<td>26 537</td>
<td>53 071</td>
<td>8 254</td>
<td>87 862</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(3 537)</td>
<td>(34 736)</td>
<td>(6 493)</td>
<td>(44 768)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>23 000</td>
<td>18 333</td>
<td>1 761</td>
<td>43 094</td>
</tr>
</tbody>
</table>

Year ended 31 December 2003

<table>
<thead>
<tr>
<th>Item</th>
<th>Owner-occupied property</th>
<th>Computer hardware &amp; software</th>
<th>Vehicles, Office furniture &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening carrying amount</td>
<td>23 000</td>
<td>18 333</td>
<td>1 761</td>
<td>43 094</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>22 087</td>
<td>1 428</td>
<td>23 515</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(9)</td>
<td>(26)</td>
<td>(35)</td>
</tr>
<tr>
<td>Revaluation</td>
<td>466</td>
<td>–</td>
<td>–</td>
<td>466</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>(466)</td>
<td>(12 339)</td>
<td>(773)</td>
<td>(13 578)</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>23 000</td>
<td>28 072</td>
<td>2 390</td>
<td>53 462</td>
</tr>
</tbody>
</table>

At 31 December 2003

<table>
<thead>
<tr>
<th>Item</th>
<th>Owner-occupied property</th>
<th>Computer hardware &amp; software</th>
<th>Vehicles, Office furniture &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or valuation</td>
<td>27 003</td>
<td>72 454</td>
<td>9 637</td>
<td>109 094</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(4 003)</td>
<td>(44 382)</td>
<td>(7 247)</td>
<td>(55 632)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>23 000</td>
<td>28 072</td>
<td>2 390</td>
<td>53 462</td>
</tr>
</tbody>
</table>
Notes to the group financial statements
for the year ended 31 December 2003 (continued)

5 Property and equipment (continued)

<table>
<thead>
<tr>
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<th>Group 2003</th>
<th>Group 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Owner occupied property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>20 870</td>
<td>20 870</td>
</tr>
<tr>
<td>Depreciation on cost</td>
<td>(3 657)</td>
<td>(3 317)</td>
</tr>
<tr>
<td></td>
<td>17 213</td>
<td>17 553</td>
</tr>
</tbody>
</table>

The group’s owner-occupied property was revalued at 31 December 2003 by CB Richard Ellis (Pty) Ltd (2002: valued by CB Richard Ellis (Pty) Ltd). Valuations were based on the open market value. The revalued amount was depreciated and increased to reflect market value at 31 December 2003. The property consists of an office block situated at 6 Anerley Road, Parktown, which is occupied by the group. The property is re-valued annually.

6 Intangible asset – Software development costs

<table>
<thead>
<tr>
<th></th>
<th>Company 2003</th>
<th>Company 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Opening carrying amount</td>
<td>25 225</td>
<td>30 000</td>
</tr>
<tr>
<td>Further capitalised costs</td>
<td>39 572</td>
<td>19 367</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(16 247)</td>
<td>(20 032)</td>
</tr>
<tr>
<td>Impairment adjustment</td>
<td>(5 669)</td>
<td>(4 110)</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>42 881</td>
<td>25 225</td>
</tr>
</tbody>
</table>

At 31 December

<table>
<thead>
<tr>
<th></th>
<th>Company 2003</th>
<th>Company 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Cost</td>
<td>101 207</td>
<td>61 636</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(41 337)</td>
<td>(25 091)</td>
</tr>
<tr>
<td>Impairment adjustment</td>
<td>(16 989)</td>
<td>(11 320)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>42 881</td>
<td>25 225</td>
</tr>
</tbody>
</table>

Software development costs relate to expenditure paid to external computer consultants, on the development of software systems. The first phase of the system was implemented in May 2001. Amortisation commenced from that date. The impairment adjustment has been calculated as the excess of the carrying value over the estimated recoverable amount of the intangible asset at 31 December. In arriving at an estimate of the recoverable amount, management have estimated the value in use of the various software modules being replaced over their remaining useful lives.

Included in the current year amortisation is R4 million relating to specific write-offs in respect of specific modules of software systems.

7 Investment in subsidiary company

<table>
<thead>
<tr>
<th></th>
<th>Group 2003</th>
<th>Group 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Professional Provident Society Insurance Company Limited</td>
<td>10 000</td>
<td>10 000</td>
</tr>
</tbody>
</table>

The investment in the subsidiary company is accounted for at cost established at date of restructuring of the group.

8 Investment property

<table>
<thead>
<tr>
<th></th>
<th>Group 2003</th>
<th>Group 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Opening carrying amount</td>
<td>20 000</td>
<td>20 000</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Revaluation</td>
<td>(6 000)</td>
<td>(14)</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>14 000</td>
<td>20 000</td>
</tr>
</tbody>
</table>

The group’s investment property was revalued at 31 December 2003 by Asset Valuation Services CC (2002: valued by CB Richard Ellis (Pty) Ltd). Valuations were based on the market value. The carrying values were adjusted to the revalued amounts. The deficit was debited to investment return in the income statement. The investment property consists of an office block situated at 7 Anerley Road, Parktown, which is leased to tenants. Future minimum lease receivables under non cancellable leases:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>3 057</td>
<td>2 508</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>5 981</td>
<td>8 099</td>
</tr>
</tbody>
</table>
9 Investments

Held at fair value

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local listed equities</td>
<td>2 771 299</td>
<td>2 220 541</td>
</tr>
<tr>
<td>Local equity pooled investments</td>
<td>200 705</td>
<td>183 675</td>
</tr>
<tr>
<td>Local fixed interest investments</td>
<td>704 540</td>
<td>653 862</td>
</tr>
<tr>
<td>International balanced unit trusts</td>
<td>241 912</td>
<td>247 856</td>
</tr>
<tr>
<td>International equity unit trusts</td>
<td>252 620</td>
<td>303 665</td>
</tr>
<tr>
<td>International fixed interest unit trust</td>
<td>45 941</td>
<td>53 329</td>
</tr>
</tbody>
</table>

Cash on call

<table>
<thead>
<tr>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>617 593</td>
<td>368 742</td>
</tr>
</tbody>
</table>

The movements in investments were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening carrying amount</td>
<td>4 031 670</td>
<td>4 099 284</td>
</tr>
<tr>
<td>Cash on call</td>
<td>248 851</td>
<td>50 843</td>
</tr>
<tr>
<td>Additions</td>
<td>2 426 608</td>
<td>1 991 694</td>
</tr>
<tr>
<td>Disposals</td>
<td>(2 300 260)</td>
<td>(1 695 277)</td>
</tr>
<tr>
<td>Remeasurement to fair value</td>
<td>560 824</td>
<td>(187 159)</td>
</tr>
<tr>
<td>Remeasurement to fair value: foreign exchange loss</td>
<td>(133 083)</td>
<td>(227 715)</td>
</tr>
</tbody>
</table>

Closing carrying amount                         | 4 834 610  | 4 031 670  |

Spread of investments by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>43.35%</td>
<td>47.27%</td>
</tr>
<tr>
<td>Financial</td>
<td>34.12%</td>
<td>35.68%</td>
</tr>
<tr>
<td>Resources</td>
<td>22.53%</td>
<td>17.05%</td>
</tr>
</tbody>
</table>

Maturity profile of fixed interest investments:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in one year or less</td>
<td>99</td>
<td>–</td>
</tr>
<tr>
<td>Due between one year and five years</td>
<td>212 294</td>
<td>134 243</td>
</tr>
<tr>
<td>Due between five years and ten years</td>
<td>295 963</td>
<td>412 748</td>
</tr>
<tr>
<td>Due after 10 years</td>
<td>196 283</td>
<td>106 871</td>
</tr>
</tbody>
</table>

Closing carrying amount                         | 704 639    | 653 862    |

10 Receivable from Profmed

Current account                                     | 752        | 2 869      |

Profmed is a medical scheme that is managed and controlled by its own board of trustees on behalf of the
Profmed members. Professional Provident Society Insurance Company Limited is the administrator of Profmed.
The administration was partially outsourced to Eternity Private Health Fund Administrators (Pty) Ltd with effect
from January 2003. Transactions with Profmed are on an arms length basis and are accounted for through the
current account above.

<table>
<thead>
<tr>
<th>Category</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest</td>
<td>27 393</td>
<td>30 792</td>
</tr>
<tr>
<td>Accrued dividends</td>
<td>5 499</td>
<td>5 366</td>
</tr>
<tr>
<td>Premiums outstanding</td>
<td>2 238</td>
<td>6 111</td>
</tr>
<tr>
<td>Life Assurance Scheme Profit share</td>
<td>34 850</td>
<td>53 801</td>
</tr>
<tr>
<td>Life Assurance administration fee accrual</td>
<td>1 237</td>
<td>1 029</td>
</tr>
<tr>
<td>Retirement Annuity Fund commission accrual</td>
<td>505</td>
<td>2 115</td>
</tr>
<tr>
<td>Value Added Tax recoverable</td>
<td>–</td>
<td>16 238</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>662</td>
<td>3 724</td>
</tr>
<tr>
<td>Life Assurance death benefits</td>
<td>11 628</td>
<td>6 848</td>
</tr>
<tr>
<td>Other</td>
<td>3 111</td>
<td>2 463</td>
</tr>
</tbody>
</table>

11 Other Receivables

<table>
<thead>
<tr>
<th>Category</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>86 923</td>
<td>128 487</td>
</tr>
<tr>
<td>Company</td>
<td>131</td>
<td>185</td>
</tr>
</tbody>
</table>
Notes to the group financial statements
for the year ended 31 December 2003 (continued)

<table>
<thead>
<tr>
<th>Group</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>R'000</td>
<td>R'000</td>
<td></td>
</tr>
</tbody>
</table>

12 Share Capital
As a company limited by guarantee, each member of the Company is liable for a maximum amount of R1 in the event of the Company being wound up while a member or within 1 year thereafter.

13 Policyholder liabilities under insurance contracts

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>3 982 672</td>
<td>4 026 712</td>
</tr>
<tr>
<td>Surplus / (deficit) for the year</td>
<td>734 673</td>
<td>(44 600)</td>
</tr>
<tr>
<td>Transfer from revaluation reserve</td>
<td>466</td>
<td>560</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>4 717 811</td>
<td>3 982 672</td>
</tr>
<tr>
<td>Comprising:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apportionment and special benefit accounts</td>
<td>3 485 464</td>
<td>3 127 019</td>
</tr>
<tr>
<td>Other benefits and liabilities</td>
<td>1 232 347</td>
<td>855 653</td>
</tr>
</tbody>
</table>

14 Deferred tax

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>7 274</td>
<td>50 930</td>
</tr>
<tr>
<td>Net temporary differences arising from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealised capital gains</td>
<td>40 065</td>
<td>(43 289)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(301)</td>
<td>(363)</td>
</tr>
<tr>
<td>Loss on corporate fund</td>
<td>-</td>
<td>(4)</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>47 038</td>
<td>7 274</td>
</tr>
<tr>
<td>Comprising:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax on unrealised gains on investments</td>
<td>49 234</td>
<td>9 169</td>
</tr>
<tr>
<td>Deferred tax assets on provisions and loss</td>
<td>(2 196)</td>
<td>(1 895)</td>
</tr>
</tbody>
</table>

15 Retirement benefit obligations

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts recognised in the balance sheet:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension schemes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other post-retirement benefits</td>
<td>8 808</td>
<td>5 466</td>
</tr>
</tbody>
</table>

Pension scheme
The Group has an established pension scheme which covers all employees. The pension scheme is a final salary defined benefit scheme and is fully funded. The assets of the scheme are held in an independent trustee administered fund, administered in terms of the Pension Funds Act of 1956, as amended. The latest full statutory actuarial valuation was conducted as at 1 January 2003, followed by an interim valuation using the projected unit credit method at 31 December 2003.

Pension scheme
Balance at the end of the year
<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of funded obligations</td>
<td>(58 630)</td>
<td>(49 607)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>63 721</td>
<td>50 385</td>
</tr>
<tr>
<td>Fund surplus</td>
<td>5 091</td>
<td>778</td>
</tr>
<tr>
<td>Unrecognised actuarial losses</td>
<td>12 788</td>
<td>17 285</td>
</tr>
<tr>
<td>Surplus not recognised</td>
<td>(17 879)</td>
<td>(18 063)</td>
</tr>
<tr>
<td>Liability at balance sheet date</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

No asset is recognised in respect of the surplus as the apportionment of the surplus still needs to be calculated and approved by the Registrar of Pension Funds in terms of the Pension Fund Second Amendment Act, 30 of 2001. The extent of the surplus is dependent on a statutory actuarial valuation performed every 3 years.
15 Retirement benefit obligations (continued)

Movement in liability recognised in the balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance as previously stated (asset)</td>
<td>18 063</td>
<td>14 549</td>
</tr>
<tr>
<td>Asset not recognised</td>
<td>(18 063)</td>
<td>(14 549)</td>
</tr>
</tbody>
</table>

Balance at the beginning of the year

Movements for the year:

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions paid</td>
<td>(7 286)</td>
<td>(7 042)</td>
</tr>
<tr>
<td>Other expenses included in staff costs</td>
<td>7 286</td>
<td>7 042</td>
</tr>
<tr>
<td>Current service cost</td>
<td>5 225</td>
<td>4 896</td>
</tr>
<tr>
<td>Interest cost</td>
<td>6 486</td>
<td>5 575</td>
</tr>
<tr>
<td>Actuarial loss recognised</td>
<td>488</td>
<td>–</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(4 729)</td>
<td>(6 943)</td>
</tr>
<tr>
<td>Movement in surplus not recognised</td>
<td>(184)</td>
<td>3 514</td>
</tr>
</tbody>
</table>

Balance at the end of the year

The principal actuarial assumptions used for accounting purposes were a discount rate based on the all bond index of 11% (2002: 12%), an expected return on plan assets of 11% (2002: 12%) and future salary increases (excluding merit increases) of 8% (2002: 9%).

Post employment medical obligations

The latest actuarial valuation of the Group’s post-employment benefits, carried out at 31 December 2003 indicated a present value of projected future benefits amounting to R14.388 million. Provision has been made for the projected obligation, spread over five years, beginning in 2001. The unrecognised transitional liability at 31 December 2003 was R3.666 million.

Balance at the end of the year

16 Sundry payables, accruals and provisions

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions received in advance</td>
<td>2 619</td>
<td>2 639</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Life Assurance premiums collected and payable to Sanlam</td>
<td>19 193</td>
<td>16 780</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
<td>33 009</td>
<td>40 613</td>
<td>253</td>
<td>84</td>
</tr>
<tr>
<td>Provision for leave pay</td>
<td>4 474</td>
<td>4 251</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>59 295</td>
<td>64 283</td>
</tr>
</tbody>
</table>

The principal actuarial assumptions used for accounting purposes were a discount rate based on the long bond index of 9.5% (2002: 12%) and medical scheme contribution inflation of 7.5% (2002: 12.5%).
Notes to the group financial statements
for the year ended 31 December 2003 (continued)

17 Financial instruments
Market risk
Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices or changes in market interest rates.
Investment in marketable securities are valued at fair value and are therefore susceptible to market fluctuations.
Investments in marketable securities are managed with the aim of achieving long-term growth within acceptable risk levels.
Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate in Rand owing to changes in foreign exchange rates.
The Group’s exposure to currency risk is mainly in respect of foreign investments made for the purpose of seeking desirable international diversification of investments. Exposure to different foreign currencies is benchmarked against the currency composition of the Morgan Stanley Capital International World Equity Index and the Solomon Brothers Index.
The Group has a subsidiary in Namibia but there is currently no exposure to currency risk as the exchange rate to South African Rand is one to one.
Credit risk
Credit risk arises from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations.
The Group has no significant concentrations of credit risk.
Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.
The Group has significant liquid resources to meet commitments associated with financial instruments.
Fair values
The carrying amounts of the following financial liabilities and assets approximate their fair value: cash, investments, receivables and payables.

<table>
<thead>
<tr>
<th>Group</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
</tbody>
</table>

18 Commitments
Capital commitments
Capital commitments at the balance sheet date not recognised in the financial statements were:
Authorised and contracted for 15 000 –
Committed but not contracted for 63 400 48 316
Operating lease commitments
The future minimum lease payments under non cancellable operating leases are as follows:
Within 1 year 2 212 673
1 year to 5 years 4 602 821

<table>
<thead>
<tr>
<th>Group</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
</tbody>
</table>

19 Cash generated from insurance operations
Reconciliation of surplus / (deficit) before tax to cash generated from operations:
Surplus / (deficit) before tax 813 194 (85 296) – –
Adjustments for:
Depreciation 13 578 9 297 – –
Amortisation of intangible asset 16 247 20 032 – –
Impairment of intangible asset 5 669 4 110 – –
Realised gains on disposal of investments (66 529) (35 538) – –
Realised profit on disposal of property and equipment (74) – – –
Dividends, interest and rental income (235 215) (220 536) – –
Remeasurement to fair value (560 824) 187 159 – –
Remeasurement to fair value: foreign exchange loss 133 083 227 715 – –
Increase in fair value of investment property 6 000 14 – –
Changes in working capital:
– Receivables 43 681 (7 561) (169) (26)
– Payables 24 490 10 046 169 26
Cash generated from operations 193 300 109 442 – –
20 Investment income received

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>132 398</td>
<td>126 539</td>
</tr>
<tr>
<td>Dividend received</td>
<td>99 869</td>
<td>91 645</td>
</tr>
<tr>
<td>Rental income</td>
<td>2 512</td>
<td>2 054</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>234 779</strong></td>
<td><strong>220 238</strong></td>
</tr>
</tbody>
</table>

21 Tax paid

<table>
<thead>
<tr>
<th></th>
<th>2002 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax payable at beginning of year</td>
<td>10 449</td>
<td>40 358</td>
</tr>
<tr>
<td>Tax as per income statement</td>
<td>38 082</td>
<td>42 438</td>
</tr>
<tr>
<td>Tax prepaid / (payable) at end of year</td>
<td>1 835</td>
<td>(10 449)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50 366</strong></td>
<td><strong>72 347</strong></td>
</tr>
</tbody>
</table>

22 Changes in comparatives

The following comparatives have been restated as a review of the financial statements demonstrated that the change in presentation would result in a more appropriate presentation of events and transactions. The restatements arise primarily as a result of:
- a reclassification of call accounts,
- a recalculation of realised gains / losses on investments as the difference between proceeds on sale of investments and the carrying value at the beginning of the year, instead of the proceeds on sale of investments and the cost of the investments, and
- more detailed disclosure.

Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net administration costs</td>
<td>(129 045)</td>
<td>(128 825)</td>
</tr>
<tr>
<td>Transfer from policyholder liabilities under insurance contracts</td>
<td>44 600</td>
<td>44 360</td>
</tr>
</tbody>
</table>

Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>4 031 670</td>
<td>3 875 669</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>293</td>
<td>151 363</td>
</tr>
<tr>
<td>Sundry payables, accruals and provisions</td>
<td>64 283</td>
<td>59 352</td>
</tr>
</tbody>
</table>

Statement of changes in members’ capital fund

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of land and buildings</td>
<td>560</td>
<td>340</td>
</tr>
<tr>
<td>Transfer to policyholder liabilities under insurance contracts</td>
<td>(560)</td>
<td>(340)</td>
</tr>
</tbody>
</table>

Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from insurance operations</td>
<td>109 442</td>
<td>112 765</td>
</tr>
<tr>
<td>Investment income</td>
<td>220 238</td>
<td>219 147</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increase) / decrease of investments in cash and cash equivalents</td>
<td>(50 843)</td>
<td>105 158</td>
</tr>
<tr>
<td>Proceeds from disposal of investments</td>
<td>1 730 815</td>
<td>1 723 652</td>
</tr>
</tbody>
</table>

Notes to the Annual Financial Statements

Net administration costs

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation on property and equipment</td>
<td>9 297</td>
<td>9 077</td>
</tr>
</tbody>
</table>

Investment Return

<table>
<thead>
<tr>
<th></th>
<th>2003 R'000</th>
<th>2002 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>126 539</td>
<td>125 448</td>
</tr>
<tr>
<td>Net realised gains on disposal of investments</td>
<td>35 538</td>
<td>141 535</td>
</tr>
<tr>
<td>Increase / (decrease) in the fair value of investments</td>
<td>(187 159)</td>
<td>(375 448)</td>
</tr>
<tr>
<td>Unrealised foreign exchange loss</td>
<td>(227 715)</td>
<td>(144 332)</td>
</tr>
</tbody>
</table>
Notes to the group financial statements
for the year ended 31 December 2003 (continued)

22 Changes in comparatives (continued)

Tax

Tax reconciliation
Deficit before tax (85 296) (85 076)
Tax calculated at a rate of 30% would be (25 589) (25 523)
Tax effect of non deductible expenses at 30% 111 970 111 904

Property and equipment
Revaluation 560 340
Depreciation (9 277) (9 077)
Cost or valuation 87 862 87 642
Accumulated depreciation (44 768) (44 548)

Investment property
Future minimum lease receivables under non cancellable leases:
Not later than one year 2 508 –
Later than one year and not later than five years 8 099 –

Investments
International balanced unit trusts 247 856 551 521
International equity unit trusts 303 665 –
Cash on call 368 742 212 741
The movements in investments were as follows:
Cash on call 50 843 (105 158)
Disposals (1 695 277) (1 589 280)
Remeasurement to fair value (227 715) –
Remeasurement to fair value: foreign exchange loss (227 715) –
Amortisation of premiums on fixed interest investments – (1 091)

Spread of investments by sector
Industrial 47.27% 31.84%
Financial 35.68% 31.75%
Resources 17.05% 36.41%

This restatement arises as a result of reflecting the underlying investments of the equity pooled investment in the more appropriate sector.

Other receivables
Life Assurance Scheme death benefits 6 848 –
Other 2 463 9311

Policyholder liabilities under insurance contracts
Deficit for the year (44 600) (44 380)
Transfer from revaluation reserve 560 340

Sundry payables, accruals and provisions
Other 40 613 35 682

Provision for leave pay
Balance at the beginning of the year 3 620 –
Charge to Income Statement 3 957 –
Utilised during the year (3 326) –
Balance at the end of the year 4 251 –

Cash generated from insurance operations
Deficit before tax (85 296) (85 076)
Depreciation 9 277 9 077
Realised profit on disposal of investments 35 538 (134 372)
Dividends, interest and rental income (220 536) (219 445)
Remeasurement to fair value 187 159 519 780
Remeasurement to fair value: foreign exchange loss 227 715 –
Amortisation of premiums on fixed interest investments – (1 091)
Changes in working capital:
– Payables 10 046 5 115

Investment income
Interest income 126 539 125 448
Notice of Annual General Meeting
for the year 2004

PROFESSIONAL PROVIDENT SOCIETY LIMITED (LIMITED BY GUARANTEE)
(COMPANY INCORPORATED UNDER SECTION 19(1)(B))
(REGISTRATION NUMBER 2001/011016/09)
("the company")

NOTICE TO MEMBERS

Notice is hereby given that the third Annual General Meeting ("the meeting") of the members of the company
will be held at 18h00 on Monday 21 June 2004, at 6 Anerley Road, Parktown, Johannesburg, for the following
purposes:

1. To receive and adopt the Annual Financial Statements for the year ended 31 December 2003, including the
reports of the directors and the auditors of the company.
2. To re-appoint PricewaterhouseCoopers Inc. as the auditors of the company.
3. To elect and appoint directors in place of those retiring in accordance with the articles of association of the
company ("the articles of association").

Dr D G C Presbury (medical) and Judge R H Zuiman (law) retire by rotation in terms of the articles of
association and, being eligible for re-election and re-appointment, offer themselves for re-election and re-
appointment as directors of the company. In addition, Dr L Aldum (medical), Dr AW Barday (medical),
Mr CA Clark (chartered accountant), Mr AS Crawford (director), Mr W du Preez (management specialist),
Mr RM Evans (chartered accountant), Adv KDCO Garlipp (law), Dr G Hersman (medical), Mr JJ Hurter (law),
Dr CM Krüger (medical), Judge MML Maya (law), Mrs TE Mcwilliam (pharmacist), Mr MR Messias (law),
Mr SM Mookeletsi (law), Mr EA Moolla (law), Mr JW Otter (accountant), Mr HR Rich (law), Dr IM Sanne
(medical), Mr AC Seymour (chartered accountant), Dr R Singh (medical), Dr RG Thornton (medical),
Mr BR Topham (chartered accountant / law), Dr K Vallabh (medical) and Dr PJ van der Merwe (medical) have
been nominated for election and appointment as directors of the company in terms of the articles of
association.

(Abbreviated biographical detail is set out on pages 42 to 50)

VOTING

In voting or passing any resolution:

– Associate Members (as defined in the articles of association) shall each have 1 (one) vote; and
– Ordinary Members (as defined in the articles of association) shall have 1 (one) vote, and in addition thereto,
shall have 99 (ninety nine) votes each plus one additional vote for each completed R200,00 (two hundred
Rand) standing to his/her credit in his/her Apportionment Account (as defined in the articles of association),
as at the end of the previous financial year, provided that a member who is more than 3 (three) months in
arrear with the payment of his/her premiums (payable in terms of the Master Contract (as defined in the
articles of association) shall only have 1 (one) vote at the meeting.

A certificate issued by a director or officer of the company shall constitute prima facie proof of the number of
votes a member shall be entitled to cast at the meeting.

A member who has more than 1 (one) vote may not split votes to exercise his/her votes in voting on any particular
resolution but shall exercise votes either for or against the resolution or the member may abstain from voting on it.

PROXIES

Any member who is entitled to attend and vote at the meeting may appoint one or more proxies (who need not be
a member of the company) to attend, speak and on a poll to vote or abstain from voting in his/her stead.

Proxy forms must be received at the registered office of the company not less than 48 (forty eight) hours before
the time appointed for the holding of the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Jennifer Lester
Company Secretary
19 April 2004
### Abbreviated biographical detail

#### DR LINDA ALDUM 432053
- **Date of birth**: 8 February 1961
- **Date admitted to PPS Membership**: 1 January 1986
- **Profession**: Medical Doctor
- **Tertiary Qualifications**: Bachelor of Medicine and Bachelor of Surgery (MBchB), Masters in Public Administration and Management, Certificate in medicine and law

**Positions held during Professional Career / Achievements**
- General Practitioner (1987 – 1997)
- Medical Officer with City of Cape Town (since 1998)

#### DR ABDUL WAHAB BARDAY 102812
- **Date of birth**: 31 March 1942
- **Date admitted to PPS Membership**: 1 March 1972
- **Profession**: Health Professional Council of South Africa (HPCSA), Family Physician (HPCSA)
- **Tertiary Qualifications**: Bachelor of Medicine and Bachelor of Surgery (MBChB), 1969, Fellowship in General Practice (Fellowship in General Practice), 1975, Diploma in Forensic Medicine (Diploma in Forensic Medicine), 1978, Diploma in Tropical Medicine and Hygiene (Diploma in Tropical Medicine and Hygiene), 1981, Diploma in Public Health (Diploma in Public Health), 1982, Diploma in Health Services Management (Diploma in Health Services Management), 1990

**Positions held during Professional Career / Achievements**
- Road Accident Fund – Director (2003 – 2006)
- Member Medical Committee
- Member Transformation, Empowerment and HR Committee
- Groote Schuur Hospital Teaching Hospitals Board
  - Vice-Chairman (1990 – 1994)
- Groote Schuur Hospital Teaching Trust
- Lentegeur Psychiatric Hospital
  - Member (1989 to date)
- University of Cape Town (UCT)
  - Member of the Council (1999 – 2004)
  - Member of Senate (1999 – 2004)
  - Member of the Information and Communications Technology Committee (1999 to date)
  - Member of Institutional Forum (1999 to date)
  - Member of the Transformation Committee (1999 to date)
  - UCT Medical Centre (Private Hospital next to Groote Schuur Hospital) Director, representing the University Council (2002 to date) – Chairperson
  - Senior Lecturer in Family Medicine (2003 to date)
- Gatesville Medical Centre (Private Hospital)
  - Director (1987 – 1998)

#### MR CRAIG ALAN CLARK 96023
- **Date of birth**: 29 June 1966
- **Date admitted to PPS Membership**: 1 October 1995
- **Profession**: Chartered Accountant
- **Tertiary Qualifications**: Bachelor of Science (B.Sc), Diploma in Accounting (H.Dip, Acc), Diploma in Taxation (H. Dip Tax)

**Positions held during Professional Career / Achievements**
- Audit Senior – Deloitte & Touche
- Treasurer – Scripture Union (Independent Schools)

#### MR ANDREW STUART CRAWFORD 10456140
- **Date of birth**: 14 March 1971
- **Date admitted to PPS Membership**: 1 October 2003
- **Profession**: Director
- **Tertiary Qualifications**: Bachelor of Commerce (B.Com), Bachelor of Commerce with Honours (B.Com Hons)

**Positions held during Professional Career / Achievements**
- CEO of Glenrand MIB Benefit Services (Pty) Ltd
- Member of Glenrand MIB Group Exco
- Director of Alexander Forbes Group (Pty) Ltd
- Director of Alexander Forbes South Africa Holdings (Pty) Ltd
- Managing Director of Alexander Forbes Retirement Funds Division
- Director of Alexander Forbes Life
- Director of Alexander Forbes Cash Plan
- Former Managing Director of Swaziland Employee Benefits (Pty) Ltd
- Director of Alexander Forbes Financial Services (East Africa) (Pty) Ltd
- Chairman of Synergy Retirement Funds

### National Association of Private Hospitals
- Director (1992 – 1993)

### Health Professions Council of South Africa
- Invited to sit on Disciplinary Committees as member, or give expert witness for the Council of Prosecution (1991 – 2002)
- Member of Preliminary Committee III (2003 to date)
- Fully elected Member of the Council (2003 to date)

### Part-Time Employment
- Part-time District Surgeon, (1975 – 1990) for Magisterial District of Wynberg and Athlone
- Somerset Hospital Senior Medical Officer, (1971 – 1973)
- Day Hospital Organisation Medical Officer, (1972 – 1976)
- Medical Advisor to Prosano Medical Scheme, (1989 – 1997)
- Member of the Medical Aid Advisors Group (WC), (1993 – 2003) – Initiator and founding member and first chairman

### Awards and Distinctions
• Chairman of Meridian Medical Aid Society
• Alexander Forbes Financial Services Strategic Committee and Exco
• Member of the SAFSLA Long-term Executive
• Chairman of Alexander Forbes Financial Services (Botswana) (Pty) Ltd
• Director of NT Holdings (Pty) Ltd
• Managing Director of Alexander Forbes Consultants & Actuaries
• Director of Morgan West (Pty) Ltd
• Trustee of various inter vivos trusts

**MR WYNAND DU PREEZ**

Date of birth: 19 February 1973
Date admitted to PPS Membership: 24 January 1997

IBC Member: 25006591/BD 2795
Profession: Management Specialist and Administrator of Estates (Executor)
Tertiary Qualifications: BA (UPE), BA (Hons) (UPE) – Administration and Management

Positions held during Professional Career / Achievements

- **Director**: The Meadow Group (From 2001) (A group of Port Elizabeth based companies dealing with insurance, investments, accounting, estate planning and administration of ceased estates)
- **Managing Member**: Fanie du Preez Brokers CC (From 1999) (An independent brokerage dealing with marketing of short term insurance and life insurance)
- **Managing Trustee**: The Fanie du Preez (Nr. Two) Property Trust (From 1998) (A real estate investment trust)
- **Executor**: Meadow Administration of Estates (From 1999)
- **Peace monitor** for “The Network of Independent Monitors” during the 1994 National Elections
- **Various ad hoc positions** vis-a-vis Management Consulting
- **Nominated** as member of the Board for the Professional Provident Society (PPS) in 2003

Experience as Director and related positions of responsibilities

Several years’ experience in different management positions of which the majority included decision-making and implementing functions. As the Trustee of the Kings Terrace Body Corporate (a major and up market apartment complex in Port Elizabeth) and as a director of a group of companies with close insurance links, known as the Meadow Group, I have close links with and a good working knowledge of the insurance and related fields.

Further I have six years’ experience as an executor of deceased estates and also as trustee of several testamentary and inter vivos trusts these positions require a high degree of responsibility and trust and as such I have gained valuable experience in responsible management and accountability.

**MR ROBERT MURRAY EVANS**

Date of birth: 24 May 1968
Date admitted to PPS Membership: 1 May 1992

Profession: Chartered Accountant

Positions held during Professional Career / Achievements

- **Senior Manager** – Ernst Young
- **Financial Manager**: Varies
- **Sole Practitioner** (Accounting and Auditing)

Experience as a director:

- **Non-Executive Director** – Institute of Natural Resources (Appointment Date : 15 May 2000 (4 years)
- **Director** of various private companies

**ADV KLAUS-DIETER CARL OTTO GARLIPP**

Date of birth: 25 February 1951
Date admitted to PPS Membership: 1 June 1993

Profession: Advocate
Registered Professional Engineer
Tertiary Qualifications: BSc Eng (Civil), Univ of Pretoria (1972)
MSc Eng (Water Utilization) Univ of Pretoria (1978)
Tertiary Education Diploma, Univ of Pretoria (1978)
LLB, Unisa (1984)
LLM, Unisa (1987)

Positions held during Professional Career / Achievements

- **Consulting Engineer** (1973 and 1985 – 1987)
- **Deputy Town and Town Engineer** (1974)
- **Senior Lecturer** (1975 – 1981)
- **Professor** (1982 – 1983) (achieved at age 31)
- **Vice Rector** (1984 – 1985)
- **Rector** (1985) (achieved at age 34)
- **Advocate / Businessman** (1990 to date)

Experience as Director and related positions of responsibilities

- **International lecturing in UK, Denmark, Sweden, Germany and Israel (1978 – 1981)**
- **Rotary International Travel Bursary** (1985)

Management Courses

- **Advanced Executive Programme**, SBL, Unisa (1987)

Experience as a Director

- **Trustee** of 8 body corporates and chairperson of 5 body corporates.
Abbreviated biographical detail (continued)

DR GORDON HERSMAN 84304
Date of birth 7 December 1941
Date admitted to PPS Membership 1 January 1971
Profession General Surgeon
Tertiary Qualifications BSc (Hons) MB ChB (Pta) FRCS (Edin)

Positions held during Professional Career / Achievements
• General Practitioner in Port Elizabeth (1972)
• Surgical Registrar Groote Schuur and JHB General Hospital (1973 – 1979)
• Junior Consultant (1980 – 1983)
• Senior Surgeon, Hillbrow Hospital, JHB and Head of Unit (1983 – 1996)
• Head Accident and Emergency Dept. El Mafraq Hospital, Abu Dhabi, United Arab Emirates (1997)
• Consultant, Trauma Unit, JHB Hospital (1998 – 1999)
• Senior Surgeon, Endocrine Surgery Unit, Ward 394 – JHB Hospital (1999 to date)

Awards and Distinctions
• Distinction in Genetics (BSc) (1965) and Scholarship for BSc (Hons) (1966), Pretoria University
• Davis & Geck Surgical Research Scholarship (1984)
• Tomorrow Golden Achiever Awards (1995)
• Amfest 2000 Playwright of the Year Runner-Up (2000)
• Author of 5 full-length plays – performed at Aardklop Festival and Windybrow Theatre

Management Courses/Director Training
• Diploma in Emergency Medicine, University of Lund, Sweden (1997)

Experience as a Director
• Elected to Board of Trustees of Riepen Hall
• Sat on various hospital committees e.g. Management and Pharmaceutical, Tender Board, Theatre Committee, etc.

MR JOHANNES JACOBUS HURTER 118485
Date of birth 13 September 1941
Date admitted to PPS Membership 1 October 1973
Profession Attorney
Tertiary Qualifications Dip. Prock ; Dip. in Human Rights

Positions held during Professional Career / Achievements
• Member of various Committees of the Law Society of the Northern Province
• Member of the Appeal Tribunal of the General Council of the Bar of South Africa
• Presiding Officer in the Small Claims Court Pretoria

Awards and Distinctions : 
• Gauteng Law Counsel in recognition of his contribution since 10/04/1967 to attorneys profession in Gauteng

Management Courses
• Attended various courses

Experience as a Director
• Director of Ons Eerste Volksbank until date of take over
• Director of various companies including Van Zyl le Roux & Hurter Inc.

DR CHRISTIAN MARTIN (MANNIE) KRÜGER 557095
Date of birth 15 December 1965
Date admitted to PPS Membership 1 December 1989
Profession Family Physician
Tertiary Qualifications MB ChB (Pret) 1989
M Prax Med (Pret) 1995
M Pharm Med (Pret) 2000

Positions held during Professional Career / Achievements
• Intern at Groote Schuur Hospital (1990)
• Medical Officer in SAMS (Military Services) (1991)
• Medical Officer at Pietersburg Hospital (1992)
• Private practice as Family Physician in Pietersburg (1993 – Present)
• Branch Councillor, Soutpansberg Branch, South African Medical Association (SAMA) (1992 – Present)
• President SAMA Soutpansberg Branch (1994)
• Present National Councillor, SAMA (2000)
• Member of Medical and Dental Professions Board (MDB) (1998 – 2003)
• Committee for General Practice (MDB) (1998 – 2003)
• Chairperson, Academy of Family Practice, Limpopo Province (1999 – Present)
• National Councillor, SA Academy of Family Practice (1999 – Present)
• National Councillor, Society of General/Family Practice (SGFP) (1993 – Present)

Awards and Distinctions
• Academic Honours from Pretoria University for obtaining both undergraduate and postgraduate degrees cum laude
• HW Snyman Award (1989) for outstanding contribution to the student community of Pretoria University
• Glaxo Welcome Award (1995) for best student in Family Medicine

JUDGE MANDISA MURIEL LINDELWA MAYA 874758
Date of birth 20 March 1964
Date admitted to PPS Membership 1 November 1994
Profession Judge of the High Court of South Africa (Transkei Division)
Tertiary Qualifications Master of Law (LLM) – May 1990
Bachelor of Law (LLB) – November 1988
Baccalaureus Procurationis (B.Proc) – November 1986

Positions held during Professional Career / Achievements
• Judge of the High Court of South Africa (Transkei Division) – (April 2000)
• Acting Judge of the High Court of South Africa (Transkei Division) (October 1999 – April 2000)
• Advocate of High Court of South Africa (Transkei Division) (January 1994 – June 1999)
• IEC Investigator, Transkei Region, 1994 National Elections
• Assistant State Law Adviser – Department of Justice, Umtata (April 1991 – August 1993)

Smithsonian Institution, Washington DC, USA (June to August 1990)


University of Natal, Durban (1988)
  – Taught street law at local high schools under the tutelage of Prof Mandla Mchunu
  – Worked at the two Legal Aid clinics in Durban and dealt with cases involving administration of estates, labour matters, consumer exploitation and housing problems, pensions, unemployment insurance, workmen’s compensation, MVA claims, problems experienced by domestic and farm workers.

Awards and Distinctions
- Fulbright Scholarship – to study in the USA (1989 – 1990)
- Georgetown University School of Law Women’s Law and Gender Fellowship (1990 – 1991)
- South African Career Development Internship Programme
- Commonwealth Foundation Fellowship (2002)

Date of birth: 19 September 1951.

Date admitted to PPS Membership: 1988

Profession: Attorney

Positions held during Professional Career / Achievements

EMPLOYMENT HISTORY:
- Thereafter, throughout my career, my goal was always to obtain as much and varied experience as possible.
- Have therefore been active in Pharmacy, in Community Pharmacy, Hospital Pharmacy, and the Pharmaceutical Industry:
  - UCB (S.A.) Pty Ltd., as Manager of Technical and Medical Affairs and Deputy to the Managing Director, Reporting to the Executive Director. (1993 – 2000)

Consulting Pharmacist / Freelancer:
- Freelancing or employed as Registration Pharmacist, (various clients) (1986 – 1993)
- Appointed as SA Pharmacy Council ad hoc special investigations (disciplinary) inspector for Western Cape, a one-year appointment ending October 2001. Passed to resident in the W. Cape. (October 2000)
- Sole Proprietor of Medical Projects’ Dimensions, offering legal and technical advice and involvement across the whole spectrum of Pharmacy, including education and training. (Currently)

Professional Activities
- Member of the Pharmaceutical Society of South Africa. Membership number 7654.
- Member of the S. A. Association of Pharmacists in Industry (SAAPI), a sector of the PSSA. Have acted as Chairperson, Past Chair, Treasurer, Secretary. Currently carry the Constitution portfolio.
- Formerly a member of the Executive Committee of the National Association of Pharmaceutical Manufacturers (NAPM), and initiated the Technical Committee, chairing it for a short period.
- Formerly a visiting / guest member of the Pharmaceutical Manufacturers’ Association (PMA) Specialist Working Group in Regulatory Affairs.
- Carried the (SAAPI) portfolio of liaison with the S. Gauteng Branch of the PSSA and therefore sat on that Committee. (2000)
- Former convenor of the task group of the S. Gauteng Branch investigating the introduction of a professional fee for Pharmacists. (2000)

Management Courses:
- Master of Business Leadership Degree to be awarded by UNISA May 2004. The research addresses Corporate Governance.

Experience as a Director:
- Deputy to the Managing Director UCB SA (Pty) Ltd (Pharmaceuticals)
- Managing Director Edison Pharmaceuticals (2000 – 2001)
- Profmed Trustee.

Tertiary Qualifications
- Matriculated (University Entrance) at Athlone Boys High School, Johannesburg; prefect; colours awarded for chess, hockey and cadets; school judo instructor; represented school at cricket and tennis. (1967)
- Bachelor of Arts (BA), University of Witwatersrand. Majors in Law, Latin, Afrikaans and Nederlands. Distinction and highest mark in faculty for Economic History. (1968 – 1971)
- Bachelor of Law (LLB), University of Witwatersrand. Voluntary work for Legal Aid Bureau, Johannesburg during LLB. (1972 – 1973)
- Commenced Articles of Clerkship with FLUXMANS, a leading Johannesburg law firm, at that time consisting of 15 partners. (1974)
- Completed the qualifying law examinations to be admitted as an Advocate in Israel. Distinctions in Property Law (achieved 100%), Criminal Procedure and Constitutional & Administrative Law. (1988)
- Qualified as a JD (Juris Doctor) in the United States of America. (1995)
- Completed the qualifying law examinations at the University of Melbourne to be admitted as an Attorney in Australia. (1996 - 1997)

Positions held during Professional Career / Achievements
- Passed Attorneys Admission Examination. (1975)
- Admitted by the Supreme Court of South Africa as an Attorney. (1976)
Abbreviated biographical detail (continued)

- Retained by FLUXMANS as a professional assistant. (1976 – 1977)
- Admitted as Attorney of the High Court of Lesotho. (1977)
- Joined law firm H. L. CHIMES and admitted to partnership. (1978)
- Admitted by the Supreme Court of South Africa as Notary Public after passing appropriate examination. (1979)
- Commenced own law practice. (1980)
- Admitted as a member of the National Network of Estate Planning Attorneys of America an American Association comprising 1000 Law Firms throughout America. (1995)
- Granted the right of appearance in the Supreme Court of South Africa. (1996)
- Admitted as a member of The Society of Trust and Estate Practitioners, an international association comprising 10500 members in sixty countries entitled to use the letters "TEP" and be described as a Registered Trust and Estate Practitioner. (1998)
- Designed an Estate Planning course for Financial Planners which was accredited by the Financial Planning Institute (FPI). (2000)
- Lectured on business management at the London School of Fashion. (2000 - 2001)
- Admitted as a member of the Life Underwriters Association of South Africa (LUASA). (2001)

Law Society Committees
- Served on the Exchange Control and Company Law Committees of the Law Society

Legal Experience
Presently practicing as a Trust and Estate Planning Attorney with the philosophy of expanding Trust and Estate Planning knowledge.
Appointed to the boards of Trustees of numerous Trusts.

Awards and Distinctions
- Award by the Law Society in recognition of contribution to the Attorneys Profession. (2002)
- Elected as Chairman of the South African branch of The Society of Trust and Estate Practitioners. (2003)
- Appointed as a member of the Europe, Mediterranean, Africa & Indian Ocean region committee of The Society of Trust and Estate Practitioners. (2003)
- Invited to be a member of the editorial board of The Society of Trust and Estate Practitioners worldwide. (2004)

MR SOLOMON MOTSWADI MOOKELETSI 893150
Date of birth 4 October 1961
Date admitted to PPS Membership 1 February 1995
Profession Attorney
Tertiary Qualifications B. JURIS. LL.B.

Positions held during Professional Career / Achievements
- Chairperson – National Association of Democratic Lawyers
- Chairperson – South African Football Association Disciplinary Committee
- Presiding Officer – City Council of Mafikeng (Labour Matters)
- Commissioner – Small Claims Court

MR EBRAIM ABOOBAKER MOOLLA 177986
Date of birth 24 November 1950
Date admitted to PPS Membership January 1977
Profession Attorney
Tertiary Qualifications BUR, Completed 1st year LLB : University of Durban Westville 1972

Positions held in PPS:
- Director of PPS Limited and
PPS Insurance (current)

Positions held during Professional Career / Achievements
- Attorney and Senior Partner of EB Moolia & Singh (Admitted April 1977)
- Served as an Acting Judge in the High Court of South Africa (Venda) (from 1 February 1999 to 31 March 1999 and 9 June 1999 to 15 June 1999)
- Attended the Canadian Justice Linkage Programme for the training of High Court Judges (1 – 6 October 2000)
- Former Chairperson – Chatsworth Legal Circle
- Served on the following committees of the Chatsworth Legal Circle : (i) Estate & Wills Committee; (ii) Publications Committee, (iii) Human Rights Committee
- Serves or has served on the following committees of the Natal Law Society : (i) Estates Complaints Committee (Chairperson), (ii) Human Rights Committee (Chairperson), (iii) Legal Aid Committee (Chairperson), (iv) Communications Committee (Chairperson), (v) Company Law Committee (Chairperson), (vi) Fees Assessment Committee (Chairperson)
- Presently serves on the following standing committees of the Law Society of South Africa : (i) Company Law, (ii) Estates, (iii) Legal Aid
- Served as a special Legal Advisor to the Minister of Justice in respect of the examinations of Detainees held under the State of Emergency in KwaZulu-Natal
- Presently serves as a Member of the Legal Aid Board of South Africa
- Presently serves as a Member of the Insider Trading Directorate of the Financial Services Board
- Presently serves as a Convenor on the course of Legal Ethics and Professional Conduct at the School for Legal Practice University of Natal in conjunction with the Law Society of South Africa
- Serves as a member of the Executive Committee of the Board of Control of the School for Legal Practice at the University of Natal
- Serves on the LSSA Panel of Expert Examiners for the setting of examination on Legal Ethics of the SLP in South Africa
• Presently a member of the Advisory Board of the Durban Best Practice City Commission which was established to make Durban an investor friendly city.

Experience as Director and related positions of responsibilities
• Previously served as a Director on the Board of Nedcor Bank Ltd (Natal) as well as Premanent Bank (Natal)

MR JAMES WITHAM OTTER 337055
Date of birth 13 February 1935
Date admitted to PPS Membership February 1983
Tertiary/Professional Qualifications
• Bachelor of Arts (Social Sciences)
• Diploma in Management Studies (Dept. of Education & Science, U.K. Government)
• Doctor of Philosophy (Business Administration)
• M.Phil (Applied Business Ethics)
• Fellow of the Chartered Institute of Management Accountants
• Fellow of the Chartered Association of Certified Accountants
• Professional Valuer

Positions held during Professional Career / Achievements
• General Manager
• Management Accountant
• Credit Controller
• Financial Director
• Director of Corporate Governance and Business Ethics

Experience as a Director
• Financial Director
• Director of Corporate Governance and Business Ethics

Management courses / Director Training
• Experienced in work study and marketing
• Lecturing and leading seminars
• Management consultancy
• Academic research

Awards and Distinctions
I am the senior partner in Otter Realty, an estate agency with a current turnover of around R75 million. I am effectively the chairman and I am no longer involved in the details of sales.

I am writing two books, one a text book, one a reference book. Last year I was a researcher with the department of applied accountancy UNISA. I researched two articles for accredited publication and conference presentation. I researched and wrote three articles for publication in the CIS journal Boardroom. I wrote tutorials, examination questions with specimen answers.

DR DAVID GUY CROMPTON PRESBURY 124692
Date of birth 18 February 1943
Date admitted to PPS Membership March 1974
Profession Dermatologist
Tertiary Qualifications MB,BS (London) 1966 (St. Thomas’s Hospital)
MRCP (London) 1970
FRCP 1995

Positions held in PPS
Board Member representing SAMA (1993 – 2000)
- Elected Member (2001 – 2004)
Member of the Executive from 1996
Vice-Chairman of Medical Committee
Vice-Chairman of PPS Limited (2003-2004)
Chairman of the PPS RA Fund Trustees (2002-2004)

Positions held during Professional Career / Achievements
• Member of the Executive Committee of the Dermatological Society of South Africa (1975 – 1992)
• Chairman of the Executive Committee of the Dermatological Society of South Africa for four years.
• Member of the Gauteng Branch of MASA/SAMA Committee (1993 – 1999)
• Chairman of the Gauteng Branch of MASA/SAMA Committee (1995-1997)
• Federal/National Councillor of MASA/SAMA (1993-1999)
• Member and Vice-Member of the Science and Education Committee and Chairman of the Guidelines sub-committee.
• President of the Gauteng Branch of MASA/SAMA Committee (2003-2004)

Awards and Distinctions
• Distinguished Service Award of the Dermatological Society of South Africa (2002)

Training
• Inhouse training through PPS on fiduciary duties of directors and trustees, the insurance industry and actuarial and accounting principles.

MR HENRY ROBINS RICH 974845
Date of birth 27 March 1951
Date admitted to PPS Membership 1 July 1986
Profession Attorney
Tertiary Qualifications B.A.LL.B

Positions held during Professional Career / Achievements
• Chairman Law Society – 12 years
• Council Member of Cape Town’s Law Society – 2 years

Awards and Distinctions
• Distinguished Service Award of the Dermatological Society of South Africa (2002)
DR IAN MATTHIAS SANNE 641972
Date of birth 7 March 1967
Date admitted to PPS Membership March 1991

Tertiary Qualifications
- University of the Witwatersrand, Johannesburg
  MBBCCH (WITS), South Africa – (1990)
  FCP (S.A.), South Africa – (1996)
- Registered General Medicine Physician, South Africa – (1997)
- Present – Registered for MMED and PHD

Positions held during Professional Career / Achievements
- The Johannesburg Hospital Johannesburg, South Africa
  Internship (1991)
- Senior House Officer, endocrinology and general medicine (1992)
- Registrar, general medicine on rotation (1993)
- Hillbrow Hospital (pulmonology and general medicine) (1992)
- Jhb Hospital ICU; (Pulmonology and ICU) (1993)
- Hillbrow Hospital; (endocrinology and general medicine) (1993)
- Jhb Hospital Cardiac ICU (1993)
- Hillbrow Hospital; (pulmonology and general medicine) (1994)
- Jhb Hospital; (general Medicine) (1994)
- Papworth Hospital; United Kingdom (cardiothoracic hospital) (1994)
- Lukas Klinik Seminar, Arlesheim, Switzerland (six-week course in anthroposophical medicine) (1994)
- Johannesburg Hospital; Prof. Meyers (nephrology and general medicine); 3 months (1995)
- Johannesburg Hospital; Prof. Frits (neurology); (3 months) (1995)
- Johannesburg Hospital; Prof. Bezwoda (oncology); (4 months) (1995)
- Johannesburg Hospital; Prof. Meyers (general medicine); (4 months) (1995)
- Johannesburg Hospital; Prof. Meyers (renal dialysis unit); (3 months) (1996)
- Helen Joseph Hospital; Prof. Variawa (general medicine); (5 months) (1996)
- Johannesburg Hospital; Prof. Meyers (general medicine); (2 months) (1996)
- Johannesburg Hospital; Prof. Meyers (renal dialysis and transplantation); (6 months) (1997)
- Johannesburg Hospital; Consultant Physician and Head of the Infectious Diseases Clinic (1997/8)
- Director: Clinical Trials Unit, Department of Clinical Microbiology & Infectious Diseases, University of the Witwatersrand, Johannesburg, South Africa, (1999)
- Senior Research Officer and Head of Clinical HIV Research Unit – University of the Witwatersrand, (2000)

Current Position
- Clinical Director and Investigator, Clinical HIV Research Unit, University of the Witwatersrand (1999 to date)

Abstracts and Publications
Various abstracts and publications have been written.

Clinical research, other research and work experience relevant to this study:
- 38 Clinical Trials as Principal Investigator
- 3 Clinical Trials as Investigator

Dr Sanne has been involved in Phase 1,11 and II trials, all of which deal with Infectious Diseases (including HIV Infection, Invasive Fungal Infections & Lymph Node biopsy studies).

MR ASHLEY C SEYMOUR 101224
Date of birth 28 January 1968
Date admitted to PPS Membership 1 April 1996

Profession Chartered Accountant (South Africa)

Tertiary Qualifications Bachelor of Commerce (UWC) Honours B.Compt (Unisa)
- Public Accountants and Auditors Board Qualifying Exam

Positions held during Professional Career / Achievements
- Ernest & Young CA (SA) – Audit Senior
- Financial Services Board – Manager: Inspectorate
- Industrial Development Corporation (IDC) – Senior Account Manager
- Old Mutual Asset Managers (OMAM) – Portfolio Manager
- NSN Corporate Finance – Senior Manager
- Standard Corporate Merchant Bank – Credit Risk and Evaluation Management

Awards and Distinctions
- Shell SA Scholarship (Economics & Accounting) – 2 years
- Stellenbosch Farmer’s Winery Scholarship (Economics & Accounting)
- Pepkor Ltd Scholarship (Accounting)
- Ernst & Young Bursary Award (Top Final Year Undergraduate Accounting Student) – 2 years
- Completed Second and Final Undergraduate Year Economics with Distinction
- UWC Award for obtaining an undergraduate distinction

Management Courses/Director Training
- Development Financing & Investment Management – Global Institute of Infrastructure Finance, Paris France
- Negotiation Skills
- Financial Due Diligence
- IDC in-house Director Development Training

Experience as a Director
- Managing Director – Quena Marine (Pty) Ltd
- Director / Alternate Director of certain IDC Investee companies
- Director / Alternate Director of certain OMAM Investee companies

DR RAJENDRA KUMAR SINGH 73617
Date of Birth 18 February 1962
Date admitted to PPS Membership 1992

Profession Medical Doctor / Dermatologist

Tertiary Qualifications Mbbs (Mysore) F.C. Derm (SA)

Position Held During Professional Career:
- Prince Mshiyeni Hospital (01/01/1993 – 01/05/1994) Medical Officer
- Natal Technikon (Berea Campus)
  Lecturer in Department of Human Biology, Lectured Public Health, Aids, Pathology, Anatomy, Epidemiology to Homoeopathy and Chiropractic and Environmental Health Students. (01/06/1994 – 31/12/1997)
• King Edward VIII Hospital (01/01/1998 – 31/12/1999)
  Registrar – Department of Medicine.
• King Edward VIII Hospital – Registrar
  Department of Dermatology – (01/01/2000 – 30/06/2004)

Awards and Distinctions:
• Ex-United Nations Fellow as an Undergraduate
• Ex-Commonwealth Fellow as an Undergraduate

Management Course / Director Training:
Completed

Experience as A Director:

Membership of Board of Directors
• Jaqueline Mc Arthur International Domestic and International Recruitment
• Member of Board of Directors Amalgamated Health Care
• Trustee: Riverside Hotel Body Corporate
• CEO: Catwalk Investments 133 (Pty) Ltd Medical Aid and Insurance Brokers.

DR IAIN ROBERT GRAHAM THORNTON 66012

Date of birth 31 October 1943
Date admitted to PPS Membership October 1968
Profession Private General Practice
  Faculty Gold Medal (1966)
  Surgery Prize (1966)
  Obstetrics Prize (1966)

Positions held during Professional Career / Achievements
Private General Practice 2000 – 2004 – General Medical Practice
  – Bryanston, Gauteng
Lifecare Group Holdings (1989 to 2000)
  • Lifecare Nursing Homes – Managing Director (Dec 1997 to date)
  • Lifecare Special Health Services : Divisional Director TB
    Services and Projects (Mar 1997 – Dec 1997) (Promotional
    Appointment) in addition to responsibilities as Medical
    Services Manager at 21 hospitals
  • Medical Services Manager : Lifecare Special Health Services
    (Sept 1995 – Mar 1997) (Promotional Appointment)
    – Responsible for patient care at 28 psychiatric, tuberculosis,
      community and frail care hospitals, professional liaison and
      development of multi disciplinary patient care teams,
      development of standards, quality assurance programmes,
      infection control manual and medical and patient care
      policies
    – Group Infection Control Officer : Lifecare
    – Responsible for medical equipment procurement
    – Director National Association of Private Hospitals
  • Project Manager : Kensington Clinic Upgrade – Lifecare
    Clinics (Oct 1994 – Apr 1995)
    – Infection Control Officer for Lifecare Group
    – Director National Association of Private Hospitals
  • Hospital Manager : Delmore Private Hospital – Lifecare Clinics
    (Apr 1993 – Sept 1994)
    – Responsible for operational management, services and
      administration. Liaison with medical and ancillary health
      professionals
    – Member of National Tuberculosis Medical Officer’s Group
    – Elected to Federal Council MASA
    – Chairman Medical Officers’ Group ER SANTA
    – Director Springs Parkland Clinic
    – Member of Board ER SANTA Centre
    – Member of East Rand Branch Council MASA
    – Awarded Paul Harris Fellowship by the Rotary Club of
      Springs Park
    – Director National Association of Private Hospitals
  • Medical Officer : Lifecare Group (Mar 1989 – Mar 1993)
    – Treating patients in geriatric, psychiatric and tuberculosis
      field.
    – Responsibilities included upgrading of all aspects of patient
      care in four hospitals including the development of a multi-
      disciplinary patient care team approach
    – Chairman: Medical Sub-Committee ER SANTA
    – Member of Board ER SANTA Hospital
    – President Rotary Club of Springs Park
    – Medical Advisor to Pilkinton / P G Medical Aid
    – Director Springs Parkland Clinic
    – Medical Officer to Mondi Board Mills
  • Private Medical Practice 1970 to 1989 (19 years)
    • Senior Partner Drs Thornton, De Wet, Van Druten, Burger and
      Van Der Berg (July 1984 – Feb 1989)
      – Member of MASA
      – Member of South African National Practitioner Group
      – Medical Officer to East Rand SANTA (1972 – 1994)
      – Medical Officer to Gillette SA (1975 – 1986)
      – Medical Officer to Irvin and Johnson (1986 – 1987)
      – Member of SA Academy of Family Practice
      – Medical Officer to Mondi Board Mills (1981 – 1991)
      – Appointed Commissioner of Oaths (1985)
      – Member of Board of Directors: Springs Parkland Clinic
      – Honorary Lecturer University Witwatersrand Medical Faculty
      – Consultant to Pilkingtons PG Medical Aid
    • Entered General Practice in Springs as a partner with Drs
      Sacks, Shaff and Hackner (Sept 1971 – July 1984)
    • Registrar: Department of Obstetrics and Gynaecology at Karl
      Bremer Hospital (Jan 1970 – Sept 1971)
    • Medical Officer with SWA Administration at State Hospital,
      – Experience gained in all avenues of medicine including
        leprosy and tuberculosis
      – Acting Medical Superintendent of Rundu State Hospital (Apr
    • Military Training in South African Medical Corps – Rank
      Lieutenant (1968)
    • Internship at Karl Bremer Hospital, Bellville, Cape Province,
      South Africa (1967)
### Abbreviated biographical detail (continued)

<table>
<thead>
<tr>
<th>MR BRANDON RODNEY TOPHAM</th>
<th>1050373</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of birth</td>
<td>7 June 1971</td>
</tr>
<tr>
<td>Date admitted to PPS Membership</td>
<td>April 1998</td>
</tr>
<tr>
<td>Profession</td>
<td>Practicing Attorney of the High Court, Practicing Chartered Accountant</td>
</tr>
<tr>
<td>Tertiary Qualifications</td>
<td>BProc, Bachelor of Accounting Science, Honours Bachelor of Accounting Science, Certificate in the theory of Accountancy, Certificate in Legal Practice, Postgraduate Certificate in Advanced Taxation, Passed finalist of the Chartered Institute of Management Accountants</td>
</tr>
<tr>
<td>Positions held during Professional Career / Achievements</td>
<td>• Secretary of the South African Chapter of Certified Fraud Examiners • Director of TAG Chartered Accountants Incorporated • Director of Topham &amp; Gloy Attorneys Incorporated • Director of Time Airtime (Pty) Ltd • Trustees of various South African Trusts • Past National President of Jaycees South Africa • Past Public Relations Officer of Toastmasters Southern Africa • Division Governor Toastmasters • Past International Vice President of JCI (Jaycess) • Manager Deloitte &amp; Touche Forensic Services • Private Banker – Investec Private Bank • Trained at BDO Spencer Steward Chartered Accountants • Chairman of the Pretoria Student Association of Chartered Accountants</td>
</tr>
<tr>
<td>Awards and Distinctions</td>
<td>• Distinguished Toastmaster • Ambassador of Jaycees South Africa (Honorary Life Membership) • Senator of JCI (Honorary Life Membership)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>DR PJ VAN DER MERWE</th>
<th>430700</th>
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<tbody>
<tr>
<td>Date of birth</td>
<td>28 June 1959</td>
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<tr>
<td>Date admitted to PPS Membership</td>
<td>December 1985</td>
</tr>
<tr>
<td>Profession</td>
<td>General Practitioner Waterkloof, Pretoria</td>
</tr>
<tr>
<td>Tertiary Qualifications</td>
<td>MBChB, MPRAx, MED, DOH, DIPpec, SGR, CITM (USA)</td>
</tr>
<tr>
<td>Positions held during Professional Career / Achievements</td>
<td>• General Practitioner Waterkloof Pretoria • Managing Director Van der Merwe, Malan, Davie Inc, Group Practice at the Little Company of Mary 24 Hour Emergency Unit • Non Executive Director Global Occnet, (Global Occupational Network) • Medical Adviser Sanlam Gauteng • Medical Consultant ABSA Actuaries and Consultants • Medical Adviser Grintek • Medical Adviser Gemas Medical Aid Fund</td>
</tr>
<tr>
<td>Experience as Director</td>
<td>• National Chairman Sasimu (South African Society of Insurance Medical Underwriters) (1996 – 2000) • Director Occupational Health Institute</td>
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</table>

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<tr>
<th>DR KANTILAL VALLABH</th>
<th>235230</th>
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<tbody>
<tr>
<td>Date of birth</td>
<td>1 December 1948</td>
</tr>
<tr>
<td>Date admitted to PPS Membership</td>
<td>1979</td>
</tr>
<tr>
<td>Profession</td>
<td>General Medical Practitioner</td>
</tr>
<tr>
<td>Tertiary Qualifications</td>
<td>B.Sc (Hons), MB.BCh (Wits)</td>
</tr>
<tr>
<td>Positions held during Professional Career / Achievements</td>
<td>• Lecturer in Histology and Embryology in Dept. of Anatomy at Wits Medical School • Senior Medical Officer Leratong Hospital • Solo Private Practice in Roodepoort • Part Time Mine Medical Officer to Westrand Consolidated Mines and Durban Roodepoort Deep Mine • President of SA Medical Association West Rand Branch • Executive Member of SA Medical Association West Rand Branch • Editor of Newsletter of SAMA West Rand Branch</td>
</tr>
<tr>
<td>Awards and Distinctions</td>
<td>• Victor Kark Scholarship for BSc HONS • NUSED Scholarship for Medical Studies</td>
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<tr>
<th>JUDGE RALPH HIRSCH ZULMAN</th>
<th>49709</th>
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<tbody>
<tr>
<td>Date of birth</td>
<td>23 September 1938</td>
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<tr>
<td>Date admitted to PPS Membership</td>
<td>1 June 1966</td>
</tr>
<tr>
<td>Profession</td>
<td>Judge</td>
</tr>
<tr>
<td>Tertiary Qualifications</td>
<td>B.Com LLB (Wits), LL.M (Tulane USA), Higher Dip. Tax (Wits)</td>
</tr>
<tr>
<td>Positions held in PPS:</td>
<td>Director of PPS Limited (2000 to date) Trustee of PPS Beneficiaries Trust (2000 to date)</td>
</tr>
<tr>
<td>Positions held during Professional Career / Achievements</td>
<td>• Chairman of the General Council of the Bar of SA and of the Johannesburg Bar Council • Chairman of the Rules Board • Chairman of the Law Commission’s Insolvency Committee • Chairman of the Swaziland Council • Chairman of SA Yad Vahshem and Jewish Lawyer’s Association • Editor of South African Income Tax Practice Manual</td>
</tr>
<tr>
<td>Awards and Distinctions</td>
<td>• Ford Foundation Scholarship • Honorary Life Member of SA Institute of Arbitrators • Senior Counsel</td>
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</table>
Form of proxy
for the Annual General Meeting to be held at 18h00 on 21 June 2004

PROFESSIONAL PROVIDENT SOCIETY LIMITED (LIMITED BY GUARANTEE)
(COMPANY INCORPORATED UNDER SECTION 19(1)(B))
(REGISTRATION NUMBER 2001/011016/09)

(*the company*)

I, ________________________________, Membership No _______________________________

of ________________________________________________________ being a member of the company, hereby appoint

______________________________________________________ of _____________________________________________
or failing him ___________________________________________ of _____________________________________________
or failing him the Chairman of the meeting as my proxy to attend and speak and vote on a poll for me and on my

behalf at the meeting of the company to be held at 18h00 on 21 June 2004 at 6 Anerley Road, Parktown,

Johannesburg, and at any adjournment thereof, as follows:

<table>
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<tr>
<th>No.</th>
<th>BUSINESS</th>
<th>In favour of</th>
<th>Against</th>
<th>Abstain</th>
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<tbody>
<tr>
<td>1</td>
<td>Ordinary resolution for the adoption of the Annual Financial</td>
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<td></td>
<td>Statements for the year ended 31 December 2003</td>
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<tr>
<td>2</td>
<td>Ordinary resolution for the re-appointment of the Auditors</td>
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<tr>
<td>3</td>
<td>Ordinary resolution for the election and appointment of directors:</td>
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<tr>
<td>3</td>
<td>***Dr D G C Presbury (medical)</td>
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<td></td>
<td>***Judge R H Zulman (law)</td>
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<td></td>
<td>Dr L Aldum (medical)</td>
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<td></td>
<td>Dr AW Barday (medical)</td>
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<td></td>
<td>Mr CA Clark (chartered accountant)</td>
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<td>Mr AS Crawford (director)</td>
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<td>Mr W du Preez (management specialist)</td>
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<td></td>
<td>Mr RM Evans (chartered accountant)</td>
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<td>Adv KDCO Garlipp (law)</td>
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<td></td>
<td>Dr G Hersman (medical)</td>
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<td></td>
<td>Mr JJ Hurter (law)</td>
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<td></td>
<td>Dr CM Krüger (medical)</td>
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<td>Judge MML Maya (law)</td>
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<td></td>
<td>Mrs TE Mcwilliam (pharmacist)</td>
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<td>Mr MR Messias (law)</td>
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<td>Mr SM Mookeletsi (law)</td>
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<td></td>
<td>Mr EA Moolla (law)</td>
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<td></td>
<td>Mr JW Otter (accountant)</td>
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<td>Mr HR Rich (law)</td>
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<td></td>
<td>Dr IM Sanne (medical)</td>
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<td></td>
<td>Mr AC Seymour (chartered accountant)</td>
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<td></td>
<td>Dr R Singh (medical)</td>
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<td></td>
<td>Dr RG Thornton (medical)</td>
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<td>Mr BR Topham (chartered accountant / law)</td>
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<td></td>
<td>Dr K Vallabh (medical)</td>
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<td></td>
<td>Dr PJ van der Merwe (medical)</td>
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</tbody>
</table>

(In terms of the articles of association the maximum number of directors that must be elected and appointed
at the meeting is FOUR).

*** Directors who will retire at the meeting by rotation, in accordance with the articles of association and,
being eligible offer themselves for re-election and re-appointment.

(Indicate instruction to proxy by way of a cross in space provided above).

SIGNED this ________________________________day of _______________________________________________2004.

PROFESSION _______________________________________ Signature_____________________________________

(Note: A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll
vote in his stead, and such proxy need not also be a member of the Company).
Form of Proxy (continued)

NOTES:
- The proxy form must be signed, dated and returned so as to reach the registered office of the company at least 48 (forty eight) hours before the time for holding the meeting and may be returned in any manner set out below.
- The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her proxy in the blank spaces provided for that purpose.
- The completion and lodging of this form of proxy will not preclude the signatory from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
- If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution.

Return options

Either

Deliver to:
The Company Secretary
6 Anerley Road
Parktown

or

Post to:
The Company Secretary
PO Box 1089
Houghton
2041

or

Fax to:
The Company Secretary
(011) 644-4307

TO BE RECEIVED BY 18H00 on 19 June 2004.