



SAAB



GEMAS AGM

Grintek Electronics 2018

Registered Office:

Universal House, 15 Tambach Road, Sunninghill Park, Sandton | Private Bag X1897, Rivonia, 2128, South Africa
Tel +27 11 591 8207 | Fax +27 11 208 1028 | Email Gemasa@universal.co.za | Web www.universal.co.za

GEMAS

Grintek Electronics AGM 2018

19 May 2018

Dear Member,

NOTICE IS HEREBY GIVEN that the Twenty Third Annual General Meeting of members of the Grintek Electronics Medical Aid Scheme will be held at the **OFFICES OF SAAB Grintek Defence (PTY) LTD, 185 WITCH-HAZEL AVENUE, HIGHVELD, TECHNOPARK, CENTURION** on **WEDNESDAY, 20 JUNE 2018** at **09:00** for the purpose of transacting the following business:

AGENDA

1. To confirm the Minutes of the previous Annual General Meeting of members held on 21st of June 2017.
2. To receive and consider the Annual Financial Statements for the year ended 31 December 2017, together with the Report of the Auditors.
3. To appoint the Auditors for the ensuing year.
4. Trustee elections.
5. Confirmation of Trustees:

R Bennett	Member Trustee
R De Bruto	Employer Trustee
B Talazo	Employer Trustee
E Lourens	Employer Trustee
6. To transact such other business as may be transacted at an Annual General Meeting. In terms of the Rules, notices of motions to be placed before the Annual General Meeting must be in writing and must reach the Principal Officer not later than seven days prior to the date of the meeting.
7. General

BY ORDER OF THE BOARD OF TRUSTEES
19 May 2018

GRINTEK ELECTRONICS MEDICAL AID SCHEME

MINUTES OF MEETING OF THE TWENTY-SECOND ANNUAL GENERAL MEETING OF MEMBERS OF THE GRINTEK ELECTRONICS MEDICAL AID SCHEME, HELD IN THE KILIMANJARO BOARDROOM, SAAB GRINTEK TECHNOLOGIES, BUILDING 15, 58 OAK AVENUE, HIGHVELD, TECHNOPARK, CENTURION, ON WEDNESDAY, 21 JUNE 2017 AT 09H30.

- | | |
|--|----------------------|
| <p>1. PRESENT:</p> <p>Mr Manie Maree - Chairperson
Mr Gustav Engelbrecht - Member and Trustee
Mr Gerry Mattheyse - Member and Trustee
Ms Brenda Talazo - Member and Trustee
Mr Rudi Bennett - Member and Trustee
Ms René du Bruto - Member and Trustee</p> <p>15 members as per attendance register.</p> <p>IN ATTENDANCE:</p> <p>Mr Bernard le Roux - Principal Officer
Mr Mark Bayley - Universal Healthcare
Ms Hélana Ueckermann - Universal Healthcare
Mr Kabelo Mokoena - Universal Healthcare
Ms Keshni Arjune - Universal Healthcare
Ms Debbie Worton - Universal Healthcare
Ms Vanessa Venter - Universal Healthcare</p> | <p>Action</p> |
| <p>2. APOLOGIES:</p> <p>No apologies were received</p> <p>The notice calling the meeting was taken as read.</p> | |
| <p>3. QUORUM:</p> <p>The Chairperson welcomed those present and advised that the meeting had been publi-cised as per the Rules of the Scheme and as the necessary quorum was present, he de-clared the meeting properly constituted.</p> <p>The Chairperson welcomed those present and advised that the meeting had been publi-cised as per the Rules of the Scheme and as the necessary quorum was present, he de-clared the meeting properly constituted</p> | |
| <p>4. NOTICE OF MOTION:</p> <p>The Principal Officer reported that no motions had been received. The Chairperson re-quested that all matters of a personal nature be dealt with after the meeting; the purpose of meeting is to approve the Annual Financial Statements for the year ending 31 December 2016.</p> | |
| <p>5. CONFIRMATION OF MINUTES OF TWENTY-FIRST ANNUAL GENERAL MEETING HELD ON 15 JUNE 2016:</p> <p>The Minutes of the Twenty-First Annual General Meeting held on 15 June 2016 having been circulated with the notice of the meeting, were proposed by Mr Engelbrecht and seconded by Mr Mattheyse as a true record of the proceedings.</p> | <p>Action</p> |

6. TO RECEIVE THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016:

The annual financial statements of the Scheme for the year ended 31 December 2016 had been circulated to members.

For information purposes the Principal Officer drew attention to the following:

- Grintek Electronics Medical Aid Scheme is a closed scheme, belonging to the members of Saab Grintek Defense and Saab Grintek Technologies, exclusively. In reviewing the level of benefits and contributions of the Scheme to other schemes it confirms that GEMAS continues to provide members with value for money medical cover.
- GEMAS exceeded the Council of Medical Schemes requirement in terms of its Solvency ratio and the Board of Trustees continues to monitor the Scheme's solvency and compliance to the Medical Scheme's Act.
- Members are encouraged to manage their medical expenditure and thereby assisting in managing contribution increases going forward.

The Chairperson added that the Scheme in sound financial position and the Board is comfortable with the financial performance of the Scheme.

Mr Mattheyse asked the Principal Officer to advise the meeting as to how the reserves of the Scheme can be increased. The Principal Officer confirmed to the meeting that the reserves of the Scheme can be increased as follows:

- The Scheme could increase its membership.
- An increase in the Investment Income received by the Scheme.
- Although not desirable the Scheme could elect to reduce benefits.
- The Scheme could elect to increase contributions.

By law Prescribed Minimum Benefits are paid by the scheme in full.

Mr Engelbrecht informed the meeting that the Board of Trustees continue to monitor the performance of the scheme reviewing healthcare costs taking into consideration medical inflation vs. CPI, he added that medicine prices in South Africa are legislated. Mr Engelbrecht encouraged the meeting to put forward any benefit design ideas.

As there were no further questions and comments, the Chairperson moved that the Annual Financial Statements for the year ended 31 December 2016 be adopted and that all matters and actions undertaken by the Administrators on behalf of the Scheme be confirmed. The motion was duly seconded by Mr Mattheyse and Ms Kruger.

7. TO APPOINT AUDITORS FOR THE ENSUING YEAR:

The Chairperson proposed that the current auditor PwC be re-appointed as auditors for the 2017 audit.

The proposal was duly seconded by Ms Kruger and carried unanimously.

Action

8. CONFIRMATION OF TRUSTEES:

In terms of the Scheme rules, no election of trustees is required.
Mr J Botha had resigned from the Board of Trustees and Mr M Maree was elected as Chairperson.

The Board of Trustees was confirmed as follows:

Employer Appointed Trustees

Mr Manie Maree (Chairperson)
Ms Brenda Talazo
Ms René de Bruto

Member Elected Trustees

Mr Rudie Bennett
Mr Gustav Engelbrecht
Mr Gerry Mattheyse

9. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT THE ANNUAL GENERAL MEETING OF WHICH DUE NOTICE HAS BEEN GIVEN.

The Chairperson noted that no motions had been received.

10. GENERAL:

Chairperson thanked the Administrators and the trustees for their efforts Mr Bayley thanked GEMAS for the privilege to work with the Scheme.

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

DATE

CHAIRPERSON

**EXTRACTS FROM THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
OPERATIONAL STATISTICS**

	2017	2016
Average number of members during the accounting period	760	721
Average number of beneficiaries during the accounting period	1 714	1 678
Net contributions per average beneficiary per month (R)	1 864	1 674
Relevant healthcare expenditure per average beneficiary per month (R)	1 855	1 681
Average age of beneficiaries	36,62	36,33
Pensioner ratio at 31 December	8,07	7,93
Average accumulated funds per member at year end (R)	26 881	29 799
Solvency ratio (%)	51,98%	63,80%

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	2017 R	2016 R
ASSETS		
Non-current assets		
Investments held at fair value through profit or loss	6 206 757	5 679 646
Current assets		
Trade and other receivables	18 048 089 3 386 964	20 230 895 2 603 937
Cash and cash equivalents	14 661 125	17 626 958
Total assets	24 254 846	25 910 541
FUNDS AND LIABILITIES		
Members' funds		
Accumulated funds	20 752 013 20 752 013	21 931 877 21 931 877
Current liabilities		
Outstanding claims provision	3 502 833 1 927 730	3 978 664 652 495
Trade and other payables	1 575 103	3 326 169
Total funds and liabilities	24 254 846	25 910 541

**STATEMENT OF COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	R	R
Risk contribution income	38 333 301	33 715 203
Relevant healthcare expenditure	(38 143 336)	(33 846 281)
Net claims incurred	(37 452 450)	(33 240 135)
Claims incurred	(37 452 450)	(33 240 135)
Third party claims recoveries	-	-
Managed healthcare services (no risk transfer)	(676 209)	(617 687)
Net income / (expense) on risk transfer arrangement	(14 677)	11 541
Risk transfer arrangement fees	(128 513)	(103 688)
Recoveries from risk transfer arrangement	113 836	115 229
Gross healthcare result	189 965	(131 078)
Administration expenses	(3 122 612)	(2 733 823)
Net impairment losses on healthcare receivables	13 235	(14 126)
Net healthcare result	(2 919 412)	(2 879 027)
Other income		
Investment income	1 774 693	1 628 788
Other expenditure		
Asset management fees	(35 145)	(33 758)
Total comprehensive loss for the year	(1 179 864)	(1 283 997)

	Accumulated funds	Total member's funds
	R	R
Balance at 1 January 2016	23 215 874	23 215 874
Total comprehensive loss for the year 2016	(1 283 998)	(1 283 998)
Loss for the year	(1 283 997)	(1 283 997)
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 31 December 2016	(21 931 877)	(21 931 877)
Total comprehensive loss for the year 2017	(1 179 864)	(1 179 864)
Loss for the year	(1 179 864)	(1 179 864)
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 31 December 2017	20 752 013	20 752 013

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	R	R
Cash flows from operating activities		
Cash utilised in operations before working capital changes	(1 700 779)	(1 508 847)
Working capital changes:		
Increase in trade and other receivables	(783 027)	(2 162 537)
Increase in trade and other payables	(1 751 066)	2 164 618
Increase/(Decrease) in outstanding claims provision	1 275 235	288 450
Cash utilised in operating activities	(2 959 637)	(1 218 316)
Cash flows from investing activities		
Purchase of investments	(1 220 200)	(1 238 596)
Proceeds on disposal of investments	1 098 853	1 109 940
Dividends received	150 296	155 668
Asset management fees	(35 145)	(33 758)
<i>Cash utilised in investing activities</i>	(6 196)	(6 746)
Net decrease in cash and cash equivalents	(2 965 833)	(1 225 062)
Cash and cash equivalents at the beginning of the year	17 626 958	18 852 020
Cash and cash equivalents at the end of the year	14 661 125	17 626 958

NB: Please note that a full set of the audited Annual Financial Statements is available on our website at www.gemas.co.za. Copies will be available at the Annual General Meeting.



Independent Auditor's Report

To the Members of Grintek Electronics Medical Aid Scheme

Report on the Financial Statements

Opinion

We have audited the financial statements of Grintek Electronics Medical Aid Scheme (the Scheme), set out on pages 16 to 47, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View 2090
Private Bag X36, Sunninghill 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madiwane, J S Maseondo, P J Mthibhe, C Richardson, F Tonnell, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View where a list of directors' names is available for inspection.
Reg. no. 1999/012056/21, VAT reg no. 4950174682



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="232 336 471 355"><i>Outstanding claims provision</i></p> <p data-bbox="169 355 566 475">The outstanding claims provision ("IBNR") of R1,927,730 at year-end as described in Note 5 to the financial statements, is a provision recognised for the estimated cost of healthcare benefits that have been incurred prior to year-end but that were only reported to the Scheme after year-end.</p> <p data-bbox="169 496 561 576">The outstanding claims provision is calculated by the Scheme's management, reviewed by the Audit Committee and recommended to the Board of Trustees for approval.</p> <p data-bbox="169 596 555 636">The outstanding claims provision is calculated as follows:</p> <ul data-bbox="202 660 566 924" style="list-style-type: none"> <li data-bbox="202 660 566 780">• Actual claims notified and assessed during the two months succeeding the financial year end of the Scheme, relating to the year under review, which historically approximates 84.68% of the total outstanding claims for the year; and <li data-bbox="202 783 566 924">• An estimate of claims, using claims run off tables, for the third and subsequent months succeeding the financial year of the Scheme. Historical claims development information is used on the assumption that this pattern will occur again in the future. <p data-bbox="169 944 566 1043">Included in the outstanding claims provision, as described in note 5 to the financial statements, is one exceptionally high value claim amounting to R1,400,000, which was provided for in addition to the estimated provision as mentioned above.</p> <p data-bbox="169 1064 561 1206">We identified this as a matter of most significance to the audit because of the uncertainty in the projected claims pattern. A material change in the projected claims pattern, a change in timing of settlement or a change in value of a claim can cause a material change to the amount of the provision.</p>	<p data-bbox="591 355 960 435">For a sample of actual claims received in the 2017 financial year, we tested the accuracy of the service and process dates and we identified no inconsistencies.</p> <p data-bbox="591 456 953 555">We made use of data analytics and tests of details to substantively test the relevant claim rules against which the actual claims received by the Scheme are assessed for completeness and validity of actual claims data.</p> <p data-bbox="591 576 975 675">The claims data that was included in the Scheme's calculation was agreed to the actual claims data that was tested above in the member administration system with no material differences noted.</p> <p data-bbox="591 695 964 799">We obtained an understanding from the Scheme's management regarding the process to calculate the outstanding claims provision. The calculation applied by the Scheme is generally applied within the medical scheme industry.</p> <p data-bbox="591 820 949 919">To test the reasonableness of the Scheme's estimation process we compared actual claim results in the current year to the prior year provision and no material differences were noted.</p> <p data-bbox="591 940 956 1059">We obtained the treatment pre-authorisations approved prior to year-end from management and selected a sample to assess if any of the selected claims were excluded from the year-end IBNR. We noted an immaterial difference in this regard.</p> <p data-bbox="591 1080 960 1184">We enquired from management whether there were delays in processing claims at year-end that could possibly impact the run-off of claim patterns subsequent to year-end. Management confirmed that there were no such delays.</p> <p data-bbox="591 1204 972 1303">We obtained the actual claims run-off report up to 31 March 2018 from the Scheme's management and compared the run-off data per the report to the results of our testing described above. We found it to be consistent.</p> <p data-bbox="591 1324 945 1404">For the high value claim of R1,400,000 we inspected the invoice received after year-end and differences were noted, which were not material.</p>



Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the Grintek Electronics Medical Aid Scheme Annual Financial Statements for the year ended 31 December 2017, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

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

In preparing the financial statements, the Scheme trustees are responsible for assessing the Scheme ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions



- may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa as amended that have come to our attention during the course of our audit:

- Section 33(2)(b) of the Medical Schemes Act of South Africa: The benefit option of the Scheme was not self-supporting in terms of financial performance, as disclosed in note 16 of the financial statements.

PricewaterhouseCoopers Lc.
PricewaterhouseCoopers Inc.
Director: FJ Krüger
Registered Auditor
Johannesburg
26 April 2018



Administered by:
UNIVERSAL HEALTHCARE ADMINISTRATORS (PTY) LTD



Universal
Administrators