NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
(Registration No. 99/369)

ANNUAL FINANCIAL STATEMENTS
31 MARCH 2009

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

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CONTENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the corporation are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The corporation's independent external auditors have audited the annual financial statements and their report appears on page 2.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the corporation will not remain a going concern for the foreseeable future.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 3 to 25 were approved by the board of directors on 18 August 2009 and are signed on their behalf by:

Director

Director

Deloitte

PO Box 47
Windhoek
Namibia

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED

We have audited the annual financial statements of Namibia National Reinsurance Corporation Limited, which comprise the balance sheet as at 31 March 2009, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 25.

Directors' Responsibility for the Financial Statements

The corporation's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Namibia National Reinsurance Corporation Act, 1998. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namibia National Reinsurance Corporation Limited at 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Namibia National Reinsurance Corporation Act, 1998 and the Namibian Companies Act.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per VJ Mungunda
Partner
9 October 2009

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
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REPORT OF THE DIRECTORS
for the year ended 31 March 2009

The directors have pleasure in presenting their report on the activities of the corporation for the year ended 31 March 2009.

NATURE OF BUSINESS

The corporation transacts several classes of insurance business.

RESULTS FOR THE YEAR

The results for the year are fully set out in the attached annual financial statements.

DIVIDEND

A dividend of N$725 000 was declared during the current year (2008: N$2 000 000).

SHARE CAPITAL

The authorised and issued share capital of the corporation remained unchanged during the current year.

DIRECTORS AND SECRETARY

The directors in office during the year and at the date of this report are as follows:

- M S Dax (Chairperson)
- A C Nakale-Kawana (Managing Director)
- N Kasuto
- R R Kamehozu
- I Gei-Khoibeb
- D Keendjele
- M Kavekotora

The board members term of office expired on 3rd March 2009 and their term was extended for another six months on 17th June 2009 retrospectively to the 3rd of March 2009 until the 3rd of September 2009.

Secretary: Until 31 January 2009 - CR van Wyk & Co.
Since 1 February 2009 - Vacant

Business address:
2nd Floor, Capital Centre
Levinson Arcade
Independence Avenue
Windhoek
Namibia

Postal address:
P O Box 716
Windhoek
Namibia

HOLDING CORPORATION

The corporation is a wholly-owned subsidiary of the Government of the Republic of Namibia.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report, which significantly affects the financial position of the corporation or the results of its operations.

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
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INCOME STATEMENT
for the year ended 31 March 2009

	Notes	2009 N$	2008 N$
NET PREMIUMS EARNED		63 974 994	57 740 982
Premiums written		81 189 280	69 587 263
Reinsurance premiums written		(17 738 826)	(10 887 404)
Net premiums written		63 450 454	58 699 859
Change in provision for unearned premiums	7	524 540	(958 877)
CLAIMS, COMMISSION AND EXPENSES		(58 694 901)	(53 278 430)
Claims incurred		47 569 391	39 320 058
Claims paid		43 855 407	39 963 741
Less: Claims outstanding at beginning of year		(5 342 500)	(5 986 183)
		38 512 907	33 977 558
Add: Claims outstanding at end of year		9 056 484	5 342 500
Reinsurance recoveries attributable to claims incurred		(7 516 137)	(5 460 977)
Claims incurred net of recoveries		40 053 254	33 859 081
Net commission paid		13 652 479	14 612 771
Commission paid		18 856 397	17 463 027
Less: commissions received		(5 203 918)	(2 850 256)
Management expenses	3	4 989 168	4 806 578
UNDERWRITING SURPLUS		5 280 093	4 462 552
Net finance income	4	8 608 521	6 811 010
PROFIT BEFORE TAXATION		13 888 614	11 273 562
Taxation	1.21	-	-
PROFIT for the year		13 888 614	11 273 562

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
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BALANCE SHEET
at 31 March 2009

	Notes	2009 N$	2008 N$
ASSETS			
NON-CURRENT ASSETS		14 233 054	5 413 822
Property, plant and equipment	5	3 770 602	72 561
Intangible assets	6	1 782	6 657
Investments	8	10 460 670	5 334 604
TECHNICAL ASSETS		11 447 902	7 822 124
Reinsurers' share of unearned premiums	7	834 271	851 439
Reinsurers' share of outstanding claims		1 493 378	814 965
Premium debtors		9 120 253	6 155 720
CURRENT ASSETS		71 961 490	69 527 265
Investments	8	57 090 131	59 401 201
Staff loans and prepayments		80 573	79 208
Cash and cash equivalents		14 790 786	10 046 856
TOTAL ASSETS		97 642 446	82 763 211
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		73 991 681	60 828 067
Share capital	9	20 000 000	20 000 000
General reserve	10	26 351 965	22 879 812
Staff welfare reserve	11	541 108	335 565
Retained income		27 098 608	17 612 690
TECHNICAL PROVISIONS		22 628 158	20 384 360
Premium reserve		155 684	514 708
Reinsurance premium creditors		1 912 794	2 388 407
Gross provision for unearned premiums	7	5 483 411	6 025 119
Gross outstanding claims		9 056 484	5 342 500
Provision for unexpired risks		6 019 785	6 113 626
CURRENT LIABILITIES			
Accounts payable		1 022 607	1 550 784
TOTAL EQUITY AND LIABILITIES		97 642 446	82 763 211

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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2009

	Share capital N$	General reserve N$	Staff welfare fund N$	Retained income N$	Total N$
BALANCE at 1 April 2007	20 000 000	17 243 031	343 233	13 968 241	51 554 505
Profit for the year	-	-	-	11 273 562	11 273 562
Dividends declared	-	-	-	(2 000 000)	(2 000 000)
Transfer to general reserve	-	5 636 781	-	(5 636 781)	-
Transfer from staff welfare fund	-	-	(7 668)	7 668	-
BALANCE at 31 March 2008	20 000 000	22 879 812	335 565	17 612 690	60 828 067
Profit for the year	-	-	-	13 888 614	13 888 614
Dividends declared	-	-	-	(725 000)	(725 000)
Transfer to general reserve	-	3 472 153	-	(3 472 153)	-
Transfer to staff welfare fund	-	-	205 543	(205 543)	-
BALANCE at 31 March 2009	20 000 000	26 351 965	541 108	27 098 608	73 991 681

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CASH FLOW STATEMENT
for the year ended 31 March 2009

	Notes	2009 N$	2008 N$
CASH FLOWS FROM OPERATING ACTIVITIES		11 296 165	14 408 730
Cash premium receipts from policy holders		77 908 430	73 395 736
Cash reinsurance recovery and commission receipts		12 041 642	8 774 598
Cash claims, commission, reinsurance and expenses paid to policy holders, suppliers and employees		(86 537 428)	(72 572 614)
Cash generated by operations	A	3 412 644	9 597 720
Net finance income		8 608 521	6 811 010
Dividends paid	B	(725 000)	(2 000 000)
CASH FLOWS FROM INVESTING ACTIVITIES		(6 552 235)	(17 206 535)
Purchases of property, plant and equipment		(3 737 238)	(33 092)
Increase in investments		(2 814 997)	(17 173 743)
Proceeds on the disposal of property, plant and equipment		-	300
NET INCREASE IN CASH AND CASH EQUIVALENTS		4 743 930	2 797 805
Cash and cash equivalents at beginning of year		10 046 856	12 844 661
CASH AND CASH EQUIVALENTS AT END OF YEAR	C	14 790 786	10 046 856

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
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CASH FLOW STATEMENT (continued)
for the year ended 31 March 2009

Notes to the cash flow statement:

	2009 N$	2008 N$
A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS:		
Profit before taxation	13 888 614	11 273 562
Adjusted for:		
Depreciation	39 197	47 864
Amortisation of intangible asset	4 875	7 872
Net finance income	(8 608 521)	(6 811 010)
Profit on the disposal of property, plant and equipment	-	(300)
	5 324 165	4 517 988
Changes in working capital:	(1 911 521)	5 079 732
Increase in staff loans and prepayments	(1 365)	(47 902)
(Increase)/Decrease in technical assets	(3 625 778)	4 499 761
Increase in technical provisions	2 243 799	130 436
(Decrease)/Increase in accounts payable	(528 177)	497 437
Cash generated by operations	3 412 644	9 597 720
B. DIVIDENDS PAID		
Balance at beginning of year	-	-
Dividends declared	(725 000)	(2 000 000)
Balance at end of year	-	-
Dividends paid	(725 000)	(2 000 000)
C. CASH AND CASH EQUIVALENTS		
Bank balances and cash	11 451	11 781
Call and 32 day notice accounts	14 779 335	10 035 075
	14 790 786	10 046 856

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

1. ACCOUNTING POLICIES

The Corporation's audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The corporation prepares its audited financial statements on a going concern basis using the historical cost basis, except for certain financial assets and liabilities where it adopts the fair value basis of accounting.

The corporation's principal accounting policies are as follows:

1.1 Recognition of assets

The corporation recognises assets when it obtains control of a resource as a result of past events, and from which future economic benefits are expected to flow to the enterprise.

The corporation discloses a contingent asset where, as a result of past events, it is highly likely that economic benefits will flow to it, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the corporation's control.

1.2 Insurance funds

The insurance funds represent the unearned portion of premiums received during the year but relating to periods of risk extending beyond the end of the financial year, and are calculated by estimating the proportion of annual premiums that relate to future periods.

1.3 General reserve

The general reserve as required by the Namibia National Reinsurance Corporation Act, 1998, is provided for in full out of the reserves available for distribution. The annual transfer to reserves is to be 50% of annual net profits until such time as the general reserve equals or exceeds authorised share capital, when 25% of annual net profits are to be transferred.

1.4 Outstanding claims

Provision is made for the estimated cost of claims (net of anticipated recoveries under reinsurance arrangements) notified but not settled at the balance sheet date and the estimated cost of claims incurred but not reported at that date. The provision for claims incurred but not reported is calculated on the best available information of historical trends and management's estimates of future claims costs. No additional "unexpired risk" provision is made as management considers the "outstanding claims" and "unearned premiums" provisions to be adequate provision for anticipated future operational losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

1.5 Property, plant and equipment

The corporation carries property, plant and equipment at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the corporation and the cost of the item can be measured reliably.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives to their net residual values. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Current annual rates of depreciation applied are:

- Computer equipment 33.3%
- Furniture and equipment 20.0%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.6 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation. Intangible assets were previously reported under property, plant and equipment. Amortisation is charged on a straight-line basis over their estimated useful lives.

1.7 Impairment of assets

At each balance sheet date, the corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately and are treated as exceptional items.

1.8 Financial instruments

Financial assets

The corporation's principal financial assets are bank cash and cash equivalents, trade receivables and investments.

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, discounted at the market rate of interest for similar borrowers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

1.8 Financial instruments (continued)

Financial assets (continued)

Held-to-maturity investments

Bills of exchange with fixed or determinable payments and fixed maturity dates that the corporation has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest rate method less impairment, with revenue recognised on an effective yield basis.

Dividend income is brought to account when the last day of registration falls within the accounting period.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Significant financial liabilities and equity instruments include finance lease obligations, overdrafts and trade and other payables.

Interest-bearing bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market or call instruments.

1.10 Provisions

Provisions are recognised when the corporation has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

Provisions are measured at the best estimate of the cost required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

1.11 Premium income

Premiums written are accounted for in the period in which the risk incepts. Unearned premiums are carried forward on the basis set out in note 1.2 above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

1.12 Insurance contracts

Contracts entered into by Insurance operation with reinsurers under which it is compensated for losses on one or more contracts issued by Insurance operation and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Insurance operation is entitled under its reinsurance contracts held are recognised as reinsurance assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

1.13 Reinsurance contracts

The Insurance operation assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Insurance operation reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

The Insurance operation gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

1.14 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the corporation reduces the carrying amount of the insurance receivable accordingly and recognises the impairment loss in the income statement. The corporation gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated following the same method used for these financial assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

1.15 Derecognition of assets and liabilities

The corporation derecognises an asset when the contractual rights to the asset expires, where there is a transfer of the contractual rights that comprise the asset, or the corporation retains the contractual rights of the assets but assume a corresponding liability to transfer these contractual rights to another party and consequently transfers the substantially all the risks and benefits associated with the asset.

Where the corporation retains substantially all the risks and rewards of ownership of the financial asset, the corporation continues to recognise the financial asset.

If a transfer does not result in derecognition because the corporation has retained substantially all the risks and rewards of ownership of the transferred asset, the corporation shall continued to recognise the transferred asset in its entirety and shall recognise a financial liability for the consideration received. In subsequent periods, the corporation shall recognise any income on the transferred asset and any expense incurred on the financial liability.

Where the corporation neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the corporation shall determine whether it has retained control of the financial asset. In this case:

- if the corporation has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer; or

- if the corporation has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

1.16 Expenses and commission

Expenses are written off in full as incurred. The commission attributable to the unearned premiums at the end of the financial year is deferred and carried forward to the following year.

1.17 Solvency margin

Solvency margin represents the free reserve ratio which is calculated as shareholders funds expressed as a percentage of net premium written.

1.18 Dividends

Dividends on ordinary shares are recognised against equity in the period in which they are approved by the corporation's shareholder. Dividends declared after the balance sheet date are not recognised but disclosed as a post balance sheet event.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

1.19 Pension fund

The corporation operates a defined contribution scheme, the assets of which are held in separate trustee administered funds. The pension plan is generally funded by payments from employees and the corporation, taking into account the recommendations of independent qualified actuaries.

These funds are registered in terms of the Namibian Pension Funds Act, 1956, and membership is compulsory for all employees. Qualified actuaries perform regular valuations.

Pension fund contributions are expensed as incurred.

1.20 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.21 Taxation

In terms of Section 45 of the Namibia National Reinsurance Corporation Act, 1998, the corporation is not liable to pay Namibia normal income taxation until such time that the general reserve fund is equal to or exceeds twice the amount of the authorised share capital.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

2. CRITICAL ACCOUNTING JUDGEMENTS

2.1 Critical judgement in applying the corporation's accounting policies

In the process of applying the corporation's accounting policies, management has made the following judgements, apart from those requiring estimations, which have the most significant effect on the amounts recognised in the financial statements:

Investments

The corporation is judged to have the ability to meet future cash flows relating to insurance claims without terminating its held-to-maturity investments prior to their maturity dates.

2.2 Key sources of estimation uncertainty

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from the estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual life assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Leave pay

The leave pay provision reflects the liability relating to outstanding leave days at year end. The expected timing of economic outflows of the leave pay provision is uncertain as it is uncertain when leave days are taken by the employees of the corporation.

Provision for unexpired risks

This refers to claims incurred but not yet reported at year end. The provision is calculated as 7.5% of premiums earned.

Unearned premiums and reinsurance premiums

Of the reported net premiums (premiums less commissions) by the insurers, it is currently estimated that $1/8^{th}$ of the first quarter, $3/8^{th}$ of the second quarter, $5/8^{th}$ of the third quarter and $7/8^{th}$ of the fourth quarter are unearned, in that the income, or reinsurance expense, does not meet the recognition criteria.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

3. MANAGEMENT EXPENSES

Included in management expenses are the following expenses that have not been separately disclosed.

		2009 N$	2008 N$
Amortisation of intangible assets		4 875	7 872
Auditor's remuneration:			
- audit fees	– current year	154 409	137 865
	– prior services	-	120 852
Directors' fees	– for services as directors	157 700	145 740
	– for management services	801 106	726 000
Depreciation:			
- furniture and fittings		7 613	5 101
- computer equipment		31 584	42 763
Namfisa levies	– current year	15 000	15 000
Operating lease charges	– premises	242 101	278 974
Other professional fees		250 353	328 561

4. NET FINANCE INCOME

	2009 N$	2008 N$
Interest received – investments	8 629 172	7 016 010
Interest received – bank	886	805
Interest paid – premium reserve	(21 537)	(205 805)
Interest paid – bank	-	-
	8 608 521	6 811 010

5. PROPERTY, PLANT AND EQUIPMENT

	Land N$	Furniture and fittings N$	Computer equipment N$	Total N$
Cost				
At 31 March 2008	-	217 616	164 333	381 949
Additions	3 730 940	-	6 298	3 737 238
Disposals	-	-	-	-
	3 730 940	217 616	170 631	4 119 187
Accumulated depreciation				
At 31 March 2008	-	(192 723)	(116 665)	(309 388)
Charge for the year	-	(7 613)	(31 584)	(39 197)
Disposals	-	-	-	-
At 31 March 2009	-	(200 336)	(148 249)	(348 585)
Net book value at 31 March 2008	-	**24 893**	**47 668**	**72 561**
Net book value at 31 March 2009	**3 730 940**	**17 280**	**22 382**	**3 770 602**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

		2009 N$	2008 N$
6.	**INTANGIBLE ASSETS**		
	COST – Software		
	Balance at beginning of year	38 468	38 468
	Additions	-	-
	Balance at end of the year	38 468	38 468
	AMORTISATION		
	Balance at beginning of year	(31 811)	(23 939)
	Depreciation	(4 875)	(7 872)
	Balance at end of the year	(36 686)	(31 811)
	NET BOOK VALUE at beginning of the year	6 657	14 529
	NET BOOK VALUE at end of the year	1 782	6 657
7.	**UNEARNED PREMIUM RESERVE**		
	Balance at beginning of the year	5 173 680	4 214 803
	Transfer (from)/to income statement	(524 540)	958 877
	Balance at end of the year	4 649 140	5 173 680
	The balance comprises:		
	Gross provision for unearned premiums	5 483 411	6 025 119
	Reinsurers' share of unearned premiums	(834 271)	(851 439)
		4 649 140	5 173 680
8.	**INVESTMENTS**		
	Long-term held-to-maturity		
	Government bonds	5 235 724	5 334 604
	Telecom bonds	5 224 946	-
		10 460 670	5 334 604
	Short-term held-to-maturity		
	Post office fixed deposits	22 408 619	17 433 299
	Government bonds	24 243 049	9 111 875
	Bank and other fixed deposits	10 438 463	32 856 027
		57 090 131	59 401 201
	Directors valuation of investments (market value)	82 330 136	75 122 947

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

	2009 N$	2008 N$
9. SHARE CAPITAL		
Authorised and Issued:		
20 000 000 (2007: 20 000 000) Ordinary shares of N$1 each	20 000 000	20 000 000

10. GENERAL RESERVE

	2009 N$	2008 N$
Balance at beginning of the year	22 879 812	17 243 031
Transfer from retained income	3 472 153	5 636 781
Balance at end of the year	26 351 965	22 879 812

In terms of Section 28 of the Namibia National Reinsurance Corporation Act, 1998, the corporation is required to maintain a general, or contingency, reserve.

The corporation is required to deposit into the fund 50% of annual net profits if the general reserve fund is less than the authorised share capital. If the general reserve fund exceeds authorised share capital, 25% of annual net profits is to be transferred.

11. STAFF WELFARE RESERVE

	2009 N$	2008 N$
Balance at beginning of the year	335 565	343 233
Staff loans granted	(13 051)	(85 000)
Staff loans repaid	36 861	28 310
Utilised for recreational facilities	(18 267)	(7 346)
Transfer from retained income	200 000	56 368
Balance at end of the year	541 108	335 565

The staff welfare fund is required in terms of Section 29 of the Namibia National Reinsurance Corporation Act, 1998. Amounts transferred to the fund may not exceed 5% of annual net profits of the corporation.

The fund may be utilised for recreational facilities and low-interest loans to the employees of the corporation and for any other purpose aimed at enhancing the welfare of the employees of the corporation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

		2009 N$	2008 N$
12.	**DIVIDENDS DECLARED AND PAID**		
	Ordinary dividend declared and paid	725 000	2 000 000
	A dividend of 3,63 cents (2008: 10 cents) per ordinary share was declared on 19 August 2008.		
13.	**COMMITMENTS UNDER OPERATING LEASES**		
	Premises (2007) and equipment (2008)		
	Within 1 year	189 000	9 486
	2 to 5 years	-	17 391
	After 5 years	-	-
		189 000	26 877
14.	**CAPITAL COMMITMENTS**		
	Commitments for the acquisition and construction of property (approved)	11 000 000	3 364 585
15.	**NUMBER OF EMPLOYEES**		
	Number of employees as at year end	6	7

16. RELATED PARTY TRANSACTIONS

Parties related to the corporation, with the ability to exercise significant influence include:

During the year, the corporation in the ordinary course of business, entered into various transactions with the Government of the Republic of Namibia (GRN) and entities whereon the members of the corporation's board also serve. These transactions occurred under terms no less favourable than those arranged with third parties.

	2009 N$	2008 N$
Director emoluments paid by the corporation	958 806	871 740
Entities related by virtue of directorship:		
- Mobile Telecommunications Limited – call costs	32 847	23 971
- Social Security Commission – contributions paid	8 216	5 322
Shareholder (GRN):		
Dividends paid	725 000	2 000 000
PAYE	597 819	515 738
Value added taxation – net payments	2 131 305	2 046 243

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

17. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1.8 to the financial statements.

The corporation's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency and interest rates.

	2009 N$	2008 N$
17.1 CATEGORIES OF FINANCIAL INSTRUMENTS		
Financial assets		
Held to maturity investments	67 550 801	64 735 805
Staff loans and prepayments	80 573	79 208
Cash and cash equivalents	14 790 786	10 046 856
Financial liabilities		
Loans and payables	(1 022 607)	(1 550 784)

17.2 CAPITAL RISK MANAGEMENT

The corporation manages its capital to ensure that it will continue as a going concern and comply with regulatory requirements, such as the solvency margin, while maximising its return to the shareholder.

The corporation's capital structure consists of equity attributable to the shareholder, as disclosed in notes 9 and 10 to the financial statements.

Solvency margin

	2009	2008
Solvency margin as at the financial year end	116.6%	103.6%
Minimum solvency percentage	15.0%	15.0%

17.3 MARKET RISK

At the renewal of reinsurance contracts, an evaluation of the performance of that particular business and its risks in relation to market performance is done. If there are significant deviations from the expected performance, and bearing in mind the impact on the overall portfolio of business, specific steps are undertaken to address the deviation.

The corporation is exposed to financial risk of changes in interest rates on investments. Interest on investments accounts for a significant proportion of earnings of the corporation and is necessary for liquidity management. The risk is managed by maintaining an appropriate mix between fixed and floating interest investments.

17. FINANCIAL INSTRUMENTS (continued)

17.3.1 Interest rate sensitivity analysis

The interest rate analyses below has been determined based on the exposure to interest rate of non-derivative financial instruments at the balance sheet date and stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have a floating rate.

A 100 basis point increase or decrease represents management's assessment of possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the effect would have been:

- Profit for the year ended 31 March 2009 would increase/decrease by N$675 508 (2008: N$647 358).

  This is mainly attributable to the company's exposure to interest rates on variable rate investments in current year.

- Other equity reserves for the year ended 31 March 2009 would increase/decrease by N$168 877 (2008: N$161 840).

  This is mainly attributable to the company's exposure to interest rates on variable rate investments in prior year.

17.4 FOREIGN CURRENCY MANAGEMENT

The corporation has undertaken transactions in foreign denominated currencies during the year. No hedging has been utilised due to the insignificance of the foreign business. This will be reconsidered in the future should the foreign business expand.

17.5 INTEREST RATE MANAGEMENT

The Corporation may only, with prior written approval of Minister, obtain finance from any banking institution/building society/institution approved by the Minister. The Corporation has an investment committee that proposes investments to the Minister for approval. The Corporation currently only invests in short and long term fixed interest rate investments. Upon maturity of the investments the Corporation determines the term of reinvestment based on operating cash flow requirements. Quotations are obtained from various financial institutions to ensure a maximum interest rate return to on the investments.

17.6 CREDIT RISK MANAGEMENT

Financial assets, which potentially subject the corporation to concentration of credit risk consist principally of cash, funds on call and premium debtors. The corporation's cash equivalents and funds on call are placed with high credit quality financial institutions. Premium debtors are presented net of the allowance for doubtful receivables. The performance of cedents are evaluated annually for exposure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

17. FINANCIAL INSTRUMENTS (continued)

17.7 LIQUIDITY RISK MANAGEMENT

The corporation manages liquidity risk by monitoring forecast cash flows to ensure that adequate unutilised borrowing facilities are maintained. The expected maturity of the financial instruments held is detailed in the following table.

2009			
Maturity analysis	Within 1 year N$	Two to five years N$	Total N$
Financial assets			
Held to maturity investments	57 090 131	10 460 670	67 550 801
Staff loans and prepayments	80 573	-	80 573
Cash and cash equivalents	14 790 786	-	14 790 786
Financial liabilities			
Amortised cost	(1 022 607)	-	(1 022 607)

2008			
Maturity analysis	Within 1 year N$	Two to five years N$	Total N$
Financial assets			
Held to maturity investments	59 401 201	5 334 604	64 735 805
Staff loans and prepayments	79 208	-	79 208
Cash and cash equivalents	10 046 856	-	10 046 856
Financial liabilities			
Amortised cost	(1 550 784)	-	(1 550 784)

17.8 FAIR VALUE

The directors are of the opinion that the book value of financial instruments approximates fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

18. NEW AND REVISED STANDARDS

Effective dates of IFRS's and recently revised IAS's that might affect future financial periods are listed below:

New and Revised International Financial Reporting Standards		Issued/ Revised	Effective Date
IFRS 1	*First-time Adoption of International Financial Reporting Standards* Amendment relating to cost of an investment on first-time adoption	May 2008	Annual periods beginning on or after 1 January 2009
IFRS 2	*Share-based payments* Amendments relating to vesting conditions and cancellations	Revised 2008	Annual periods beginning on or after 1 January 2009
IFRS 2	*Share-based payments* Amendments resulting from the April 2009 Annual improvements to IFRS	April 2009	Annual periods beginning on or after 1 July 2009
IFRS 2	*Share-based Payment* Amendments relating to group cash settled share based payments transactions.	April 2009	Annual periods beginning on or after 1 July 2010
IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations* Amendments resulting from May 2008 Annual Improvements to IFRSs	Revised May 2008	Annual periods beginning on or after 1 January 2009
IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods beginning on or after 1 July 2010
IFRS 8	*Financial Instruments: Disclosures* Amendments enhancing disclosures about fair value and liquidity risk.	Revised March 2009	Annual periods beginning on or after 1 January 2009
IFRS 8	*Operating segments* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods beginning on or after 1 July 2010
IAS 1	*Presentation of Financial Statements* Comprehensive revision including requiring a statement of comprehensive income	2007	Annual periods beginning on or after 1 January 2009
IAS 1	*Presentation of Financial Statements* Amendments relating to disclosures of puttable instruments and obligations arising on liquidation.	2008	Annual periods beginning on or after 1 January 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

18. NEW AND REVISED STANDARDS (continued)

IAS 1	*Presentation of Financial Statements* Amendments resulting from May 2008 Annual Improvements to IFRSs	May 2008	Annual periods beginning on or after 1 January 2009
IAS 1	*Presentation of Financial Statements* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods beginning on or after 1 January 2010
IAS 7	*Statement of Cash Flows* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods beginning on or after 1 January 2010
IAS 16	*Property, Plant and Equipment* Amendments resulting from May 2008 Annual Improvements to IFRSs	May 2008	Annual periods beginning on or after 1 January 2009
IAS 17	*Leases* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods beginning on or after 1 January 2010
IAS 23	*Borrowing costs* Comprehensive revision to prohibit immediate expensing	2007	Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009
IAS 23	*Borrowing costs* Amendments resulting from May 2008 Annual Improvements to IFRSs	May 2008	Annual periods beginning on or after 1 January 2009
IAS 27	*Consolidated and Separate Financial Statements* Consequential amendments arising from amendments to IFRS 3	2008	Annual periods on or after 1 July 2009
IAS 27	*Consolidated and Separate Financial Statements* Amendments relating to cost of an investment on first time adoption	Revised 2008	Annual periods beginning on or after 1 January 2010
IAS 27	*Consolidated and Separate Financial Statements* Consequential amendments arising from amendments to IFRS 3	April 2009	Annual periods beginning on or after 1 January 2010
IAS 28	*Investment in Associate* Consequential amendments arising from amendments to IFRS 3	2008	Annual periods on or after 1 July 2009

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009

18. NEW AND REVISED STANDARDS (continued)

IAS 31	*Interest in Joint Ventures* Consequential amendments arising from amendments to IFRS 3	2008	Annual periods on or after 1 July 2009
IAS 32	*Financial Instrument Presentation* Amendments relating to puttable instruments and obligation arising on liquidation	2008	Annual periods on or after 1 July 2009
IAS 36	*Impairment of Assets* Amendments resulting from May 2008 annual improvements	May 2008	Annual periods ending on or after 1 January 2009
IAS 36	*Impairment of Assets* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods on or after 1 July 2009
IAS 38	*Intangible Assets* Amendments resulting from May 2008 annual improvements	May 2008	Annual periods ending on or after 1 January 2009
IAS 38	*Intangible Assets* Amendments resulting from April 2009 Annual Improvements to IFRSs	April 2009	Annual periods on or after 1 July 2009
IAS 39	*Financial Instruments: Recognition and Measurement* Amendments resulting from May 2008 annual improvements	May 2008	Annual periods ending on or after 1 January 2009
IAS 39	*Financial Instruments: Recognition and Measurement* Amendments for eligible hedged items	July 2008	Annual periods on or after 1 July 2009
IAS 39	*Financial Instruments: Recognition and Measurement* Amendments for embedded derivatives when reclassifying financial instruments	March 2009	Annual periods ending on or after 30 June 2009
IAS 39	*Financial Instruments: Recognition and Measurement* Amendments for embedded derivatives when reclassifying financial instruments	April 2009	Annual periods beginning on or after 1 January 2010

The following interpretations are not yet effective and may not be adopted in future years since they will not have any effect on the institution.

IFRIC Interpretation		Effective Date
IFRIC 15	*Hedges of a Net Investment in a Foreign Operation*	Annual periods beginning on or after 10 October 2008
IFRIC 17	*Distributions of Non-cash Assets to Owners*	Annual periods beginning on or after 1 July 2009
IFRIC 18	*Transfers of Assets from Customers*	Transfers received on or after 1 July 2009