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

ANNUAL FINANCIAL STATEMENTS
31 MARCH 2007

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED

(Registration number: 99/369)

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2007

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

ANNUAL FINANCIAL STATEMENTS
31 March 2007

CONTENTS	**PAGE**

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 23 were approved by the board of directors on 25 July 2007 and are signed on their behalf by:

……………………….
Director

……………………….
Director

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 2007, 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 23.

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 Namibian 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 2007, 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
Registered Accountants and Auditors
Chartered Accountants

Per VJ Mungunda
Partner
30 July 2007

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

REPORT OF THE DIRECTORS
for the year ended 31 March 2007

The directors have pleasure in presenting their report on the activities of the corporation for the year ended
31 March 2007.

NATURE OF BUSINESS

The corporation transacts several classes of short-term 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$1 150 336 was declared during the current year (2006: N$1 150 336).

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
- J Hausiku
- M Kavekotora

Secretary – 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 the 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
Registration No. 99/369

INCOME STATEMENT
for the year ended 31 March 2007

	Notes	2007 N$	2006 N$
NET PREMIUMS EARNED		39 079 211	30 339 042
Gross premiums written		51 260 829	41 251 007
Reinsurance premiums written		(11 717 641)	(11 837 218)
Net premiums written		39 543 188	29 413 789
Movement in unearned premiums	7	(463 977)	925 253
CLAIMS, COMMISSION AND EXPENSES		30 561 562	29 525 257
Claims incurred		27 463 336	24 680 115
Claims paid		29 543 226	23 104 336
Less: Claims outstanding at beginning of year		(8 066 073)	(6 490 294)
		21 477 153	16 614 042
Add: Claims outstanding at end of year		5 986 183	8 066 073
Reinsurance recoveries attributable to claims incurred		(10 242 983)	(5 131 960)
Claims incurred net of recoveries		17 220 353	19 548 155
Net commission paid		9 169 337	7 185 052
Commission paid		12 442 077	10 942 244
Less: commissions received		(3 272 740)	(3 757 192)
Management expenses	3	4 171 872	2 792 050
UNDERWRITING SURPLUS		8 517 649	813 785
Net finance income	4	6 704 128	4 901 157
PROFIT BEFORE TAXATION		15 221 777	5 714 942
Taxation	1.23	-	-
PROFIT for the year		15 221 777	5 714 942

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

BALANCE SHEET
at 31 March 2007

	Notes	2007 N$	2006 N$
ASSETS			
NON-CURRENT ASSETS		9 385 782	39 736 211
Property, plant and equipment	5	87 333	63 139
Intangible assets	6	14 529	9 715
Investments	8	9 283 920	39 663 357
TECHNICAL ASSETS		12 321 885	5 885 625
Reinsurers' share of unearned premiums	7	1 022 000	1 257 017
Reinsurers' share of outstanding claims		1 278 331	1 909 746
Premium debtors	8	10 021 554	2 718 862
CURRENT ASSETS		51 154 109	14 192 763
Investments	9	51 112 051	14 161 008
Prepayments and other		31 306	25 657
Bank balances and cash		10 752	6 098
TOTAL ASSETS		72 861 776	59 814 599
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		51 554 505	37 483 064
Share capital	10	20 000 000	20 000 000
General reserve	11	17 243 031	9 632 143
Staff welfare fund	12	343 233	257 281
Retained income		13 968 241	7 593 640
NON-CURRENT LIABILITIES			
Finance lease liability		-	6 219
TECHNICAL PROVISIONS		20 253 924	21 173 931
Premium reserve		3 492 313	4 519 923
Reinsurance premium creditors		2 679 549	1 474 890
Gross provision for unearned premiums	7	5 236 803	5 007 843
Gross outstanding claims		5 986 183	8 066 073
Provision for unexpired risks		2 859 076	2 105 202
CURRENT LIABILITIES			
Accounts payable		1 053 347	1 151 385
TOTAL EQUITY AND LIABILITIES		72 861 776	59 814 599

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2007

	Notes	Share capital N$	General reserve N$	Staff welfare fund N$	Retained income N$	Total N$
BALANCE at 31 March 2005 as previously reported		20 000 000	6 927 256	196 389	6 099 981	33 223 626
- Restatement	20	-	(152 584)	-	(152 584)	(305 168)
RESTATED BALANCE at 31 March 2005		20 000 000	6 774 672	196 389	5 947 397	32 918 458
Profit for the year		-	-	-	5 714 942	5 714 942
- As previously stated		-	-	-	6 089 212	6 089 212
- Restatement	20		-	-	(374 270)	(374 270)
Dividends declared		-	-	-	(1 150 336)	(1 150 336)
Transfer to general reserve		-	2 857 471	-	(2 857 471)	-
- As previously stated		-	3 044 606	-	(3 044 606)	-
- Restatement	20	-	(187 135)	-	187 135	-
Transfer to staff welfare fund		-	-	60 892	(60 892)	-
BALANCE at 31 March 2006		20 000 000	9 632 143	257 281	7 593 640	37 483 064
Profit for the year		-	-	-	15 221 777	15 221 777
Dividends declared		-	-	-	(1 150 336)	(1 150 336)
Transfer to general reserve		-	7 610 888	-	(7 610 888)	-
Transfer to staff welfare fund		-	-	85 952	(85 952)	-
BALANCE at 31 March 2007		20 000 000	17 243 031	343 233	13 968 241	51 554 505

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

CASH FLOW STATEMENT
for the year ended 31 March 2007

	Notes	2007 N$	2006 N$
CASH FLOWS FROM OPERATING ACTIVITIES		6 655 686	10 138 233
Cash premium receipts from policy holders		45 189 377	44 312 580
Cash reinsurance recovery and commission receipts		13 515 723	8 889 152
Cash claims, commission, reinsurance and expenses paid to policy holders, suppliers and employees		(57 603 206)	(46 814 320)
Cash generated by operations	A	1 101 894	6 387 412
Net finance income		6 704 128	4 901 157
Dividends paid	B	(1 150 336)	(1 150 336)
CASH FLOWS FROM INVESTING ACTIVITIES		(6 354 142)	(2 684 122)
Purchases of property, plant and equipment		(61 678)	(34 415)
Purchases of intangible assets		(11 529)	(4 522)
Increase in investments		(6 280 935)	(2 650 986)
Proceeds on the disposal of property, plant and equipment		-	5 801
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments on loans		(6 219)	(6 236)
NET INCREASE IN CASH AND CASH EQUIVALENTS		295 325	7 447 875
Cash and cash equivalents at beginning of year		12 549 336	5 101 459
CASH AND CASH EQUIVALENTS AT END OF YEAR	C	12 844 660	12 549 335

CASH FLOW STATEMENT (continued)
for the year ended 31 March 2007

Notes to the cash flow statement:

A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS:

	2007 N$	2006 N$
Profit before taxation	15 221 777	5 714 942
Adjusted for:		
Depreciation	37 484	30 567
Amortisation of intangible asset	6 715	4 463
Net finance income	(6 704 128)	(4 901 157)
Profit on the disposal of property, plant and equipment	-	(5 801)
	8 561 848	843 014
Changes in working capital:	(7 459 954)	5 544 398
Decrease/(increase) in account receivable	(5 649)	(3 558)
Increase in technical assets	(6 436 260)	(375 650)
(Decrease)/increase in technical provisions	(920 007)	5 757 148
(Decrease)/increase in accounts payable	(98 038)	166 458
Cash generated by operations	1 101 894	6 387 412

B. DIVIDENDS PAID

	2007 N$	2006 N$
Balance at beginning of year	-	-
Dividends declared	(1 150 336)	(1 150 336)
Balance at end of year	-	-
Dividends paid	(1 150 336)	(1 150 336)

C. CASH AND CASH EQUIVALENTS

	2007 N$	2006 N$
Bank balances and cash	10 752	6 098
Call and 32 day notice accounts	12 833 908	12 543 237
	12 844 660	12 549 335

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.

In accordance with the transitional provisions set out in IFRS 1, 'First-time Adoption of International Financial Reporting Standards' and other relevant standards, the corporation has applied IFRS as at 31 March 2006 in its financial reporting with effect from the corporation's transition date on 1 April 2005. The first time adoption did not result in any adjustments to the balances, results and cash flows for the previous years reported.

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 Unearned premium reserves

The unearned premium reserves 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 (unexpired risks) is calculated at 7% of net premiums.

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, currently at 33.3%, on a straight-line basis over their estimated useful lives.

1.7 Impairment of assets

At each balance sheet date, the group 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 balances and cash, 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.

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 Premiums

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 1.1 above. Premiums are shown before the deduction of expenses for the acquisition of insurance contracts, and before the deduction of reinsurance premiums.

Reinsurance premiums paid are recognised as an expense in the income statement when they become due for payment, in terms of the contracts at the undiscounted amounts payable in terms of the contracts.

1. ACCOUNTING POLICIES (continued)

1.12 Insurance contracts

An insurance contract is one that transfers significant insurance risk to the Insurance operations. Significant insurance risk exists when it is expected that the present value of benefits payable in terms of the policy on the occurrence of an insured event will materially differ from the amounts payable, had the insured event not occurred.

Insurance contracts may transfer financial risk as well as insurance risk. However, in all instances where significant insurance risk is transferred, the contract is classified as an insurance contract.

1.13 Reinsurance contracts

Contracts entered into by the corporation with reinsurers under which it is compensated for losses on one or more contracts issued by corporation 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.

1.14 Reinsurance assets

The benefits to which the corporation 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.

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

The corporation 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.

1.15 Reinsurance recoveries

Reinsurance recoveries are recognised in the income statement in the same period as the related claim at the undiscounted amount receivable in terms of contracts.

1. ACCOUNTING POLICIES (continued)

1.16 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 continued to recognise the financial asset to the extent of its continuing involvement in the financial asset.

1.17 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.

1.18 Solvency margin

Solvency margin represents the free reserve ratio which is calculated as shareholders funds (excluding the Staff Welfare Fund) expressed as a percentage of net premium income.

1.19 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.

1. ACCOUNTING POLICIES (continued)

1.20 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 Pension Funds Act, 1956, and membership is compulsory for all employees.

Pension fund contributions are expensed as incurred.

1.21 Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due.

1.22 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.

1.23 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.

2. CRITICAL ACCOUNTING JUDGEMENTS

2.1 Critical judgement in applying the corporation's accounting policies

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:

Provision for unexpired risks

This refers to claims incurred but not yet reported at year end. The provision is calculated as 7% 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.

2.2 Key sources of estimation uncertainty

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.

		2007	2006
		N$	N$

3. MANAGEMENT EXPENSES

Included in management expenses are the following expenses that have been separately disclosed:

		2007 N$	2006 N$
Amortisation of intangible assets		6 715	4 463
Auditor's remuneration:			
- audit fees	– prior year	72 760	-
	– other services	1 156	4 480
Directors' fees	– for services as director	79 800	180 233
	– managerial services	612 108	576 160
Depreciation:			
- furniture and fittings		9 904	15 902
- computer equipment		27 576	14 665
Namfisa levies	– current year	20 000	20 000
Operating lease charges	– premises	249 492	198 428
Consulting fees		141 158	143 900

4. NET FINANCE INCOME

	2007 N$	2006 N$
Interest received – investments	6 861 816	5 121 330
Interest received – bank	998	691
Interest paid – premium reserve	(156 841)	(219 691)
Interest paid - bank	(1 845)	(1 173)
	6 704 128	4 901 157

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings N$	Computer equipment N$	Total N$
Cost			
At 31 March 2005	256 982	108 802	365 784
Additions	11 511	22 904	34 415
Disposals	(36 079)	(45 851)	(81 930)
At 31 March 2006	232 414	85 855	318 269
Additions	-	61 678	61 678
At 31 March 2007	232 414	147 533	379 947
Accumulated depreciation			
At 31 March 2005	(228 981)	(77 512)	(306 493)
Charge for the year	(15 902)	(14 665)	(30 567)
Disposals	36 079	45 851	81 930
At 31 March 2006	(208 804)	(46 326)	(255 130)
Charge for the year	(9 908)	(27 576)	(37 484)
At 31 March 2007	(218 712)	(73 902)	(292 614)
Net book value at 31 March 2006	23 610	39 529	63 139
Net book value at 31 March 2007	13 702	73 631	87 333

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2007

		2007 N$	2006 N$
6.	**INTANGIBLE ASSET**		
	COST - Software		
	Balance at beginning of year	26 939	22 417
	Additions	11 529	4 522
	Balance at end of the year	38 468	26 939
	AMORTISATION		
	Balance at beginning of year	(17 224)	(12 761)
	Additions	(6 715)	(4 463)
	Balance at end of the year	(23 939)	(17 224)
	NET BOOK VALUE at beginning of the year	9 715	9 656
	NET BOOK VALUE at end of the year	14 529	9 715
7.	**UNEARNED PREMIUMS**		
	Balance at beginning of the year	3 750 826	4 676 079
	Transfer from/(to) income statement	463 977	(925 253)
	Balance at end of the year	4 214 803	3 750 826
	The balance comprises:		
	Gross provision for unearned premiums	5 236 803	5 007 843
	Reinsurers' share of unearned premiums	(1 022 000)	(1 257 017)
		4 262 575	3 750 826
8.	**PREMIUM DEBTORS**		
	Premiums receivable	10 762 010	2 718 862
	Provision or doubtful debts	(740 456)	-
		10 021 554	2 718 862

Balances owed by Inscon Short-Term Insurance have been fully provided and the receipt of further funds remains doubtful.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 June 2007

	2007 N$	2006 N$

9. INVESTMENTS

	2007 N$	2006 N$
Long-term held-to-maturity		
Government bonds	9 283 920	33 879 612
Bank fixed deposit	-	5 783 745
	9 283 920	39 663 357
Short-term held-to-maturity		
Government bonds	9 710 752	-
Post office fixed deposits	28 352 858	-
Bank and other fixed deposits	5 308 034	1 617 771
Call accounts	7 740 407	12 543 237
	51 112 051	14 161 008
Directors valuation of investments (fair value)	60 395 971	53 824 365

10. SHARE CAPITAL

	2007 N$	2006 N$
Authorised and Issued:		
20 000 000 (2006: 20 000 000) Ordinary shares of N$1 each	20 000 000	20 000 000

11. GENERAL RESERVE

	2007 N$	2006 N$
Balance at beginning of the year	9 632 143	6 774 672
Transfer from retained income	7 610 888	2 857 471
Balance at end of the year	17 243 031	9 632 143

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.

	2007 N$	2006 N$

12. STAFF WELFARE FUND

	2007 N$	2006 N$
Balance at beginning of the year	257 281	196 389
Transfer from retained income	85 952	60 892
Balance at end of the year	343 233	257 281

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.

13. DIVIDENDS DECLARED AND PAID

	2007 N$	2006 N$
Ordinary dividend declared and paid	1 150 336	1 150 336

A dividend of 5.75 cents (2006: 5.75 cents) per ordinary share was declared on 5 October 2006.

14. COMMITMENTS

	2007 N$	2006 N$
Operating lease - premises		
Within 1 year	168 193	168 190
2 to 5 years	-	168 201
After 5 years	-	-
	168 193	336 391
Capital commitments		
Computer equipment - approved	237 000	73 207

15. SOLVENCY MARGIN

	2007	2006
Solvency margin as at the financial year end	123.4%	123.6%

16. NUMBER OF EMPLOYEES

	2007	2006
Number of employees as at year end	7	6

17. RETIREMENT BENEFITS – defined contribution plan

	2007 N$	2006 N$
Contributions by employees	87 008	76 229
Contributions by employers	206 449	175 346
Total contributions	293 457	251 575

18. 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.

	2007 N$	2006 N$
Director emoluments paid by NamibRe	691 908	756 393
Entities related by virtue of directorship:		
- Mobile Telecommunications Limited – call costs	16 747	11 285
- Social Security Commission – contributions paid	4 236	3 368
Shareholder (GRN):		
Dividends paid	1 150 336	1 150 336
Value added taxation – net payments	1 179 104	1 168 679

19. FINANCIAL RISK MANAGEMENT

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. Currency and interest rate exposure is managed within board approved policies and guidelines.

Underwriting risk

Underwriting risk is the risk that the corporation is exposed to insurance risk. This is controlled by applying underwriting principles of actual and expected claims as well as reinsurance of significant concentrations of insurance risk.

Reinsurance risk

Reinsurance risk is the risk of default from the reinsurance companies employed. The corporation chooses only business partners that are long standing, reputable institutions to minimise exposure to reinsurance risk.

Claims risk

Pro-active training of staff takes place to ensure that fraudulent claims are identified and investigated timelously. The legitimacy of the claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risk.

Foreign currency management

The corporation appropriately hedges all foreign purchases in order to manage its foreign currency exposure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2007

19. FINANCIAL RISK MANAGEMENT (continued)

Interest rate management

The corporation is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating borrowings and placings within the market expectations.

Credit risk management

Financial assets, which potentially subject the corporation to concentration of credit risk consist principally of cash, funds on call and trade receivables. The corporation's cash equivalents and funds on call are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for doubtful receivables.

Liquidity risk management

The corporation manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Fair value

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

20. RESTATEMENT

The financial position, results and cash flows have been restated for the 31 March 2006 financial statements due to certain adjustments to accruals raised previously, as detailed below:

	2006 N$
Retained income	
Opening balance as previously reported	6 099 981
Interest expense on premium reserve	(305 168)
Transfer to general reserve	152 584
Restated opening balance	5 947 397
Profit for the year	
As previously reported	6 089 212
Interest expense on premium reserve	85 479
Premium income	(555 938)
Investment balances	96 189
Restated profit for the year	5 714 942
General reserve	
Opening balance as previously reported	6 927 256
Interest expense on premium reserve	(152 584)

Restated opening balance	6 774 672
Transfer to general reserve reported previously	3 044 606
Profit for the year	(187 135)
Restated closing balance	9 632 143

20. RESTATEMENT

	2006 N$
Investments	
Closing balance previously reported	53 728 176
Investment balances	96 189
Restated closing balance	53 824 365
Premium debtors	
Closing balance previously reported	3 274 800
Premium income	555 938
Restated closing balance	2 718 862
Accrual for interest on premium reserve	
Interest expense on premium reserve	219 689

21. NEW STANDARDS

The following statements are not yet effective and the corporation will evaluate their applicability and effect to ensure compliance by the end of the financial year following the effective date.

IFRS 7 - Financial Instruments: Disclosures

IFRS 7 is effective for financial years commencing on or after 1 January 2007 and adds new disclosure about financial instruments to those currently required by IAS 32. IFRS 7 deals with the disclosure requirements in relation to all risks arising from financial instruments (with limited exemptions), and applies to any entity that holds financial instruments. The level of disclosure required depends on the extent of the entity's use of financial instruments and its exposure to risk. Although the standard retains many of the disclosure requirements currently in IAS 39 and IAS 32, there have been some minor changes to the existing requirements and some additional disclosure requirements. IFRS 7 therefore requires an entity to disclose information on the significance of financial instruments to the entity's financial position and performance; the nature and extent of risk exposures arising from financial instruments (quantitative disclosures) and the approach taken in managing those risks (qualitative disclosures).

IFRS 8 - Operating Segments

Although the institution does not use segment reporting IFRS 8, which is effective for all financial years commencing on or after 1 January 2009, also introduces a requirement to disclose information about transactions with major customers. If revenues from transactions with a single external customer amount to 10 per cent or more of the entity's revenues, the total amount of revenue from each such customer and the segment in which those revenues are reported must be disclosed.

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 8 – Scope of IFRS 2

The interpretation which is effective for financial years beginning on or after 1 May 2006 will not have an impact on the financial reporting of the institution as the institution has no share based payment schemes.

21. NEW STANDARDS (continued)

IFRIC 9 – Reassessment of Embedded Derivatives

The interpretation which is effective for financial years beginning on or after 1 June 2006 will not have an impact on the financial reporting of the institution as the institution has no embedded derivative schemes.

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 10 – Interim Financial Reporting and Impairment

The interpretation which is effective for financial year ends beginning on or after 1 November 2006 will not have an impact on the financial reporting of the institution as the institution is not subject to interim reporting.

IFRIC 11 - IFRS 2 - Group and Treasury Share transactions

IFRIC 11 clarifies the application of IFRS 2 Share-based Payment to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent.

IFRIC 12 - Service Concession Arrangements

The interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads.

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
Registration No. 99/369

DETAILED MANAGEMENT EXPENSES
for the year ended 31 March 2007

	2007 N$	2006 N$
Advertising	26 869	2 087
Annual duty	8 000	8 000
Auditors' remuneration	73 916	4 480
Bad debt provision movement	740 456	-
Bank charges	7 594	4 343
Consultation expenses	141 158	143 900
Depreciation and amortisation	44 200	35 030
Directors' fees and remuneration	691 908	756 393
Entertainment	19 283	15 383
Insurance	15 337	8 778
Legal fees	8 974	-
Namfisa levies	20 000	20 000
Office rental	227 712	178 463
Parking	21 780	19 965
Printing and stationery	34 434	32 279
Repairs and maintenance	15 471	2 552
Security	3 200	4 216
Staff costs	1 682 575	1 294 518
Sundry costs	176 128	80 060
Telephone and postal charges	97 320	76 204
Travel and accommodation	115 557	105 400
	4 171 872	2 792 051