Namibia Medical Care
(Registration No. 005)

Consolidated and Separate Financial Statements

31 December 2016

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STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF TRUSTEES

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the consolidated and separate financial statements of Namibia Medical Care. These financial statements presented on pages 15 to 74 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Aid Fund Act of Namibia and include amounts based on judgments and estimates made by management.

The Board of Trustees considers that in preparing the consolidated and separate financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Board of Trustees is satisfied that the information contained in the consolidated and separate financial statements fairly present the results of the operations for the year and the financial position of the Group at year end.

The Board of Trustees is responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Group which enables the Board of Trustees to ensure that the consolidated and separate financial statements comply with the relevant legislation.

The going concern basis has been adopted in preparing the consolidated separate financial statements. The Board of Trustees has no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated financial statements support the viability of the Group.

The Group's external auditor, Ernst & Young, is responsible for auditing the consolidated and separate financial statements in terms of the International Standards on Auditing and their report is presented on pages 4 to 5. Ernst & Young have unrestricted access to all the financial records and related data, including minutes of all meetings of members, the Board of Trustees and all committees of the Board. The Board of Trustees believes that all representations made to the independent auditors during the audit were accurate and appropriate.

The consolidated and separate financial statements were approved by the Board of Trustees and are signed on its behalf by:

Chairman	**Trustee**	**Trustee**
30 June 2017	**30 June 2017**	**30 June 2017**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Namibia Medical Care is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The trustees are proposed and elected by the members of the fund in terms of the rules of the fund.

BOARD OF TRUSTEES

The Board of Trustees meets regularly and monitors the performance of the Group, administrators and other service providers. It addresses a range of key issues and ensures that discussion on items of policy, strategy and performance is critical, informed and constructive.

All Board members have access to the advice and services of the principal officer and, where appropriate, may seek independent professional advice at the expense of the Group.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Trustees is accountable for Risk Management and Internal Controls. Risks are identified, regularly reviewed and appropriate resultant strategies implemented.

The administrators of the Group maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the consolidated and separate financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on the rules of the Group and established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

Chairman	**Trustee**	**Trustee**
30 June 2017	**30 June 2017**	**30 June 2017**

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF NAMIBIA MEDICAL CARE AND ITS SUBSIDIARY ("THE GROUP")

Opinion

We have audited the consolidated and separate financial statements of Namibia Medical Care and its subsidiary ("the Group") set out on pages 15 to 74 which comprise the Board of Trustees' report, the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Medical Care and its subsidiary ("the Group") as at 31 December 2016, 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 Aid Fund Act of Namibia.

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 company in accordance with the independence requirements applicable to performing audits in Namibia which is consistent with the International Ethics and Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B). We have fulfilled our other ethical responsibilities in accordance with the ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The trustees are responsible for the other information. The other information comprises of the trustees report on pages 6 to 14. The other information does not include the consolidated and separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 trustees for the consolidated and separate financial statements

The trustees are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Fund Act of Namibia, and for such internal control as the 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 consolidated and separate financial statements, the trustees are responsible for assessing the group and fund's 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 trustees either intend to liquidate the group and fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the 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 group and funds'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 group or fund 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 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.

We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that my reasonably be thought to bear on our independence, and where applicable, related safeguards.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary schedules set out on pages 74 and 75 do not form part of the consolidated and separate financial statements and are presented as additional information. We have not audited these schedules and accordingly do not express an opinion thereon.

Ernst & Young
Partner - Jaco Coetzee
Registered Accountants and Auditors
Chartered Accountant (Namibia)

Windhoek

30 June 2017

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its annual report for the year ended 31 December 2016.

1. DESCRIPTION OF THE MEDICAL AID FUND

1.1 Terms of registration

The Namibia Medical Care ("NMC") fund is a not for profit open medical aid fund registered in Namibia in terms of the Medical Aid Funds Act 23 of 1995. In terms of the registration, a guarantee has been issued for N$ 750 000 by First National Bank in favour of Namibia Medical Care and lodged with NAMFISA (Namibia Financial Institutions Supervisory Authority) (refer to note 29 of the financial statements).

1.2 Benefit options within Namibia Medical Care

The medical aid fund offers 8 benefit options to employer groups and members of the public. These are:

Traditional Options:	Topaz Topaz plus Protector Health Ruby Sapphire Diamond
New Generation Options:	Emerald Essential Plus

1.3 Saving plans

In order to provide a facility for members to set funds aside to meet future day-to-day healthcare costs not covered under the new generation options, the trustees have made a savings plan available to meet this objective.

Under the Essential Plus and Emerald options, members may select a predetermined optional monthly or lump sum allocation amount which is deposited to the member's savings account to be used for day-to-day expenses.

Unexpended savings amounts are accumulated for the long-term benefit of the member and interest is paid on balances. No savings are advanced to members. The liability to members in respect of the savings plan is reflected as a financial liability in the financial statements.

Savings contributions are refundable when a member leaves the fund or transfers to an option within the fund which does not have a savings option. The money will be transferred to the member within four months of date of the change.

1.4 Risk transfer arrangements

Risk transfer arrangements are entered into with GFA Re-insurance Brokers, Prosperity Lifecare Insurance Ltd, Diamond Health Services and Hollard Insurance Company. Refer to note 17 for more information.

REPORT OF THE BOARD OF TRUSTEES (continued)

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review

Trustee	Position	Company	Appointment/Resignation
Mr T Smit	Chairperson	MTC	
Mr V Malango	Vice Chairperson	Chamber of Mines	
Mr R L Izaks		UNAM	
Mr D Louw		Nampower	
Mr G Kamatuka		NBC	
Mrs R Coomer		Legal Assistance Centre	
Ms R Doeses		Namibia Standards Institution	
Mr P Mutota		Electricity Control Board	
Mr A Benjamin		Tsumeb Municipality	
Mr H Muisoor		Erongo Red	
Mr S Mbidi		Namdeb	Appointed 23/02/2016

2.2 Principal officer

Mrs Alison Begley

Business address:	Postal address:
8 Newton Street	P.O. Box 24792
Windhoek	Windhoek
Namibia	Namibia

2.3 Registered office address and postal address

Business address:	Postal address:
8 Newton Street	P.O. Box 24792
Windhoek	Windhoek
Namibia	Namibia

2.4 Medical scheme administrators during the year

Methealth Namibia Administrators (Pty) Ltd

Business address:	Postal address:
Methealth Office Park	P.O. Box 6559
Maerua Park	Windhoek
Windhoek	Namibia
Namibia	

REPORT OF THE BOARD OF TRUSTEES (continued)

2. MANAGEMENT (continued)

2.5 Investment managers during the year

Business address:	Postal address:
Namibia Asset Management Ltd 1st Floor KPMG House 24 Orban Street Klein Windhoek Windhoek Namibia	P.O. Box 23329 Windhoek Namibia
Sanlam Investment Management Namibia 4th Floor Sanlam Centre 154 Independence Avenue Windhoek	P.O. Box 23081 Windhoek Namibia

2.6 Actuaries and Investment Advisors during the year

i3 Actuaries and Consultants

Business address:	Postal address:
1st Floor Cnr. Feld & Jan Jonker Roads Windhoek Namibia	P.O. Box 80560, Olympia Windhoek Namibia

2.7 Auditor during the year
Ernst & Young

Business addresses:	Postal address:
C/o Otto Nitzsche & Maritz Streets Klein Windhoek Windhoek Namibia	P.O. Box 1857 Windhoek Namibia

3. INVESTMENT STRATEGY OF THE MEDICAL FUND

The fund's investment objectives are to maximise the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration any constraints imposed by legislation or the Board of Trustees.

The Board of Trustees reviews the investment performance on a regular basis at Trustee, EXCO and investment committee meetings with the assistance of NMG Benefits / consultants.

The scheme invested in equity, bonds, foreign commodities, property, fixed deposit and cash instruments during 2016. Refer to notes 8 and 10 for more information.

REPORT OF THE BOARD OF TRUSTEES (continued)

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the fund assumes the risk of loss from members and their dependants that are directly subject to risk. This risk relates to the health of fund members. As such the fund is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

The fund uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analysis, scenarios analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of fund's cash flows. Refer to note 30 of these financial statements for more information on insurance risk management.

REPORT OF THE BOARD OF TRUSTEES (continued)

5 REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option

2016	Fund Total	Protector health	Ruby	Sapphire	Diamond	Essential plus	Emerald	Topaz	Topaz plus
Average number of Principal members during the period*	30 121	2 077	13 646	10 355	431	1 236	846	683	847
Number of Principal Members at 31 December 2016	30 469	2 047	13 811	10 410	441	1 272	919	652	917
Average number of members* during the period	68 037	3 556	29 350	26 827	1 099	3 043	1 620	1 105	1 439
Total number of members* at 31 December 2016	68 890	3 496	29 764	27 034	1 117	3 121	1 758	1 007	1 596
Dependant Ratio at 31 December 2016	1:1.26	1:0.71	1:1.16	1:1.60	1:1.53	1:1.45	1:0.91	1:0.54	1:0.74
Net contribution per average beneficiary per month*	1 575	1 042	1 368	1 870	3 252	1 047	811	287	524
Relevant healthcare expenditure per average beneficiary per month*	1 418	820	1 181	1 746	2 884	1 042	670	270	349
Non-healthcare expenditure per average beneficiary per month*	146	128	154	113	153	113	131	72	59
Non-healthcare expenditure as a percentage of net contribution	9.3	12.3	11.2	6.0	4.7	10.8	16.1	25.2	11.2
Average age	40.84	39.19	38.31	43.94	50.63	48.38	39.20	36.31	37.46
Pensioner ratio at 31 December 2016	1:0.08	1:0.04	1:0.04	1:0.12	1:0.25	1:0.22	1:0.08	1:0.02	1:0.03
Average accumulated funds per member at year-end	11 845	11 845	11 845	11 845	11 845	11 845	11 845	11 845	11 845

*Averages are calculated using the sum of the 12 months' actual monthly membership divided by 12.

REPORT OF THE BOARD OF TRUSTEES (continued)

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5.1 Operational statistics per benefit option (continued)

	Fund Total	Protector health	Ruby	Sapphire	Diamond	Essential plus	Emerald	Topaz	Topaz plus
2015									
Average number of Principal members during the period*	28 631	2 117	12 689	10 083	437	1169	763	593	780
Number of Principal Members at 31 December 2015	29 542	2 115	13 345	10 163	426	1196	814	641	842
Average number of members* during the period	64 871	3 689	27 493	26 066	1 125	2 881	1 432	897	1 288
Total number of members* at 31 December 2015	66 732	3 682	28 721	26 329	1 102	2 957	1 544	1 021	1 376
Dependant Ratio at 31 December 2015	1:1.26	1:0.74	1:1.15	1:1.59	1:1.58	1:1.47	1:0.89	1:0.59	1:0.63
Net contribution per average beneficiary per month*	1407	938	1 275	1 716	2 966	965	738	273	479
Relevant healthcare expenditure per average beneficiary per month*	1247	770	1 061	1 619	2 070	808	652	257	337
Non-healthcare expenditure per average beneficiary per month*	132	123	145	108	139	103	132	70	57
Non-healthcare expenditure as a percentage of net contribution	9.4%	13.1%	11.4%	6.3%	4.7%	10.7%	17.9%	25.5%	11.9%
Average age	40.94	39.09	37.79	43.35	50.30	48.16	37.67	34.87	36.26
Pensioner ratio at 31 December 2015	1:0.05	1:0.03	1:0.02	1:0.07	1:0.14	1:0.14	1:0.04	1:0.00	1:0.00
Average accumulated funds per member at year-end	10 812	10 812	10 812	10 812	10 812	10 812	10 812	10 812	10 812

*Averages are calculated using the sum of the 12 months' actual monthly membership divided by 12.

REPORT OF THE BOARD OF TRUSTEES (continued)

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5.2 Operational statistics for the fund

	2016 N$ '000	2015 N$ '000
Average accumulated funds per member	11.85	10.81
Breakdown of total amount paid to administrator:		
- Administration fees	69 745	65 292
- Managed care: management services	20 317	19 013
Investment income as percentage of investments at year-end	5.40%	4.24%
Realised gains as percentage of investments at year-end	2.62%	2.06%
Unrealised (loss) / gain as percentage of investments at year-end	(1.26%)	(1.39%)

5.3 Results of operations

The results of the medical fund are set out in the consolidated financial statements, and the trustees believe that no further clarification is required.

5.4 Solvency ratio

GROUP

	2016	2015
Accumulated funds per statement of financial position	360 909	319 098
Net contribution per statement of comprehensive income	1 238 022	1 095 335
Group solvency ratio (reserve level) (based on the funds members)	29.15%	29.13%

FUND

	2016	2015
Accumulated funds per statement of financial position	360 851	319 415
Net contribution per statement of comprehensive income	1 238 022	1 095 335
Fund solvency ratio (reserve level) (based on the funds members)	29.15%	29.16%

5.5 Reserve accounts

Movements in the reserves are set out in the Statement of Consolidated Changes in Funds and Reserves. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the medical fund.

REPORT OF THE BOARD OF TRUSTEES (continued)

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5.6 Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in note 14 and this is consistent with the prior year. Movements on the outstanding claims provision are set out in note 14 to the consolidated and separate financial statements. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the medical fund.

6. ACTUARIAL SERVICES

The fund's actuaries were consulted in 2016 in the determination of the contribution and benefit levels for the 2016 year end.

7. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

In terms of Section 4 of the Medical Aid Fund Act, First National Bank has provided a guarantee of N$ 750 000 (2015: N$ 750 000) to the fund.

8. EVENTS AFTER REPORTING DATE

No matter which is material to the financial affairs of the fund has occurred between 31 December 2016 and date of approval of the consolidated separate financial statements.

9. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND AND OTHER RELATED PARTIES

The medical fund does not hold investments in or provide loans to participating employers of medical fund members.

10. RELATED PARTY TRANSACTIONS

Refer to related party disclosure in note 27 to the consolidated and separate financial statements. Trustee remuneration is also disclosed in note 27 to the consolidated and separate financial statements.

11. AUDIT COMMITTEE

An audit committee was established in accordance with the guidelines on good corporate governance. The committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The committee consists of three members, all of which are members of the Board of Trustees. All the members, including the chairperson, are not officers of the medical fund or its third party administrator. The committee met on three occasions during the course of the year.

The primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the medical fund's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the committee on critical findings arising from audit activities.

REPORT OF THE BOARD OF TRUSTEES (continued)

11. AUDIT COMMITTEE (continued)

The committee in office for the year under review:
Mr T Smit (Chairperson)
Mr P Mutota (Appointed 23/02/2016)
Mr R L Izaks
Mr H Muisoor (Appointed 29/06/2015)

12. BOARD OF TRUSTEES AND SUB-COMMITTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustee and sub-committee meeting attendances.

The trustee remuneration is disclosed in note 27 to the consolidated financial statements.

Trustee/Board and Sub-committee member	Board meetings		Executive Committee Meetings		Audit Committee Meetings		Other Meetings	
	A	B	A	B	A	B	A	B
Mr R L Izaks	6	4	1	1	-	-	3	3
Mr D Louw	6	3	-	-	-	-	3	1
Mr T Smit	6	6	1	1	3	3	3	1
Mr G Kamatuka	6	6	1	1	-	-	-	-
Mr A Benjamin	6	6	-	-	-	-	3	3
Mr V Malango	6	4	1	1	-	-	3	2
Ms R Coomer	6	6	-	-	-	-	3	1
Ms R Doëses	6	6	-	-	-	-	-	-
Mr P Mutota	6	3	-	-	3	1	3	1
Mr H Muisoor	6	5	-	-	3	3	3	2
Mr S Mbidi	6	3	-	-	-	-	-	-

A – Total possible number of meetings could have attended.
B – Actual number of meetings attended.
Other meetings include: investment, admin review, and product development and bursary sub-committee meetings.

13. INVESTMENTS IN SUBSIDIARY COMPANY

On 17 November 2015, the Fund obtained 100% of the share capital in JMCA Property Namibia (Pty) Ltd ("JMCA"). NMC acquired the Company as part of their investment strategy. During 2016 the name of the Company was changed to NMC House (Pty) Ltd. The property held in NMC House (Pty) Ltd is rented out.

The year-end of NMC House (Pty) Ltd was changed to 31 December during 2016 previously it was not aligned with the group.

The Group does not have any other subsidiaries or have an interest in any joint ventures, joint arrangements or structured entities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	GROUP 2016 N$ '000	GROUP 2015 N$ '000	FUND 2016 N$ '000	FUND 2015 N$ '000
NET CONTRIBUTION INCOME	15	1 238 022	1 095 335	1 238 022	1 095 335
RELEVANT HEALTHCARE EXPENDITURE					
Net claims incurred		(1 114 150)	(970 790)	(1 114 150)	(970 790)
Claims incurred	16	(1 087 922)	(950 193)	(1 087 922)	(950 193)
Net expenses on transfer arrangements	17	(26 228)	(20 597)	(26 228)	(20 597)
Risk transfer arrangement fees		(53 689)	(43 256)	(53 689)	(43 256)
Claims recoveries from commercial reinsurance arrangements		27 461	22 659	27 461	22 659
GROSS HEALTHCARE RESULT		123 872	124 545	123 872	124 545
Administration expenses	18	(86 966)	(80 548)	(86 801)	(80 546)
Managed care: Management services	19	(20 317)	(19 013)	(20 317)	(19 013)
NET HEALTHCARE RESULT		16 589	24 984	16 754	24 986
Other Income		33 230	24 886	32 592	24 835
Investment income	20	19 880	14 487	19 242	14 439
Net realised gains on financial assets	21	9 315	7 019	9 315	7 019
Other operating income	23	4 035	3 380	4 035	3 377
Other Expenditure					
Net unrealised loss on financial assets	22	(4 494)	(4 711)	(4 494)	(4 711)
Asset management fees	24	(3 106)	(2 772)	(3 106)	(2 772)
Interest paid on savings plan liability	12	(308)	(257)	(308)	(257)
Other interest paid	25	(2)	(59)	(2)	-
SURPLUS BEFORE TAX		41 909	42 071	41 436	42 081
Income tax expense	26	(98)	(307)	-	-
NET SURPLUS FOR THE YEAR		41 811	41 764	41 436	42 081
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41 811	41 764	41 436	42 081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note(s)	GROUP 2016 N$'000	GROUP 2015 N$'000	FUND 2016 N$ '000	FUND 2015 N$ '000
ASSETS					
NON-CURRENT ASSETS		66 010	58 882	66 010	58 882
Investment property	6	7 450	7 450	-	-
Property, plant and equipment	7	3 801	3 881	3 801	3 881
Financial assets measured at fair value through surplus or deficit	8	54 759	47 551	54 759	47 551
Investment in subsidiary	27	-	-	7 450	7 450
CURRENT ASSETS		419 914	381 085	419 906	381 085
Financial assets measured at fair value through surplus or deficit	8	356 033	292 522	356 033	292 522
Income tax receivable	28	8	-	-	-
Trade and other receivables	9	24 074	12 090	24 074	12 090
Cash and cash equivalents	10	39 799	76 473	39 799	76 473
TOTAL ASSETS		485 924	439 967	485 916	439 967
EQUITY AND LIABILITIES					
MEMBERS FUNDS		360 909	319 098	360 851	319 415
Accumulated funds		360 909	319 098	360 851	319 415
NON-CURRENT LIABILITIES		290	307	-	-
Deferred tax liabilities	11	290	307	-	-
CURRENT LIABILITIES		124 725	120 562	125 065	120 552
Bank overdraft	10	3	1	3	1
Savings plan liability	12	7 959	7 085	7 959	7 085
Trade and other payables	13	25 263	25 876	25 188	25 809
Outstanding claims provision	14	91 500	87 600	91 500	87 600
Loan payable to subsidiary	27	-	-	415	57
TOTAL EQUITY AND LIABILITIES		485 924	439 967	485 916	439 967

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES

GROUP	Accumulated Funds N$ '000	Total N$ '000
Balance as at 01 January 2015	277 334	277 334
Total comprehensive income for the year	41 764	41 764
Balance as at 31 December 2015	319 098	319 098
Total comprehensive income for the year	41 811	41 811
Balance as at 31 December 2016	360 909	360 909

FUND	Accumulated Funds N$ '000	Total N$ '000
Balance as at 01 January 2015	277 334	277 334
Total comprehensive income for the year	42 081	42 081
Balance as at 31 December 2015	319 415	319 415
Total comprehensive income for the year	41 436	41 436
Balance as at 31 December 2016	360 851	360 851

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note(s)	GROUP 2016 N$'000	GROUP 2015 N$'000	FUND 2016 N$ '000	FUND 2015 N$ '000
Cash flows from operating activities					
Cash receipts from contribution income		1 226 376	1 093 216	1 226 376	1 093 216
Cash payments for claims and suppliers		(1 217 735)	(1 054 123)	(1 217 579)	(1 054 132)
Cash generated from operations	#	8 641	39 093	8 797	39 084
Tax paid	28	(124)	-	-	-
Investment income	20	876	312	238	264
Interest received on cash and cash equivalents	23	3 931	3 320	3 931	3 320
Net cash generated from operating activities		13 324	42 725	12 966	42 668
Cash flows from investing activities		(50 000)	(27 554)	(50 000)	(27 554)
Purchases of property, plant and equipment	7	-	(104)	-	(104)
Purchase of investments	8	(70 000)	(20 000)	(70 000)	(20 000)
Sale of investments	8	20 000	-	20 000	-
Investment in subsidiary	27	-	-	-	(7 450)
Purchase of investment in subsidiary		-	(7 450)	-	-
Cash flows from financing Activities		-	-	358	57
Loan received from subsidiary		-	-	358	57
Net increase in cash and cash equivalents		(36 676)	15 171	(36 676)	15 171
Cash and cash equivalents at the beginning of year		76 472	61 301	76 472	61 301
Cash and cash equivalents at the end of year	10	39 796	76 472	39 796	76 472

- Refer to the Notes to the Consolidated Statement of Cash flows on page 19 indicating the reconciliation of net surplus for the year to cash generated from operations.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of net surplus for the year to cash generated from operations

	Note(s)	GROUP 2016 N$'000	GROUP 2015 N$'000	FUND 2016 N$'000	FUND 2015 N$'000
Surplus for the year		41 909	42 071	41 436	42 081
Adjusted for:					
Investment income	20	(19 880)	(14 487)	(19 242)	(14 439)
Net realised gains on financial assets	21	(9 315)	(7 019)	(9 315)	(7 019)
Interest received on cash and cash equivalents	23	(3 931)	(3 320)	(3 931)	(3 320)
Net unrealised loss on financial assets	22	4 494	4 711	4 494	4 711
Provision for impairment losses	9	(338)	78	(338)	78
Outstanding claims provision	14	3 900	18 600	3 900	18 600
Depreciation	7	80	71	80	71
Asset management fees	24	3 106	2 772	3 106	2 772
		20 025	43 477	20 190	43 535
Changes in working capital:		(11 384)	(4 384)	(11 393)	(4 451)
(Increase) in trade and other receivables		(11 646)	(2 119)	(11 646)	(2 119)
(Decrease) in trade and other payables		(612)	(3 675)	(621)	(3 742)
Increase in savings plan liability		874	1 410	874	1 410
Cash generated from operations		8 641	39 093	8 797	39 084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies comply with IFRS and have been consistently applied for all years presented, except for the standards adopted that became effective during the current year. Refer to note 1.1.3.

1.1.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Medical Aid Fund Act of Namibia. The consolidated and separate financial statements have been prepared under the historical cost convention, except where otherwise noted.

The preparation of the consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 3.

The consolidated and separate financial statements are presented in Namibian Dollars. These financial statements are rounded to the nearest thousand.

1.1.2 Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Fund and its subsidiary as at 31 December 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The consolidated financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to align their accounting policies with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in surplus or deficit; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to surplus or deficit or retained earnings, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1.3 Changes in accounting policies and disclosures

New or revised standards and interpretations became effective on 1 January 2016. The adoption of the standards or interpretations is described below:

Standard	**Title**	**Effective date**
IAS 1	Disclosure Initiative: Amendments to IAS 1	1 January 2016

The amendments clarify:
- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to consolidated and separate financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss; and
- Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness.

IAS 16	Clarification of Acceptable Methods of Depreciation and Amortisation Amendments to IAS 1	1 January 2016

The amendments clarify the principle in IAS 16 Property, Plant and Equipment that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset.

As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1.3 Changes in accounting policies and disclosures (continued)

Standard	Title	Effective date
IAS 27	Equity Method in Separate Financial Statements – Amendments to IAS 27	1 January 2016

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost;
- In accordance with IFRS 9 (or IAS 39); or
- using the equity method.

The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments eliminate a GAAP difference for countries where regulations require entities to present separate financial statements using the equity method to account for investments in subsidiaries, associates and joint ventures.

1.1.4 Standards and interpretations not yet effective

The following standards have been issued or revised and will become effective in future financial years:

Standard	Title	Effective date
IFRS 9	Financial Instruments	1 January 2018

IFRS 9 (2009) retains but simplifies the mixed measurement model for financial assets and establishes two primary measurement categories: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset. The impact of this new standard has not been assessed by management yet.

IFRS 15	Revenue from Contracts with Customers	1 January 2018

IFRS 15 is more prescriptive than current IFRS and provides more application guidance. The disclosure requirements are also more extensive. The standard will likely affect entities across all industries and the adoption of the new requirements will be a significant undertaking for most entities with potential changes to an entity's current accounting, systems and processes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1.4 Standards and interpretations not yet effective (continued)

IFRS 16	Leases	1 January 2019

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. It includes two recognition exemptions for leases – leases of low value assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments. Lessor accounting is substantially the same and will continue to classify all leases as operating of finance leases.

IFRS 17	Insurance Contracts	1 January 2021

IFRS 17 requires a fund that issues insurance contracts to report them on the balance sheet as the total of:

- The fulfilment cash flows – the current estimates of amounts that the insurer expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those cash flows; and
- The contractual service margin – the expected profit for providing future insurance coverage (ie unearned profit).

The measurement of the fulfilment cash flows reflects the current value of any interest-rate guarantees and financial options included in the insurance contracts.

1.2 Property, plant and equipment

Property, plant and equipment are reflected at historical cost less accumulated depreciation and accumulated impairments. 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenances are charged to surplus or deficit during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, after taking into consideration the asset's residual value, over their estimated useful lives, as follows:

Buildings:	50 Years
Motor vehicles and office equipment:	3-8 Years
Leasehold improvements:	5 Years

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that it's estimated recoverable amount (note 1.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus or deficit.

1.3 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions are identified, an appropriate valuation model is used.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (Cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of impairment each reporting date.

1.4 Financial instruments

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through surplus or deficit and loans and receivables. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through surplus or deficit.

The Group's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in other income.

Financial assets designated upon initial recognition at fair value through surplus or deficit are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Group has not designated any financial assets at fair value through surplus or deficit.

The Group evaluates its financial assets held for trading, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets.

NOTES TO THE CONSODLIATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the surplus or deficit. The losses arising from impairment are recognised in surplus or deficit in administrative expenses.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, with a maturity of 3 months or less. Cash equivalents are initially measured at fair value and subsequently at amortised cost. Cash and cash equivalents are classified as loans and receivables.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Trade receivables are suspended after 30 days if payment was not yet received and are terminated after 90 days if payment was not yet received. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Trade receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Trade and other receivables are classified as loans and receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through surplus or deficit, financial liabilities at amortised cost, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities at amortised cost, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the surplus or deficit. Loans and borrowings are classified as financial liabilities carried at amortised cost.

Trade and other payables

Trade and other payables are initially measured 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 and subsequently at amortised cost using the effective interest rate method. Trade and other payables are classified as financial liabilities carried at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in surplus or deficit.

1.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Healthcare insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a special uncertain event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. The contracts issued compensate the Group's members for healthcare expenses incurred.

The accounting policies for the income, expense, assets and liabilities relating to insurance contracts are disclosed in more detail in specific accounting policy notes.

1.7 Risk transfer arrangements

Risk transfer premiums are recognised as an expense over the indemnity period on a straight-line basis if applicable. A portion of risk transfer premiums is treated as prepayments.

Risk transfer premiums and benefits reimbursed are presented in the statement of comprehensive income and statement of financial position on a gross basis.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised over the same period year as the related claim.

Claim recoveries relating to risk transfer arrangements are calculated on the basis of the underlying contracts, utilising detailed expense reports provided by the reinsurer.

Assets relating to risk transfer arrangements include balances due under risk arrangements for outstanding claims provision and claims reported not yet paid. Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the outstanding claims provision, claims reported not yet paid and settled claims associated with the risk transfer arrangement.

Amounts recoverable under risk transfer arrangements are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive under the risk transfer arrangement.

1.8 Savings plan liabilities

The savings plan liability represents savings plan contributions which are a deposit component of the insurance contracts. The deposit amount has been unbundled since the Group can measure the deposit component separately and its accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component. The insurance component is recognised in accordance to IFRS 4.

The savings plan liability, i.e. deposit component, is recognised in accordance with IAS 39 and is measured at fair value as a demand feature. Savings plan contributions are credited on the accrual basis and withdrawals on a cash basis, i.e. no provision is made for outstanding claims at year-end.

Interest accrued on the savings plan contributions is credited to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Provisions

Provisions are recognised when, the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Outstanding claims provision

Claims outstanding at year end comprise provisions for the Group's estimated cost of the settling of all claims incurred but not yet reported or reported but not yet processed at the reporting date. Claims outstanding are determined as accurately as possible based on the actual claims relating to the financial year received in the four months after year end plus an estimation for expected claims relating to the financial year that will be paid out after the four month period. This estimate is based on the ratio of claims after the four months to the claim within four months and is determined from historical experience. Claim handling expenses are not separately accounted for as the service is provided by the administrator and a fixed fee paid for the full administration service including claims handling. No provision for claims handling expenses is required as the Group has no further liability to the administrator at year-end.

Estimated co-payments and payments from saving plan accounts are deducted in calculating the outstanding claims provision. The Group does not discount its provision for outstanding claims, since the effect of the time value of money is not considered material, as claims must be settled within four months of the medical event.

1.10 Contribution income

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Net contributions represent gross contributions after deduction of saving plan contributions. The earned portion of net contributions received is recognised as revenue. Net contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis.

1.11 Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred and net income or expense from risk transfer arrangements.

1.12 Claims

Gross claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the Group is responsible, whether or not reported at year end. Net claims incurred represents claims incurred net of discounts received, recoveries from members for co-payments and savings plan account after taking into account recoveries from third parties.

Net claims incurred comprise:
- Claims submitted and accrued for services rendered during the year, net of discounts received, recoveries from members for co-payments and saving plan accounts;
- movement in the provision for outstanding claims;
- Claims settled in terms of risk transfers arrangements; and
- Ex-gratia claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Managed care: management services cost

These expenses represent the cost of managing healthcare expenditure and the amounts paid or payable to third party administrators, related parties and other third parties for managing the utilisation, cost and quality of healthcare services to the Group.

1.14 Investment income

Investment income mainly comprise dividends, interest and rent income.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Interest income
Interest income is recognised using the effective interest method. When a loan or receivable is impaired; the Group reduces the carrying amount to its receivable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income from impaired loans and receivables is recognised using the effective interest rate.

Rental income
Rental income received under operating leases is charged to the surplus or deficit on a straight line basis over the lease period of the lease. Lease incentives received are recognised in the surplus or deficit as an integral part of total lease expense.

Other investment income
Income from collection investment schemes and insurance policies are recognised when the entitlement to revenue is established and it can be measured reliably.

1.15 Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, including related cash flows such as claim handling cost, and comparing this amount to the carrying value of the liability net of any related assets (i.e. the value of business acquired). Where the shortfall is identified, an additional provision is made and the Group recognises the deficiency in the surplus or deficit for the year.

1.16 Allocation of income and expenditure to benefit options

All income and expenses are allocated to benefit options based on number of members, except where a specific benefit option has generated an income or expense, in which case that income or expense is allocated to that benefit option only.

1.17 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 Leases (continued)

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.18 Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view of sale.

1.19 Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.19 Taxes (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

2. FINANCIAL RISK MANAGEMENT

2.1 Overview

The Group's activities expose it to a variety of financial risks; market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance and statutory solvency requirements.

The board of trustees has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group manages these risks through various risk management processes. These processes have been developed to ensure that the long term investment return on assets supporting the insurance liability is sufficient to fund members' reasonable benefit expectations.

The audit committee has been established by the board of trustees to assist in the implementation and monitoring of these risk management processes.

2.2 Credit risk

Credit risk is the risk of financial loss to the Group, if the counterparty to a financial instrument fails to meet its contractual obligations.

2.2.1 Credit risk management

The Group's principal financial assets are cash and cash equivalents, trade receivables and financial assets at fair value through surplus or deficit. The Group's credit risk is attributable to its trade and other receivables.

Trade and other receivables
Trade and other receivables comprise outstanding contributions (insurance receivables) and other financial receivables.
The main components of insurance receivables are:
- receivables from contributions due from members.
- receivables for amounts recoverable from reinsurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.2 Credit risk (continued)

2.2.1 Credit risk management (continued)

The Group manages credit risk by:
- Actively pursuing all contributions not received after one month of becoming due.
- Performing credit checks on reinsurers.
- Suspending benefits on member accounts when contributions have been outstanding for 30 days.
- Terminating benefits on member's accounts when contributions have been outstanding for 90 days.
- Ageing and pursuing accounts on a monthly basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Refer to note 9 for more detail. The Group's management does not expect any losses in excess of this provision from non-performance by these counter parties.

2.2.2 Exposure to credit risk

Investments
Counterparties and cash transactions are limited to high credit quality financial institutions. The Group has a policy of limiting the amount of credit exposure to any one financial institution. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
GROUP AND FUND	**2016**	**2015**
	N$'000	**N$'000**
Financial assets measured at fair value through surplus or deficit	410 792	340 073
Trade and other receivables	24 052	12 080
Insurance receivables	23 599	11 406
Other receivables	453	674
Cash and other equivalents	39 799	76 473
	474 643	428 626

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

2. FINANCIAL RISK MANAGEMENT (continued)

2.2 Credit risk (continued)

2.2.1 Credit risk management (continued)

2.2.2 Exposure to credit risk (continued)

Trade and other receivables
The main components of insurance receivables are contribution receivables; member and service provider claims receivables. Contribution receivables are collected by means of debit orders or cash payments.

The ageing of the components of insurance receivable at year end was:

GROUP AND FUND

	Gross 2016 N$'000	Impairment 2016 N$'000	Net 2016 N$'000	Gross 2015 N$'000	Impairment 2015 N$'000	Net 2015 N$'000
Insurance receivables						
Current	17 328	-	17 328	9 233	-	9 233
Past due: 31 - 60 days	3 908	-	3 908	890	-	890
Past due: 61 - 90 days	884	-	884	380	-	380
Past due: 91 days and older	2 326	(847)	1 479	2 088	(1 185)	903
Total	24 446	(847)	23 599	12 591	(1 185)	11 406

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

2. FINANCIAL RISK MANAGEMENT (continued)

2.2 Credit risk (continued)

2.2.1 Credit risk management (continued)

2.2.2 Exposure to credit risk (continued)

GROUP AND FUND

	Gross 2016 N$'000	Impairment 2016 N$'000	Gross 2015 N$'000	Impairment 2015 N$'000
Other receivables				
Current	453	-	674	-
Past due: 31 - 60 days	-	-	-	-
Past due : 61 - 90 days	-	-	-	-
Past due : 91 days and older	-	-	-	-
Total	453	-	674	-

Based on past experience, the Group believes that no allowance is required in respect of debtors that are past due and outstanding for less than 90 days, besides those individuals that have resigned from the fund. The Group has not renegotiated the term of receivables and does not hold any collaterals or guarantees as security.

The entire amount of trade and other receivables is unrated. Insurance receivables consist of outstanding contributions at year-end as well as the reinsurance debtor's amount. On analysing the credit quality of contribution debtors, the Group collected the majority of these amounts subsequent to year-end. This indicates a high credit quality relating to these debtors. The reinsurance debtor is also a high credit quality counterparty. Consequently no additional disclosure of the credit quality is provided. The other debtors are expected to have similar credit quality and settled their obligations in January 2017. No impairment provision has been raised for these debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.2.2 Exposure to credit risk (continued)

Cash and cash equivalents

Cash and cash equivalents are neither past due nor impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rate. There have been no instances of counterparty default in the past, and therefore the credit quality is assessed as good.

GROUP AND FUND	2016 N$ '000	2015 N$ '000
First National Bank	39 799	76 473
	39 799	76 473

Financial assets measured at fair value through surplus or deficit

Financial assets measured at fair value through surplus or deficit is neither past due nor impaired.

The Group limits its exposure to credit risk by investing in high-quality credit worthy counterparties. Given these credit ratings, the trustees do not expect any counterparty to fail to meet its obligations. The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rate. There have been no instances of counterparty default in the past, and therefore the credit quality is assessed as good.

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Money market investments		
Bank Windhoek	30 847	26 606
Nedbank	23 667	19 904
First National Bank	28 443	16 969
Standard Bank Namibia	37 996	32 702
Sanlam	13 660	4 709
Investec	605	-
ABSA	1 620	2 794
Capitec	285	284
Safex	1 713	1 449
Unrated	5 863	900
Yieldmar	-	152
Barclays	285	284
Commercial Bank of Namibia	1 018	1 016
FirstRand	1 015	307
Total money market	147 017	108 076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.2 Credit risk (continued)

2.2.2 Exposure to credit risk (continued)

Financial assets measured at fair value through surplus or deficit (continued)

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Debt instruments		
Namibia: GC17/GC17 8.0% 151017	303	300
Namibia: GC18/GC18 9.5% 150718	20 105	19 875
Namibia: GC20/GC20 8.50% 15042020	1 936	945
Namibia: GC21/GC21 7.75% 151021	1 522	1437
Namibia: GC24/GC24 10.50% 15/10/2024	1 408	-
Namibia: GC24/GC24 10.50% 151024	1 144	1 110
Namibia: GC30/GC30 8% 15/01/2030	938	921
Namibia: GI22/GI22 3.55% 15102022	528	-
NMP19N/NMP19N 10.00% 101119	1 742	1 713
ABLI03 African Bank ILB 5.10%150315	312	-
ABLI03ZZ African Bank ILB 0% 29012016	-	271
ABCPI3/ABCPI3 5.50% 071223	3 027	2 950
ABS9 ABSA 9.37% 17032016	-	92
ABS12 ABSA ILB 5.5% 07/12/2023	1 279	1 311
ASN137 ABSA ILB 31012022	832	-
AIRL01/AIRL01 3.64% 300428	171	166
BAW19 Barloworld 9.56% 05122020	162	157
BGL12 11.3670% 200821	405	-
FRB22 11.2580% 081222	302	-
FRBI23/FRBI23 5.5% 071223	1 026	1 025
CBL26 Capitec Bank Limited 11.11% 06052021	619	-
IBL50 Investec Bank 9.105% 02082020	509	487
IBL67 Investec ILB 2.75% 31012022	415	393
Nedbank 8.92% 28112020	461	-
NBK11A Nedbank 8.92% 28112020	-	438
NBK2A Nedbank 10.55% 150915	-	-
NBK6A Nedbank 9.68% 190415	-	-
NEDT1B 13.6080% 261121	101	-
NGL01 11.3580% 220921	301	-
OML05 Old Mutual Life 9.76% 19032020	202	193
SBN33 Standard Bank 8.25% 150917	272	267
SBSI11/SBSI11 5.5% 071223	4 727	4 812
SBSI12/SBSI12 2.5% 310117	2 424	2 286
SHS25 Steinhoff Services (Pty) Ltd 9.83% 29062020	317	304
R186 RSA 10.50% 211226	2 685	1 503
R207 RSA 7.25% 150120	334	320
R208 RSA 6.75% 310321	658	417
R209 RSA 6.25% 310336	1 731	2 062
R210 R210 ILB 310328	112	109

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.2.2 Exposure to credit risk (continued)

Financial assets measured at fair value through surplus or deficit (continued)

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Debt instruments (continued)		
R212 R212 ILB 310122	440	422
I2025 ILB 2.0% 31012025	172	-
LGL02 Liberty Group Ltd 7.67% 130817	153	149
LGL04 Liberty Group Ltd 9.165% 14082020	169	161
L58 RSA 13.5% 15092015	-	-
L59 RSA 13.5% 15092015	-	-
MTN04 Mobile Telephone Networks Holdings (Pty) Ltd 10.13% 130717	137	136
SBS9 Standard Bank 11.42% 070716	-	-
Convertible Bond 6.5% 030417	378	367
TPDA08 Commissioner Street No 11 Ltd 9.5050% 30112020	300	287
Total debt instruments	54 759	47 551
Total money market and debt instruments	201 776	155 627

2.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity management implies maintaining sufficient cash and marketable securities, reflected in the table below, the availability of funding through liquid holding cash positions with various financial institutions ensures that the Group has the ability to finance its day to day operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.3 Liquidity risk (continued)

A maturity analysis is provided below:

GROUP

As at 31 December 2016	On demand	Less than 3 months	3 -12 months	1 - 3 years	> 3 years	Total
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Liabilities						
Bank overdraft	(3)	-	-	-	-	(3)
Members savings accounts	(7 959)	-	-	-	-	(7 959)
Trade and other payables	(2 116)	(19 828)	(2 167)	-	-	(24 111)
Outstanding claims provision	-	-	(91 500)	-	-	(91 500)
	(10 078)	(19 828)	(93 667)	-	-	(123 573)
Assets						
Financial assets measured at fair value through surplus or deficit	-	-	356 033	3 979	50 780	410 792
Trade and other receivables	-	22 120	1 479	-	-	23 599
Cash and cash equivalents	39 799	-	-	-	-	39 799
	39 799	22 120	357 512	3 979	50 780	474 190
Net position	29 721	2 292	263 845	3 979	50 780	350 617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.3 Liquidity risk (continued)

FUND

As at 31 December 2016	On demand	Less than 3 months	3 -12 months	1 - 3 years	> 3 years	Total
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Liabilities						
Bank overdraft	(3)	-	-	-	-	(3)
Members savings accounts	(7 959)	-	-	-	-	(7 959)
Trade and other payables	(2 041)	(19 828)	(2 167)	-	-	(24 036)
Loan payable to subsidiary	(415)	-	-	-	-	(415)
Outstanding claims provision	-	-	(91 500)	-	-	(91 500)
	(10 418)	(19 828)	(93 667)	-	-	(123 913)
Assets						
Financial assets measured at fair value through surplus or deficit	-	-	356 033	3 979	50 780	410 792
Trade and other receivables	-	22 120	1 479	-	-	23 599
Cash and cash equivalents	39 799	-	-	-	-	39 799
	39 799	22 120	357 512	3 979	50 780	474 190
Net position	29 381	2 292	263 845	3 979	50 780	350 277

GROUP

As at 31 December 2015	On demand	Less than 3 months	3 -12 months	1 - 3 years	> 3 years	Total
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Liabilities						
Bank overdraft	(1)	-	-	-	-	(1)
Members savings accounts	(7 085)	-	-	-	-	(7 085)
Trade and other payables	(2 408)	(19 126)	(1 636)	-	-	(23 170)
Outstanding claims provision	-	-	(87 600)	-	-	(87 600)
	(9 494)	(19 126)	(89 236)	-	-	(117 856)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

GROUP

As at 31 December 2015 (continued)	**On demand**	**Less than 3 months**	**3 -12 months**	**1 – 3 years**	**> 3 years**	**Total**
	N$ '000	**N$ '000**	**N$ '000**	**N$ '000**	**N$ '000**	**N$ '000**
Assets						
Financial assets measured at fair value through surplus or deficit	-	-	292 522	3 867	43 684	340 073
Trade and other receivables	-	11 177	903	-	-	12 080
Cash and cash equivalents	76 473	-	-	-	-	76 473
	76 473	11 177	293 425	3 867	43 684	428 626
Net position	66 979	(7 949)	204 189	3 867	43 684	310 770

FUND

As at 31 December 2015	**On demand**	**Less than 3 months**	**3 -12 months**	**1 – 3 years**	**> 3 years**	**Total**
	N$ '000	**N$ '000**	**N$ '000**	**N$ '000**	**N$ '000**	**N$ '000**
Liabilities						
Bank overdraft	(1)	-	-	-	-	(1)
Members savings accounts	(7 085)	-	-	-	-	(7 085)
Trade and other payables	(2 341)	(19 126)	(1636)	-	-	(23 102)
Loan payable to subsidiary	(57)	-	-	-	-	(57)
Outstanding claims provision	-	-	(87 600)	-	-	(87 600)
	(9 484)	(19 126)	(89 236)	-	-	(117 846)
Assets						
Financial assets measured at fair value through surplus or deficit	-	-	292 522	3 867	43 684	340 073
Trade and other receivables	-	11 177	903	-	-	12 080
Cash and cash equivalents	76 473	-	-	-	-	76 473
	76 473	11 177	293 425	3 867	43 684	428 626
Net position	66 989	(7 949)	204 189	3 867	43 684	310 780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year approximates their fair values. The carrying amounts of financial assets and liabilities in the consolidated and separate financial statements approximate their fair values. Refer to note 2.5 for information on the determination of fair values.

2.4 Market risk

Market risk is the risk that changes in the market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Currency risk

The Group operates in Namibia and therefore its cash flows are denominated in Namibian dollar (N$). The exposure to foreign currency movements is not significant as only 3% of investments are held in a currency other than Namibian Dollar or South African Rand. As the South African Rand and the Namibian Dollar currencies are pegged, investments held in South African Rand do not pose a currency risk.

Price risk

The Group is exposed to equity securities price risk because of financial assets held by the Group and classified as financial assets at fair value through surplus or deficit. The Group's exposure to commodity risk is not considered significant. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Diversification of the portfolio is done by the asset managers in accordance with the mandate set by the Group. The majority of the Group's equity investments are publicly traded on the JSE (Johannesburg Stock Exchange) and NSX (Namibian Stock Exchange), with the exception of one unlisted investments in the prior year and none in the current year – refer to note 8 for detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.4 Market risk (continued)

Price risk (continued)

The effect of changes in the market on the equity portfolio at the reporting date is shown in the sensitivity analysis below, with all other variables held constant. Accumulated funds would be affected as all financial assets are classified as financial assets at fair value through surplus or deficit.

GROUP AND FUND

	2016		2015	
	10% increase in market price N$ '000	**10% decrease in market price N$ '000**	**10% increase in market price N$ '000**	**10% decrease in market price N$ '000**
Equity portfolio	20 552	(20 552)	17 734	(17 734)

The Group's sensitivity to equity prices has increased from the prior year.

Interest rate risk (cash flow and fair value)

The Group's investment policy is to hold a large portion of its investments in interest bearing instruments. The Group's income and operating cash flows are therefore substantially influenced by the change in market interest rates. Investments in interest bearing instruments issued at variable rates expose the Group to cash flow interest rate risk (i.e. loss of income if the rates decrease and increase in income if they increase). Investments in interest bearing instruments issued at fixed rates expose the scheme to fair value interest rate risk (i.e. movement in interest rates would have a direct effect on the fair value of the instruments).

The Group is exposed to interest rate risks as it places funds at fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate investments within the Group's investment portfolio.

The Group's insurance and other liabilities are settled within one year and therefore the Group does not discount its liabilities and consequently changes in market interest rates would not have a significant effect on the Group's surplus or deficit. The same applies to trade and other receivables.

The table summarises the Group's exposure to interest rate risk. Included in the table are the Group's investments at carrying amounts, categorised by earlier of contractual reprising or maturity dates.

GROUP AND FUND	**Less than 12 months N$ '000**	**More than 12 months N$ '000**	**Total N$ '000**
As at 31 December 2016			
Cash and cash equivalents	39 796	-	39 796
Financial assets measured at fair value	147 017	54 759	201 776
	186 813	54 759	241 572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.4 Market Risk (continued)

Interest rate risk (cash flow and fair value) (continued)

GROUP AND FUND	Less than 12 months	More than 12 months	Total
	N$ '000	N$ '000	N$ '000
As at 31 December 2015			
Cash and cash equivalents	76 472	-	76 472
Financial assets measured at fair value	108 076	47 551	155 627
	184 548	47 551	232 099

The table below summarises the effective interest rate for monetary financial instruments:

GROUP AND FUND	2016	2015
	%	%
Cash and cash equivalents	4.90	4.75
Financial assets measured at fair value : cash	5.46	5.03
Financial assets measured at fair value : bonds	7.66	8.10

Cash flow sensitivity analysis for floating interest bearing instruments (cash and cash equivalents):

A change of 100 basis points in interest rate at the reporting date would have increased or decreased surplus by the amounts shown below. The impact on accumulated funds is the same as the impact on net surplus or deficit for the year, as all interest income is reported in surplus or deficit, and there are no available for sale financial assets where changes in fair value would impact equity. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for the current and prior year.

	2016		2015	
	100bp increase in interest rates	100bp decrease in interest rates	100bp increase in interest rates	100bp decrease in interest rates
	N$ '000	N$ '000	N$ '000	N$ '000
Cash and cash equivalents	398	(398)	765	(765)
Financial assets measured at fair value : cash	1 470	(1 470)	1 081	(1 081)
Financial assets measured at fair value : bonds	(548)	548	(476)	476

2.5 Fair value estimation

Valuation techniques and assumptions applied for the purposes of measuring fair value and fair value measurements recognised in the statement of financial position (fair value hierarchy)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (continued)

2.5 Fair value estimation (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value and fair value measurements recognised in the statement of financial position (fair value hierarchy) (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying amount less impairment provision of trade receivables and the carrying amount of trade payables is assumed to approximate the fair value due to their short-term nature. The same applies to the outstanding claims provision, as claims should be settled within 4 months after year-end according to the terms of the fund. Cash and cash equivalents have by definition a maturity of less than 3 months and therefore their fair value is also approximated by the carrying amount.

The members saving accounts contain a demand feature. In terms of regulations, any credit balance on a member's saving account must be taken as a cash benefit when the member terminates his or her membership of the fund or benefit option, and enrols in another benefit option or medical scheme without a savings account or does not enrol in another medical scheme.

Interest on these accounts is accrued monthly. Therefore the carrying values of the member's savings account are deemed to be equal to their fair values, which is the amount payable on demand.

As at 31 December 2016 the Group recognised financial instruments based on the following fair value hierarchy.

Cash and cash equivalents, unlisted equity, debt securities and commodities are classified as level 2, as none of them are traded in an active market, but their fair value is determined based on observable inputs. The cash and cash equivalents shown in the fair value hierarchy are those classified as financial assets at fair value through surplus or deficit as per note 8.

2. FINANCIAL RISK MANAGEMENT (continued)

2.5 Fair value estimation (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value and fair value measurements recognised in the statement of financial position (fair value hierarchy) (continued)

GROUP AND FUND	Level 1 N$ '000	Level 2 N$ '000	Level 3 N$ '000	Total N$ '000
2016				
Assets				
Financial assets at fair value through surplus or deficit	207 671	56 105	-	263 776
Cash and deposits	-	147 017	-	147 017
	207 671	203 122	-	410 793
2015				
Assets				
Financial assets at fair value through surplus or deficit	176 689	55 308	-	231 997
Cash and deposits	-	108 076	-	108 076
	176 689	163 384	-	340 073

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements for the financial year ended 31 December 2016 or 2015.

Financial assets are classified as non-current, unless they are cash or cash equivalents that are not restricted from being used for the next twelve months or they are expected to be realised within twelve months of the reporting date or likely to be sold within that period.

The significant inputs for the items in level 1 is quoted market prices in active markets.

The valuation technique for the items in level 2 is based on undiscounted future estimated cash flows, with the probability of default being a significant input.

2.6 Investment risk

Investment risk is the risk that the investment returns on accumulated assets will not be sufficient to cover future liabilities. Continuous monitoring takes place to ensure that appropriate assets are held where the Group's liabilities are dependent upon the performance of the investment portfolio and that a suitable match of assets exist for all liabilities.

The Group's investment objective is to maximise the return on its investment on a long-term basis at minimal risk, subject to any constraints imposed by legislation or the board of trustees. therefore, the portfolio of financial assets is managed and its performance evaluated on a fair value basis. The Group continues to diversify its investment portfolio by investing in short term deposits, money market instruments, debt securities and equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In the process of applying the Group's accounting policies, management has made the following estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

a) Outstanding claims provision
There are some sources of estimation uncertainty that have to be considered in the estimate of the liability arising from claims made under insurance contracts. Initial estimates are made by management in relation to the best calculations on reported claims and derived as the claims process develops. All estimates are revised and adjusted at year-end by management. More detail on the estimation method and assumptions is disclosed in note 14.

b) Impairment of financial assets
The Group follows the guidance of IAS 39 to determine when a financial asset is impaired. This determination requires significant judgment. Refer to note 1.4 for more information on the impairment process applied by the Group.

c) Fair value of financial assets
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to note 2.5 for fair value estimation information.

d) Asset lives and residual values
Plant and equipment is 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 reassessing asset lives, factors such as technological information and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Refer to notes 1.2 and 7 for more information.

4. LEGAL RISK

Legal risk is the risk that the Group will be exposed to contractual obligations which have not been provided for. At 31 December 2016 the Group did not consider there to be any significant concentration of legal risk that had not been provided for in the current or prior year.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders.

Consistent with others in the industry, the Group monitors capital on the basis of the solvency ratio. The solvency ratio is calculated as accumulated funds divided by net contributions. At year-end the Fund had a solvency ratio (reserve level) of 29.15% (2015: 29.16%) and the Group had a solvency ratio (reserve level) of 29.15% (2015: 29.13%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. INVESTMENT PROPERTY

GROUP

	2016 Carrying value N$ 000	2015 Carrying value N$ 000
Investment property		
-Land and buildings	7 450	7 450
Net book value	7 450	7 450

Reconciliation of investment property as at 31 December 2016

	Opening Balance N$	Additions N$	Fair value adjustment N$	Total
Investment property	7 450	-	-	7 450

Reconciliation of investment property as at 31 December 2015

	Opening Balance N$	Additions N$	Fair value adjustment N$	Total
Investment property	-	7 450	-	7 450

Land and buildings comprise of:

Erf 1791, 8 Newton Street, Windhoek, Sectional Title No. 39/2007(2).

		2016 N$ 000	2015 N$ 000
Cost price	2007	1 847	1 847

Details of property:

The property is leased to one tenant in the district of Windhoek.

	2016	2015
The fair value of the property is estimated to be equal to the carrying value, which is calculated to be:	7 450	7 450

Details of valuation:

The valuation was performed by Pierewiet Wilders Valuations on 22 January 2015.

He is an independent valuator who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.
The next valuation is due to be performed for the year ended 31 December 2018.

The valuation was performed using the market value for the property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. INVESTMENT PROPERTY (continued)

Fair Value Measurement

2016

	Items at fair value Level 1 N$'000	Level 2 N$'000	Level 3 N$'000
Assets			
Land and buildings	-	-	7 450

Significant unobservable valuation input:	
Price per square metre office	N$ 185
Price per square metre parking	N$ 450
Net income	N$ 49 627
Capitalisation rate	8%

	2016 N$'000 Effect
A 10% increase in the price per square metre office and parking would have the following effects:	
Effect on fair value	870
A 10% increase in the net income would have the following effects:	
Effect on fair value	738
A 10% increase in the capitalisation would have the following effects:	
Effect on fair value	738
A 10% decrease in the price per square metre office and parking would have the following effects:	
Effect on fair value	(870)
A 10% decrease in the net income would have the following effects:	
Effect on fair value	(738)
A 10% decrease in the capitalisation would have the following effects:	
Effect on fair value	(738)

Valuation techniques
Market value

	2016 N$	2015 N$
Rental income from investment property	579	48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

GROUP AND FUND	Land and building		Motor vehicles & office equipment		Leasehold improvements		Total	Total
	2016	2015	2016	2015	2016	2015	2016	2015
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Cost	4 114	4 114	254	254	3	3	4 371	4 371
Accumulated depreciation	(402)	(353)	(166)	(134)	(3)	(3)	(570)	(490)
	3 712	3 761	88	120	-	-	3 801	3 881
Carrying amount at the beginning of the year	3 761	3 810	120	37	-	1	3 881	3 848
Additions	-	-	-	104	-	-	-	104
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(49)	(49)	(32)	(21)	-	(1)	(80)	(71)
Carrying amount at the end of the year	3 712	3 761	88	120	-	-	3 801	3 881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

GROUP AND FUND	2016 N$'000	2015 N$'000
Fair value at the beginning of the year	340 073	306 362
Additions	70 000	20 000
Dividends received	5 555	4 811
Disposals	(20 000)	-
Asset management fees (note 24)	(3 106)	(2 772)
Realised gains (note 21)	9 315	7 019
Unrealised gains (note 22)	(4 494)	(4 711)
Accrued interest	13 449	9 364
Fair value at the end of the year	410 792	340 073
Current portion	356 033	292 522
Non-current portion	54 759	47 551
	410 792	340 073

The investments to be included above represent investments in:

GROUP AND FUND	Foreign N$ '000	Local N$ '000	Total N$ '000
2016			
Cash and deposits	31 078	115 939	147 017
Unlisted equity	1 516	-	1 516
Listed equity	167 536	30 540	198 076
Debt instruments	25 131	29 628	54 759
Property	5 936	-	5 936
Foreign commodities	3 655	-	3 655
Other securities	9	-	9
Less accrued expenses	-	-	(176)
	234 861	176 107	410 792

GROUP AND FUND	Foreign N$ '000	Local N$ '000	Total N$ '000
2015			
Cash and deposits	18 421	89 655	108 076
Unlisted equity	647	-	647
Listed equity	155 857	20 832	176 689
Debt instruments	21 250	26 301	47 551
Property	3 583	-	3 583
Foreign commodities	3 688	-	3 688
Other securities	6	-	6
Less accrued expenses	-	-	(167)
	203 452	136 788	340 073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

GROUP AND FUND	**2016**	**2015**
	N$'000	**N$'000**
Cash and deposits consist of:		
Current accounts	10 058	9 656
Call accounts	73 831	60 136
Money Market	63 128	38 284
Cash and deposits	147 017	108 076

		2016		**2015**
	Shares	**N$ '000**	**Shares**	**N$ '000**
Unlisted equity instruments consist of the following shares:				
Redefine Properties Ltd Unlisted	135 517	1 516	66 720	647
		1 516		647

Listed equity instruments consist of the following shares:

GROUP AND FUND		**2016**		**2015**
	Shares	**N$'000**	**Shares**	**N$'000**
Accelerate Property Fund Ltd	89 694	634	75 350	452
A E C I Ltd	4 149	419	6 744	598
Adcorp Holdings Ltd	12 075	169	12 075	237
Advtech Ltd	73 394	1 260	77 305	1 126
African Bank Investments Ltd	7 000	-	7 000	-
African Rainbow Minerals Ltd	555	55	400	17
Allied Electronics Corp	101 556	833	87 966	484
Altron Ltd A Ordinary	2 909	25	2 909	18
Anglo American Platinum Ltd	350	93	450	83
Anglo American plc	21 666	4 227	28 270	1 950
Anglogold Ashanti Ltd	108	16	230	24
Anheuser-Busch Inbev SA/NV	2 849	4 150	-	-
Arcelormittal SA	-	-	22 002	99
Arcelormittal South Africa Rts	-	-	37 053	-
Arrowhead Prop Ltd A	-	-	94 053	794
Arrowhead Prop Ltd B	-	-	94 053	790
Ascention Props Ltd	295 500	1 238	-	-
Aspen Pharmacare Holdings Ltd	4 763	1 351	604	187
Astral Foods Ltd	202	26	120	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

Listed equity instruments consist of the following shares: (continued)

GROUP AND FUND	2016		2015	
	Shares	N$'000	Shares	N$'000
Astrapak Ltd	52 610	394	49 120	187
Attacq Ltd	91 668	1 548	68 738	1 254
Aveng Ltd	33 548	266	33 548	76
Avi Ltd	11 160	1 020	10 561	817
Barclays Africa Group Ltd	4 457	752	2 380	342
Barloworld Ltd	1 360	160	-	-
Belgacom SA	-	-	6 264	1 090
BHP Billiton plc	7 436	1 626	1 912	628
Bid Corporation Ltd	3 008	737		
Bidvest Group Ltd	3 076	558	11 783	10 288
Bidvest Namibia Ltd	254 114	2 577	254 114	2 666
British American Tobacco	8 835	6 879		
Capevin Investments Ltd	157 600	1 466	187 106	1 806
Capital And Counties Properties	56 552	2 799	20 383	2 089
Clicks Group Ltd	-	-	2 423	216
Compagnie Financiere Richemont	32 981	2 993	35 113	3 919
Coronation Global Emerging Market Fund CLZ USD	-	-	-	-
Coronation Global Equity FOF Class Z	163 502	35 035	176 680	39 467
Coronation Fund Managers	7 830	552	11 897	629
Curro Holdings Ltd	10 111	508	-	-
Datatec Ltd	1 191	59		
Delta Emd Ltd	5 300	6	5 300	16
Delta Property Fund Ltd	222 686	1 737	222 686	1 525
Dipula Income Fund-A	198 989	1 970	198 989	1 791
Dipula Income Fund-B	-	-	18 774	164
Dis-chem Pharmacies Ltd	14 184	318	-	-
Distell Group Ltd	2 090	303	2 090	345
Distribution and Warehousing Network	52 071	134	52 071	278
EPE Capital Partners Ltd	39 900	363	-	-
Exxaro Resources Ltd	9 588	858	-	-
Exxaro Resources Ltd Warr	-	-	26 336	1 160
Fairvest Property Holdings Ltd	904 600	1 619	904 600	1 465
Famous Brands Ltd	2 290	358		
Firstrand - Namibia	81 211	4 318	47 900	2 030
Foraepae Four Active European Ex Uk Eqy Cl A(B) Eur	-	-	1 668	513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

Listed equity instruments consist of the following shares: (continued)

GROUP AND FUND	2016 Shares	2016 N$'000	2015 Shares	2015 N$'000
Fortress Income Fund Ltd	98 385	1 630	98 385	1 582
FOUR ACTIVE EUROPEAN EX UK EQY CL A(B) E	1 668	403	-	-
Glencore Xstrata plc	8 463	395	28 496	593
Gold Fields Ltd	2 993	130	1 980	84
Grindrod Ltd	8 582	115	4 199	47
Group Five Ltd	5 568	137	5 226	104
Growthpoint Properties Ltd	101 901	2 638	90 011	2 091
Hammerson plc	6 226	598	-	-
Hosken Consolidated Investments	2 370	321	2 370	274
Hospitality Property Fund	137 331	1 840	137 331	1 449
Iliad Africa Ltd	-	-	30 000	305
Illovo Sugar Ltd	-	-	640	11
Impala Platinum Holdings	18 543	793	22 820	571
Imperial Holdings Ltd	1 209	221	700	84
INTU Properties plc	46 754	2 197	48 315	3 571
Investec Ltd	15 061	1 367	8 230	901
Investec plc	97 365	1 508	97 365	1 412
IShares Emerging Mkt Equity	-	-	2 770	1 059
iShares MSCI Europe UCITS ETF	2 770	904	-	-
KAP Industrial Holding	6 633	50	2 110	15
Kumba Iron Ore Ltd	165	26	100	4
Liberty Holdings Ltd	1 538	171	310	36
Libertytwo Degrees	63 560	667		
Life Healthcare Group Ltd	2 348	77	2 578	90
Massmart Holdings Ltd	-	-	250	25
Mediclinic International plc	8 288	1 077	-	-
Mediclinic International Ltd	4 997	650	19 766	2 352
MMI Holdings Ltd	68 974	1 627	63 333	1 393
Mondi Ltd	5 113	1 432	3 285	1 009
Mondi plc	11 349	3 163	1 006	310
Montauk Energy Holdings Ltd	-	-	4 800	1 481
Mr Price Group Ltd	5 269	841	450	90
MTN Group Ltd	40 033	5 051	31 915	4 241
Murray & Roberts Holdings Ltd	47 494	547	44 824	359

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

Listed equity instruments consist of the following shares: (continued)

GROUP AND FUND		**2016**		**2015**
	Shares	**N$'000**	**Shares**	**N$'000**
Nampak Ltd	3 572	66	2 090	52
52Naspers Ltd	6 489	13 069	4 849	10 280
Nedbank Group Ltd	8 820	2 100	9 510	1 794
Network Healthcare Holdings Ltd	14 501	462	5 640	191
Northam Platinum Ltd	43 345	1 755	37 815	998
Omnia Holdings Ltd	4 697	869	5 025	669
Old Mutual	162 381	5 592	85 790	3 556
P/Recm & Calibre Noncum Pref Shares	45 520	1 184	45 520	751
Novus Holdings Ltd	-	-	6 002	72
Pan African Resources plc	-	-	191 091	334
Pick N Pay Stores Ltd	9 545	608	8 085	526
Pioneer Food Group	3 948	608	7 250	1 153
Pivotal Fund Ltd	8 770	152	8 770	148
Ppc Ltd	2 860	16	3 240	50
Quantum Foods	9 874	30	9 874	30
Reinet Investment SCA	52 173	1 398	50 415	1 607
Remgro Ltd	13 415	2 992	10 876	2 667
Reunert Ltd	3 696	252	910	62
Rmb Holdings Ltd	5 586	371	3 370	187
Rmi Holdings	40 675	1 619	16 055	621
Sabmiller plc	-	-	3 950	3 707
Sanlam Institutional Special Opportunities Fund	30 157	1 485	19 293	833
Sanlam Ltd	17 550	1 104	9 250	560
Sanlam World Equity Fund Class C	25 925	640	94 140	2 532
Sanlam World Equity Tracker Class A USD	139 034	3 009	139 034	3 181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

Listed equity instruments consist of the following shares: (continued)

GROUP AND FUND		2016		2015
	Shares	N$'000	Shares	N$'000
Sanlam World Equity Tracker Fund Class C USD	256 061	6 775	87 688	2 459
Sanlam Emerging Market Equity Tracker Fund	108 342	1 406	58 714	780
Sanlam Europe (ex UK) Equity Tracker Fund	140 256	2 068	43 815	733
Sanlam Namibia General Equity Fund	39 965	349	38 869	333
Santam Ltd	128	30	250	47
Sappi Ltd	7 102	639	3 750	245
Sasol Ltd	6 397	2 552	4 192	1 758
Shoprite Namibia	4 890	838	6 310	904
Shoprite Holdings Ltd	-	-	10	1
SIM Global Equity Income Fd-Cl C USD	108 839	1 532	45 671	732
Sibanye Gold Ltd	3 326	84	480	11
Spar Group	11 773	2 338	10 792	1 987
Spur Corporation Ltd	35 815	1 148	34 110	1 145
South32 Ltd	5 458	149	-	-
Sovereign Food Investments Ltd	1 350	11	800	6
Standard Bank Group	33 342	5 060	30 055	3 411
Stefanutti Stock Holdings Ltd	57 313	262	57 313	199
Steinhoff International			40 278	3 162
Steinhoff Int Hldgs N.V	62 117	4 428	15 503	1 217
Storage Property Reit Ltd	8 230	89	8 230	80
Sun International Ltd	1 066	93	890	83
Synergy Income Fund Ltd B	29 800	194	29 800	209
Synergy Income Fund Ltd A	46 900	457	46 900	553
Telecom Italia Spa	-	-	800	51
Telkom SA Ltd	1 336	99		
Texton Property Fund Ltd	140 006	1 096	141 834	1 389
The Foschini Group	13 347	2 124	11 980	1 459
Tiger Brands Ltd	2 611	1 039	2 380	753
Tiso Blackstar Group Se	5 666	57	11 931	105
Tongaat-Hulett Ltd	466	61	6 118	569
Trencor Ltd	20 414	582	19 139	852
Truworths International Namibia	11 159	889	9 288	847
Tsogo Sun Holdings Li	1 168	32	2 958	72
Vodacom Group Ltd	1 853	282	9 160	1 396
Vukile Property Fund Ltd	-	-	63 827	1 079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

Listed equity instruments consist of the following shares: (continued)

GROUP AND FUND		**2016**		**2015**
	Shares	**N$'000**	**Shares**	**N$'000**
Wilson Bayly Himes-Ovcon Ltd	559	86	1 086	123
Woolworths Holdings Ltd	36 085	2 563	21 823	2 186
York Timber Holdings Ltd	38 455	131	47 589	104
Zambezi Platinum RF Ltd	13 997	704	13 596	529
Zeder Investments Ltd	211 733	1 463	229 340	1 382
	5 991 456	198 076	5 587 698	176 689

Debt instruments consist of the following investments:

	2016	**2015**
	N$'000	**N$'000**
- Bonds	53 621	46 190
- Other	1 138	1 361
	54 759	47 551

The maturity ranges of the debt instruments are as follows:

	1-3 years	**3- 7 years**	**7- 12 years**	**> 12 years**	**TOTAL**
2016	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Bonds	3 979	32 916	13 886	2 840	53 621
Other	-	854	172	112	1 138
	3 979	33 770	14 058	2 952	54 759

	1-3 years	**3- 7 years**	**7- 12 years**	**> 12 years**	**TOTAL**
2015	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Bonds	3 596	26 734	12 711	3 149	46 190
Other	271	815	165	110	1 361
	3 867	27 549	12 876	3 259	47 551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SURPLUS OR DEFICIT (continued)

GROUP AND FUND

Property consists of the following investments:		2016		2015
	Shares	**N$ '000**	**Shares**	**N$ '000**
Ascendas Real Estate Investment Trust	3 400	73	6 580	164
Ascendas Real Estate Investment Trust RTS	-	-	246	-
Cofinimmo	53	83	93	154
Confinimmo SA RTS	-	-	80	2
Fonciere des Regions	65	78	110	153
HCP Inc	160	65	260	154
INTU Properties	1 690	80	-	-
Klepierre	-	-	233	161
Sanlam Unv Global Prop Fund Class C	40 871	905	19 493	476
Slm Ins Balanced Fund Class A	120 085	1 766	50 123	837
SIM Property Fund B2 (D)	62 253	2 577	23 718	932
Swiss Prime Site AG	70	79	120	146
Welltower Inc	80	73	150	158
Wereldhave NV	120	74	120	104
Westfield Retail Trust	1 797	83	2 997	142
	230 644	5 936	104 323	3 583

For financial assets traded in active markets, the fair value is based on their current bid prices in an active market. The fair values of listed or quoted investments are based on the quoted market price. The fair values on investments not listed or quoted are estimated using the market price for instruments with similar characteristics or based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the investment.

Changes in fair value of financial assets are recorded, depending on whether they are realised or unrealised, in net realised gains on financial assets or net unrealised gains/(losses) on financial assets in the statement of comprehensive income, respectively (notes 21 and 22).

The investment in commodities consists of investments in:

GROUP AND FUND	2016	2015
	N$'000	**N$'000**
- Gold	3 062	2 764
- Metal	593	924
	3 655	3 688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

GROUP AND FUND

	2016 N$'000	2015 N$'000
Receivables arising from medical insurance contracts		
Contributions outstanding	8 808	4 984
Less: Provision for impairment losses	(847)	(1 185)
	7 961	3 799
Savings plan receivables	75	230
Risk transfer arrangement receivables	15 563	7 377
	23 599	11 406
Receivables not arising from medical insurance contracts		
Prepaid expenses	22	10
Other receivables	453	674
	475	684
Total trade and other receivables	24 074	12 090

The carrying amount of trade and other receivables approximate their fair values due to the short-term maturities of these assets.

Provision for impairment losses on trade and other receivables (insurance receivables)

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Balance as at 1 January	(1 185)	(1 107)
Amount recognised in surplus or deficit for the period (refer to note 18)	338	(78)
Additional provision made in the period	(847)	(1 185)
Unused amount reversed during the period	1 185	223
Amounts utilised during the period	-	884
Balance as at 31 December	(847)	(1 185)

Receivables not arising from medical insurance contracts have also been assessed for impairment, but have not been found to be impaired.

Other receivables are due within 30 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. CASH AND CASH EQUIVALENTS

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Cash on hand	3	3
Current accounts	(3)	(1)
Call accounts	39 796	76 470
Disclosed as per statement of cash flows:	39 796	76 472
Disclosed as per statement of financial position:		
Cash and cash equivalents	39 799	76 473
Bank overdraft	(3)	(1)
	39 796	76 472

The call account balance is available on request. The interest rate on the current account is determined on a sliding scale based on the balance in the account at any point in time. The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets. Also refer to contingent liabilities (note 29).

At 31 December 2016, the Group had a monthly settlement limit of N$ 200 000 000 (2015: N$ 153 500 000).

11. DEFERRED TAX LIABILITIES

GROUP	2016 N$ '000	2015 N$ '000
The movement of the deferred taxation account is as follows:		
Balance at the beginning of the year	307	-
Income statement expense	(17)	307
Balance at the end of the year	290	307
Comprising:		
- Investment property	290	307

12. SAVINGS PLAN LIABILITY

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Balance on the savings plan liability due to members		
At the beginning of the year:	7 085	5 675
Add:		
Savings plan account contributions received or receivable for the current year (note 15)	6 695	6 251
Interest paid on savings plan account	308	257
Reclassification to savings debtor	-	-
Less:		
Claims paid on behalf of members (note 16)	(5 605)	(4 823)
Refunds on death or resignations	(524)	(275)
At the end of the year	7 959	7 085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. **SAVINGS PLAN LIABILITY** (continued)

In accordance with the rules of the fund, the savings plan is underwritten by the fund.

The savings plan liability contains a demand feature that any credit balance on a member's personal medical savings account must be taken as a cash benefit when the member terminates his or her membership of the fund or move from a non-traditional option to a traditional option.

A traditional option is an option with hospital and day-to-day benefits. Non-traditional options only have hospital benefits, and the savings liability is only available on these options, in order to cover day-to-day medical expenses. It however remains the member's choice whether they want to make use of the savings liability.

No advances on savings plan accounts were paid out during 2016 or 2015.

As at year-end the carrying amounts of the members' savings accounts were deemed to be equal to their fair values, which is the amount payable on demand. The amounts were not discounted due to the demand feature. Interest is paid on the savings plan at a rate of 5% per annum (2015: 5%).

13. **TRADE AND OTHER PAYABLES**

GROUP	**2016**	**2015**
	N$ '000	**N$ '000**
Insurance liabilities		
Net contributions received in advance	19 708	18 762
Reported claims not yet paid	1 373	1 639
Total liabilities arising from insurance contracts	21 081	20 401
Non-insurance liabilities		
Trade payables	3 008	2 705
Other payables	22	64
Accruals	1 152	2 706
Total non-insurance liabilities	4 182	5 475
Total trade and other payables	25 263	25 876
Reported claims not yet paid		
Balance at beginning of year	1 639	1 648
Payments in respect of claims reported in prior year	(1 639)	(1 648)
Claims reported not yet paid in current year	1 373	1 639
Balance at end of year	1 373	1 639

The carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

FUND	**2016**	**2015**
	N$ '000	**N$ '000**
Insurance liabilities		
Net contributions received in advance	19 708	18 762
Reported claims not yet paid	1 373	1 639
Total liabilities arising from insurance contracts	21 081	20 401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES (continued)

FUND (continued)	**2016 N$ '000**	**2015 N$ '000**
Non-insurance liabilities		
Trade payables	2 953	2 638
Other payables	15	64
Accruals	1 139	2 706
Total non-insurance liabilities	4 107	5 408
Total trade and other payables	25 188	25 809
Reported claims not yet paid		
Balance at beginning of year	1 639	1 648
Payments in respect of claims reported in prior year	(1 639)	(1 648)
Claims reported not yet paid in current year	1 373	1 639
Balance at end of year	1 373	1 639

Trade payables are normally settled on 30 day terms. Other payables consist of sundry creditors and rental deposits. Net contributions received in advance are on a 30 day term.

The carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

14. OUTSTANDING CLAIMS PROVISION

GROUP AND FUND

	2016 N$ '000	**2015 N$ '000**
Analysis of movements in outstanding claims:		
Balance at beginning of year	87 600	69 000
Movement in outstanding claims provision (note 16)	3 900	18 600
Payment in respect of prior year	(87 538)	(70 281)
(Over)/ under provision in prior year	(62)	1 281
Adjustment for current year	91 500	87 600
Balance at end of year	91 500	87 600
Analysis of outstanding claims provision		
Estimated gross claims	91 500	87 600
	91 500	87 600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. OUTSTANDING CLAIMS PROVISION (continued)

The outstanding claims provision was based on the actual claims relating to the financial year received in the four months after year-end plus an estimate for expected claims relating to the financial year that will be paid after the four month period. This estimate is based on the ratio of claims after four months to the claims within four months and is determined from historical experience.

The existing accounting policy relating to the outstanding claims provision considers current estimates of all contractual flows, therefore in terms of paragraph 15 to 19 IFRS 4, no further liability adequacy test is required.

15. NET CONTRIBUTION INCOME

GROUP AND FUND

	2016 N$ '000	2015 N$ '000
Gross contributions	1 244 717	1 101 586
Less: Savings contributions (note 12)	(6 695)	(6 251)
Net contribution income	1 238 022	1 095 335

16. NET CLAIMS INCURRED

GROUP AND FUND

	2016 N$ '000	2015 N$ '000
Current claims	1 085 384	926 480
Ex-gratia claims	4 283	10 230
Movement in outstanding claims provision (note 14)	3 900	18 600
(Over)/ under provision in prior years	(62)	1 281
Adjustment for current year	3 962	17 319
Less: Claims paid from /charged to savings account (note 12)	(5 605)	(4 823)
- Discount received	(40)	(294)
	1 087 922	950 193

Ex-gratia claims are claims paid out which exceeds members benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. NET EXPENSE ON RISK TRANSFER ARRANGEMENTS

The Group operated the following reinsurance and risk transfer arrangements during the year:

Insurance arrangements

In-Hospital Medical Expenses: In terms of this insurance arrangement all member's In-Hospital claims in excess of N$ 400 000 (2015: N$ 350 000) Ltd to a maximum amount of N$ 1 600 000 for each principal member and his/her dependents for each and every loss or series of losses, per annum are insured by GFA Re CC. This insurance is only for claims that meet the requirement of the fund's rules and regulations. The Group pays a fixed amount per member which amounts to a total fixed fee of N$ 37 884 525 (2015: N$ 29 761 389) (including In-Hospital, evacuation insurance and premium waiver) for the year under review.

Emergency Evacuation by Air: In terms of this insurance arrangement all member's emergency evacuation claims by air in excess of N$ 20 000 (2015: N$ 20 000) Ltd to a maximum amount of N$ 1 250 000 for each and every incident are insured by GFA Re CC. This insurance is only for claims that meet the requirements of the fund's rules and regulations. The Group pays a fixed amount per member which amounts to a total fixed fee of N$ 37 884 525 (2015: N$ 29 761 389) (including In-Hospital evacuation insurance and premium waiver) for the year under review for this reinsurance.

Other risk transfer arrangements

Premium waiver: In terms of this insurance arrangement all principal members are covered for 3 month's premium in case of death, Ltd to maximum amount of N$ 30 000 (2015: N$ 30 000) per death and insured by GFA Re CC. The Group pays a fixed amount per member which amounts to a total fixed fee of N$ 37 884 525 (2015: N$ 29 761 389) (including In-Hospital, evacuation insurance and premium waiver) for the year under review for this insurance.

Topaz – Day to Day benefit: In term of this risk transfer arrangement agreement Diamond Health Services, they provide specified day to day benefits to Topaz and Topaz plus members at selected network service providers. The total capitation fee paid was N$ 37 884 525 (2015: N$ 6 753 052).

Emergency Evacuation by Road: In terms of this risk transfer arrangement all cost of emergency evacuation by road, of members are transferred to Emed rescue 24 and insured by Prosperity Lifecare Insurance Ltd (2014: Emed rescue). The Group paid a fixed fee of N$ 18.72 (2015: N$ 17.93) per principal member per month for the year under review for this service.

Travel outside the border of Namibia: In terms of this risk transfer agreement, members travelling outside the borders of Namibia, are covered for medical expenses in excess of N$ 20 000 (2015: N$ 20 000) to a limit of N$ 10 000 000 and for a maximum period of 90 days per trip by Hollard Insurance Company of Namibia Ltd (2015: Hollard). The Group paid a fixed fee of N$ 2.80 (2015: N$ 2.80) per principal member per month for the year under review for this service.

GROUP AND FUND	**2016**	**2015**
	N$ '000	**N$ '000**
Reinsurance		
Net expense	(11 052)	(7 579)
- Reinsurance premiums expense	(37 885)	(29 761)
- Claim recoveries income from reinsurers	26 833	22 182
- Profit share on risk transfer arrangement	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. NET EXPENSE ON RISK TRANSFER ARRANGEMENTS (continued)

GROUP AND FUND (continued)	2016 N$ '000	2015 N$ '000
Other risk transfer arrangements		
Net expense	(15 176)	(13 018)
- Other risk transfer arrangement expenses paid	(15 804)	(13 495)
- Premium protection claims	628	477
	(26 228)	(20 597)

18. ADMINISTRATION EXPENSES

GROUP	2016 N$ '000	2015 N$ '000
Actuarial fee	1 037	1 000
Adjustment to provision for impairment losses (note 9)	-	78
Administration fee	69 745	65 292
Auditor's remuneration	283	235
Bad debts written off	300	1 159
Bank charges	852	739
Depreciation	80	71
Electricity	71	2
Entertainment	36	30
Equipment rental	59	53
Maintenance	92	-
Insurance	297	204
Legal cost	62	233
Levies and municipal fees	44	76
Marketing cost	2 615	2 715
Membership fees	2 325	2 070
NAMFISA levies	331	300
Office expenses	208	88
Principal officer remuneration (note 27)	763	742
Printing and stationery	207	296
Postage	800	634
Professional fees	185	170
Salaries and wages	1 174	599
Smart card fees	3 397	1 660
Social responsibility	1 344	1 350
Telephone	173	87
Travel, accommodation and conferences	200	213
Trustee fees	286	359
Uniforms	-	2
Wellness program	-	91
	86 966	80 548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. ADMINISTRATION EXPENSES (continued)

FUND	2016 N$ '000	2015 N$ '000
Actuarial fee	1 037	1 000
Adjustment to provision for impairment losses (note 9)	-	78
Administration fee	69 745	65 292
Auditor's remuneration	283	235
Bad debts written off	300	1 159
Bank charges	852	739
Depreciation	80	71
Entertainment	36	30
Equipment rental	59	53
Insurance	297	204
Legal cost	62	233
Levies and municipal fees	42	76
Marketing cost	2 615	2 715
Membership fees	2 325	2 070
NAMFISA levies	331	300
Office expenses	208	88
Principal officer remuneration (note 27)	763	742
Printing and stationery	207	296
Postage	800	634
Professional fees	185	170
Salaries and wages	1 174	599
Smart card fees	3 397	1 660
Social responsibility	1 344	1 350
Telephone	173	87
Travel and accommodation	200	213
Trustee fees	286	359
Uniforms	-	2
Wellness program	-	91
	86 801	80 546

19. MANAGED CARE: MANAGEMENT SERVICES

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Managed care cost	20 317	19 013

The managed care cost paid to the Administrator, Methealth Namibia Administrators (Pty) Ltd covers all managed care aspects such as HIV/AIDS Disease Management, Wellness Programme, Additional Hospital Benefit (AHB) Management, Ex Gratia Management, Hospital Benefit Management (Pre-authorisation, Clinical Audit, Case Management), Medication Management (Chronic Medication, Major Illness Medication, pharmaceutical audit), Dental Management (Dental audit, Dental Pre-authorisation), Practice Analysis/Profiling, Employer Group Claims Profiling and Individual Member Risk Rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. INVESTMENT INCOME

GROUP	2016 N$ '000	2015 N$ '000
Income from investments		
- Interest	13 508	9 400
- Rental income	817	276
- Dividends	5 555	4 811
	19 880	14 487

FUND	2016 N$ '000	2015 N$ '000
Income from investments		
- Interest	13 449	9 400
- Rental income	238	228
- Dividends	5 555	4 811
	19 242	14 439

21. NET REALISED GAINS ON FINANCIAL ASSETS

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Realised gains on financial assets measured at fair value through surplus or deficit (note 8)	9 315	7 019

22. NET UNREALISED LOSS ON FINANCIAL ASSETS

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Unrealised loss on financial assets measured at fair value through surplus or deficit (note 8)	4 494	4 711

23. OTHER OPERATING INCOME

GROUP	2016 N$ '000	2015 N$ '000
Bad debts recovered	104	57
Interest on cash and cash equivalents	3 931	3 320
Other income	-	3
	4 035	3 380

FUND	2016 N$ '000	2015 N$ '000
Bad debts recovered	104	57
Interest on cash and cash equivalents	3 931	3 320
	4 035	3 377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. ASSET MANAGEMENT FEES

GROUP AND FUND	2016 N$ '000	2015 N$ '000
Asset management fees	3 106	2 772

25. OTHER INTEREST PAID

GROUP	2016 N$ '000	2015 N$ '000
Interest paid on bond	2	59

FUND	2016 N$ '000	2015 N$ '000
Interest paid on bond	2	-

26. INCOME TAX EXPENSE

GROUP	2016 N$ '000	2015 N$ '000
Namibian normal tax:		
- Current		
- current year	116	-
- Deferred		
- attributable to temporary differences arising in the current year	(18)	307
Tax expense recognised in profit and loss	98	307
Accounting profit	473	42 071
At standard rate of 32%	151	13 463
Exempt income and expenses	(53)	(13 156)
Tax expense	98	307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include the Board of Trustees and the Principal Officer.

Close family members include close family members of the Board of Trustees and Principal Officer.

Transactions with related parties

The following table provides the nature of transactions which have been entered into with related parties for the relevant financial year:

Key management personnel
Details of the trustees' and sub-committee members' remuneration and the remunderation of the Principal Officer for 2015 and 2016 (as disclosed in note 18) are provided in the table below. The Board of Trustees and sub-committee members are compensated on a fee basis.

	Fees for meeting attendance 2016 N$	Fees for holding of office 2016 N$	Total consideration 2016 N$	Fees for meeting attendance 2015 N$	Fees for holding of office 2015 N$	Total consideration 2015 N$
SL Mbidhi	8 280	-	8 280	-	-	-
L Van Reenen	-	-	-	-	-	-
R Izaks	21 000	15 720	36 720	27 630	17 370	45 000
R Gertze	-	-	-	-	-	-
D Louw	10 770	-	10 770	27 370	8 750	36 120
L Minders	-	-	-	10 260	-	10 260
T Smit	41 560	15 720	57 280	63 370	12 500	75 870
C Izaaks	-	-	-	7 890	-	7 890
G Kamatuka	19 050	15 720	34 770	36 770	-	36 770
A Katjimune	-	-	-	9 740	-	9 740
P Olivier	-	-	-	24 740	-	24 740
P Herle	-	-	-	27 370	10 000	37 370
V Malango	23 585	15 720	39 305	16 510	-	16 510
A Benjamin	24 030	-	24 030	15 260	-	15 260
R Coomer	19 050	-	19 050	12 890	-	12 890
H Muisoor	26 250	-	26 250	15 260	-	15 260
P Mutota	13 260	-	13 260	7 890	-	7 890
R Doeses	16 560	-	16 560	7 890	-	7 890
	223 395	62 880	286 275	310 840	48 620	359 460

The salary paid to the Principal Officer A Begley for the year amounted to N$ 762 501 (2015: N$ 742 236).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

Parties with significant influence over the Group and Fund:

Methealth Namibia Administrators (Pty) Ltd

	2016 N$'000	2015 N$'000
Statement of comprehensive income		
Administration fee	69 745	65 292
Managed care services fee	20 317	19 013
	90 062	84 305

Statement of financial position
No amounts are outstanding as at the end of the financial year.

The administration and managed care agreement is in terms of the rules of the fund and in accordance with instructions given by the trustees of the fund. The agreement is for five years, after which the fund and the administrator has the right to terminate or renew the agreement. Outstanding balances bear no interest and are due within 30 days.

	2016 N$'000	2015 N$'000
Statement of comprehensive income		
Asset management fees (note 24)		
Namibia Asset Managers	2 156	2 113
Sanlam Investment Management	950	659
Total asset management fees	3 106	2 772

Statement of financial position
No amounts are outstanding as at the end of the financial year.

The investment management contracts are in accordance with instructions given by the trustees of the fund. The agreement is automatically renewed each year unless notification of termination is received. The fund has the right to terminate the agreement on 24 hours' notice. Any outstanding balances are payable within 30 days.

Investment in subsidiary	Quantity of shares	Shareholding %	2016 N$	2015 N$
Investment in NMC House (Pty) Ltd	1	100	7 450	7 450
			7 450	7 450

Loan payable to subsidiary	2016 N$	2015 N$
Loan from NMC House (Pty) Ltd (unsecured, interest free, no fixed repayment terms)	415	57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

The loan payable to the subsidiary approximates fair value.

On 17 November 2015, the Fund acquired JMCA Property Namibia (Pty) Ltd. The 31 December 2015 year was the first year that the Fund included JMCA Property Namibia (Pty) Ltd in its consolidated financial statements and the Fund will continue to prepare consolidated financial statements and present group figures.

28. TAX PAID

	2016 N$	2015 N$
Balance at the beginning of the period	-	-
Current tax for the period recognised in profit or loss	(116)	-
Balance at the end of the period	(8)	-
	(124)	-

29. COMMITMENTS AND CONTINGENCIES

Operating lease commitment – Group as lessor

NMC has entered into an operating lease agreement whereby surplus office space is leased out to various third parties. All leases have a 12 month lease term. There are no restrictions placed on the Group by entering into these leases. The future minimum lease payments receivable within 1 year is N$ 817 000 (2015: N$ 576 000).

Contingent liabilities

An amount of N$ 750 000 (2015: N$ 750 000) was placed as guarantee for NAMFISA (Namibia Financial Institutions Supervisory Authority) on the First National Bank of Namibia Ltd current account (refer note 10). NAMFISA requires this as financial guarantee from all medical aid funds upon registration of the fund, to ensure the financial stability of the fund.

30. INSURANCE RISK MANAGEMENT

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Group assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the fund members. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The board of trustees has developed and approved a policy for the acceptance and management of insurance risk to which the Group is exposed. This policy is reviewed annually and the benefit options provided to members are structured accordingly. The board of trustees also determines the policy for entering into alternative risk transfer arrangements and/or commercial reinsurance contracts.

The Group manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements as well as the monitoring of emerging issues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. INSURANCE RISK MANAGEMENT (continued)

Risk management objectives and policies for mitigating insurance risk (continued)

The Group uses several methods to assess and monitor insurance risk exposure both for individual types of risk insured and overall risk. These methods include internal risk measurement models, sensitivity analysis, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts.

The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred and in relation to the type of risk covered/benefits provided. Namibia currently does not have prescribed minimum benefits (PMB).

Fund	**In – hospital**	**Chronic**	**HIV Meds**	**Day to Day**	**Total**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Age Grouping (in years)					
< 26	120 741	2 893	665	121 640	245 939
26 - 35	75 191	2 477	723	85 379	163 770
36 - 50	124 400	12 725	6 149	152 362	295 636
51 - 65	127 619	19 963	2 873	100 505	250 960
> 65	79 173	10 556	174	41 714	131 617
Total for 2016	527 124	48 614	10 584	501 600	1 087 922

Fund	**In - hospital**	**Chronic**	**HIV Meds**	**Day to Day**	**Total**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Age Grouping (in years)					
< 26	102 572	2 613	637	109 784	215 606
26 - 35	68 967	2 373	841	78 679	150 860
36 - 50	107 746	10 732	6 128	138 506	263 112
51 - 65	106 147	17 508	2 708	87 962	214 325
> 65	64 963	8 592	113	32 622	106 290
Total for 2015	450 395	41 818	10 427	447 553	950 193

In-hospital benefits cover all costs incurred by members whilst they are in hospital to receive treatment for medical conditions.

Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/diseases, such as high blood pressure, cholesterol and asthma.

Day-to-day benefits cover the cost (up to 100% of the Namibian Association of Medical Aid Fund tariffs) of all out-of-hospital medical attention, such as visits to general practitioners and dentists as well as prescribed acute medicines.

HIV medicine covers the cost of medicine provided to members who are infected with HIV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. INSURANCE RISK MANAGEMENT (continued)

Risk management objectives and policies for mitigating insurance risk (continued)

The Group's strategy seeks diversity to ensure a balanced portfolio and, as such, it is believed that the variability of the outcome is reduced.

The strategy specifies the benefits to be provided by each option and the preferred target market.

Risk in terms of risk transfer arrangements

All the contracts are annual in nature and the Group has the right to change the terms and conditions of the contract at renewal. Management information including contribution income and claims ratios by option, target market and demographic split, is reviewed regularly. There is also an underwriting review program that reviews a sample of contracts on a quarterly basis to ensure adherence to the Group's objectives.

The Group reinsures a portion of the risk it underwrites so that it can control its exposure to losses and protect capital resources. The Group buys a combination of proportional and non-proportional commercial reinsurance contracts to reduce the net exposure of the Group. The Group has also entered into capitation agreements with selected network service providers. The capitation agreements are in substance, the same as a non-proportional commercial reinsurance contracts.

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risk, group risk or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. These risk transfer arrangements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Group's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage.

According to the terms of the risk transfer arrangements, the third parties agree to reimburse the ceded amount in the event that the claim is paid. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to Power Plus.

When selecting a reinsurer (or supplier) the Group considers their relative security. The security of the reinsurer (or supplier) is assessed from public rating information and from internal investigation.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year.

SUPPLEMENTARY SCHEDULE

SURPLUS/ (DEFICIT) PER BENEFIT OPTION FUND
2016

	SURPLUS/(DEFICIT) PER BENEFIT OPTION								
	NMC Protector Health	NMC Essential plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Topaz	NMC Topaz plus	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	2016								
Net contribution	44 476	38 219	481 734	602 093	42 893	15 757	3 802	9 048	1 238 022
Gross contribution	44 476	42 551	481 734	602 093	42 893	18 120	3 802	9 048	1 244 717
Savings plan contribution	-	(4 332)	-	-	-	(2 363)	-	-	(6 695)
Net claims incurred	(31 946)	(38 890)	(404 312)	(556 993)	(42 903)	(11 769)	(31)	(1 078)	(1 087 922)
Gross claims	(31 831)	(42 482)	(402 863)	(554 996)	(42 749)	(13 601)	(31)	(1 074)	(1 089 627)
Saving plan claims	-	3 731	-	-	-	1 874	-	-	5 605
Increase in provision	(115)	(139)	(1 449)	(1 997)	(154)	(42)	-	(4)	(3 900)
Net expenses on transfer arrangements	(3 024)	859	(11 580)	(5 018)	2 287	(1 251)	(3 554)	(4 947)	(26 228)
Gross healthcare results	**9 056**	**188**	**65 842**	**40 082**	**2 277**	**2 737**	**217**	**3 023**	**123 872**
Expenses for administration	(2 523)	(2 172)	(33 981)	(27 797)	(1 294)	(1 376)	(333)	(269)	(69 745)
Managed care: Management services	(1 089)	(932)	(8 996)	(8 222)	(338)	(496)	(106)	(138)	(20 317)
Other income	2 417	1 335	14 487	11 511	499	871	677	796	32 592
Other expenses	(1 851)	(1 023)	(11 097)	(8 818)	(382)	(667)	(518)	(609)	(24 966)
Net surplus/(deficit) for the year	**6 460**	**(2 604)**	**26 255**	**6 756**	**762**	**1 069**	**(64)**	**2 802**	**41 436**

SUPPLEMENTARY SCHEDULE

SURPLUS PER BENEFIT OPTION (continued)
FUND
2015

	SURPLUS/(DEFICIT) PER BENEFIT OPTION								
	NMC Protector Health	NMC Essential plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Topaz	NMC Topaz plus	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	2015								
Net contribution	41 534	33 374	420 659	536 715	40 035	12 681	2 936	7 401	1 095 335
Gross contribution	41 534	37 706	420 659	536 715	40 035	14 600	2 936	7 401	1 101 586
Savings plan contribution	-	(4 332)	-	-	-	(1 919)	-	-	(6 251)
Net claims incurred	(31 276)	(27 285)	(339 171)	(505 707)	(34 439)	(11 212)	(56)	(1 047)	(950 193)
Gross claims	(30 667)	(29 998)	(332 565)	(495 858)	(33 768)	(12 478)	(55)	(1 027)	(936 416)
Saving plan claims	-	3 309	-	-	-	1 514	-	-	4 823
Increase in provision	(609)	(596)	(6 606)	(9 849)	(671)	(248)	(1)	(20)	(18 600)
Net expenses on transfer arrangements	(2 829)	(649)	(10 829)	(796)	1 366	(1)	(2 705)	(4 154)	(20 597)
Gross healthcare results	**7 429**	**5 440**	**70 659**	**30 212**	**6 962**	**1 468**	**175**	**2 200**	**124 545**
Expenses for administration	(2 615)	(2 004)	(31 060)	(26 537)	(1 295)	(1 251)	(244)	(286)	(65 292)
Managed care: Management services	(1 455)	(804)	(8 723)	(6 932)	(300)	(524)	(126)	(149)	(19 013)
Other income	1 492	824	8 945	7 108	308	538	418	491	20 124
Other expenses	(1 356)	(749)	(8 126)	(6 457)	(280)	(489)	(380)	(446)	(18 283)
Net surplus for the year	**3 495**	**2 707**	**31 695**	**(2 606)**	**5 395**	**(258)**	**(157)**	**1 810**	**42 081**