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*(Not subject to audit)

Vision:

To be a leading pension fund and a model corporate citizen in Namibia.

Mission:

To safeguard and grow the Fund for the benefit of its stakeholders and Namibia.

Core Values:***Integrity:***

We will always be honest, fair, transparent and trustworthy in everything we do.

Service Excellence:

We will strive to deliver the highest quality of service (right, fast and humane) to all our stakeholders in an innovative, professional and respectful manner.

Teamwork:

We believe that teams achieve more than individuals. We therefore undertake to work together as a team in support of one another in pursuit of our vision.

Corporate Governance Statement

Sound corporate governance provides the foundation for the GIPF to realise its vision “to be a leading pension fund and a model corporate citizen in Namibia”.

The GIPF's governance is based on the Pension Fund's Act, 1956 (Act. No. 24 of 1956), the GIPF Rules of 1999, the King III Code of Corporate Governance of 2009, the South African Financial Services Board's Pension Fund Circular 130 of 2007/2008, the Namfisa Circular on Pension Funds Corporate Governance No. 1 of 2003, terms of reference of various Board committees and various corporate governance policies, collectively constituting the governance framework.

1. The Board of Trustees

The Board of Trustees governs the Fund in accordance with the corporate governance framework of the Fund and is thus charged with a high level oversight of the Fund's strategy, risk and organisational performance.

1.1 Board Composition

The Board consists of nine trustees, who are appointed in terms of section 10 (1) of the Rules of the Fund. Of the nine trustees, three are appointed by the Government, three are appointed by the Public Service Commission and the remaining three are appointed by organised labour i.e. one by the Namibian National Teachers' Union (NANTU) and two by the Namibian Public Workers' Union (NAPWU).

1.2 Duties

The duties of the Board of Trustees are:

- to manage, control and administer the Fund;
- to ensure that proper internal control systems are in place to mitigate significant risks faced by the Fund;
- to establish a risk management framework and its review;
- to provide strategic and policy direction for the management of the Fund;
- to receive regular management reports to monitor operational compliance;
- to propose amendments to the Rules of the Fund;
- to determine an Investment Policy, setting out investment guidelines and performance benchmarks in line therewith and
- to manage and ensure productive stakeholder relationships.

1.3 Board Committees

The Board ensures fiduciary effectiveness through Board committees, which assist the trustees in discharging their duties and responsibilities. The Board is assisted by the following five committees:

- Audit Committee
- Benefits and Administration Committee
- Investment Committee
- Legal, Governance and Compliance Committee and
- Remuneration and Human Resources Committee

During the reporting period, the Board replaced the Technical Committee with the Benefits and Administration Committee and the Legal, Governance and Compliance Committee.

The Committees operate under a set of formal terms of reference and the Chairperson of each committee reports to the Board at its scheduled meetings.

1.3.1 Audit Committee

The committee consists of four members, one of whom is an independent external member appointed on the basis of his/her expertise in finance and/auditing. The members of the committee during the reporting period were: Ms. M. Hummel (Chairperson), Ms. S. Kandere, Mr. M. Gaomab II, and Mr. E. Hoveka (independent co-opted member). Ms. E. Samson was a member until 17 August 2011.

The audit committee's mandate is to ensure effective internal controls and risk management as well as to promote the integrity of financial reporting in the Fund.

The specific responsibilities of the committee include the following:

- to review and recommend to the Board of Trustees the annual financial statements for approval,
- to deal with matters relating to internal control, accounting policies, reporting and disclosure,
- to deal with the engagement of external auditors and fees payable to external auditors,
- to review and approve internal audit policies, plans, reports and findings,
- to evaluate the performance of external auditors,
- to review external audit plans, findings and reports and
- to assist the Board in exercising the oversight of risk management and governance.

The Committee meets on a quarterly basis.

Highlights: The following were the notable highlights of the Audit Committee during the reporting period:

- The amendment to the Finance Policy;
- The revision of the Audit Committee terms of reference; and
- The establishment of the independent risk management function in the organisation.

1.3.2 Benefits and Administration Committee

The committee consists of four (4) members. The members of the committee during the reporting period were Mr. R. Kamerika (Chairperson), Mr. H. Mootseng, Ms. S. Kandere and Ms. K. Nuugwedha.

The Benefits and Administration Committee's mandate is to ensure a sound administrative framework for the Fund and an efficient management and distribution of benefits to members and beneficiaries.

The specific responsibilities of the Committee include the following:

- to advise, review and make recommendations on matters pertaining to administrative policies of the Fund,
- to advise, review and make recommendations on the Fund's benefits from time to time, matters pertaining to guidelines and processes of disposition of death benefits and the actual distribution of death benefits in terms of section 37 C of the Pension Funds Act,
- to advise, review and make recommendations on pension increases based on actuarial valuation reports of the Fund,
- to advise, review and make recommendations on matters pertaining to the procurement of goods and services for the GIPF,
- to develop, review and make recommendations to the Board on the approval of the communication policy, strategy and philosophy, the brand strategy, the corporate social investment policy and
- to advise, review and make recommendations on any other matter of a general administrative nature which warrants the attention of the Board through its Committees.

Highlights: The following were notable highlights of the committee during the reporting period:

- Adoption of the formula on the computation of interest on benefit claims,
- Approval of the pension increase of 7,5% for the year 2012/2013 and the
- Acquisition of the business continuity management software.

1.3.3 Investment Committee

The committee consists of five (5) members. The members of the committee during the reporting period were Mr. M. Gaomab II (Chairperson), Ms. E. Samson, Ms. S. Shidute, Ms. K. Nuugwedha, Mr R. Kamerika and Mr. H. Iita. Mr. Nevonga was a member and chairperson until 30 April 2011 whereas Mr. G. Elliott was a member until 24 June 2011.

The Committee's mandate is to guide and advise the Board of Trustees on investment related policies and strategies.

The specific responsibilities are:

- to act as an interpretive and advisory body of the Board for investment related policies and strategic direction,
- to receive management reports on investments and provide direction based on the investment policies,
- to monitor and evaluate the implementation of investment related policies,
- to obtain and consider proposals on investment related matters from external service providers and from management,
- to assist management in the formulation and review of

investment related policies and

- to report to and advise the Board on any investment related matter.

Highlights: The highlights of the committee during the reporting period were:

- laying the foundation for the implementation of the inflation linked bonds mandate,
- the adoption of the unlisted investment compliance framework,
- signing up for the United Nations Principles of Responsible Investing (UNPRI) and
- site visits to private equity asset managers.

1.3.4 Legal, Governance and Compliance Committee

The committee consists of four (4) members. One member is an independent co-opted member appointed on the basis of his expertise in legal, governance and/regulatory compliance. The members of the committee during the reporting period were Ms. K. Nuugwedha (Chairperson), Mr. M. Gaomab II, Ms. M. Hummel and Dr. S. Akweenda (independent co-opted member).

The Committee's mandate is to guide and advise the Board on legal, governance and compliance matters.

The specific responsibilities are to:

- develop and regularly review the corporate governance framework which includes the Board Charter, the Board committees' terms of reference, the code of conduct, the code of ethics, conflict of interest policy, the Board's performance assessment framework, the trustee remuneration policy, the Board's induction and training policy;
- consider and recommend all rule amendments to the Board for approval,
- deal with legal risk management, litigation and complex contracts and disputes involving the Fund;
- monitor and oversee the Fund's compliance management framework.

Highlights: The highlights of the committee during the reporting period were:

- the approval of the new trustee remuneration framework and policy, replacing the hourly-based system with the combination of retainer and per meeting attended fee system,
- facilitation of a pension fund governance workshop, facilitated by a South African pension fund governance expert Jonathan Mort.

1.3.5 Remuneration and Human Resources Committee

The committee consists of four (4) members. The members of the committee during the reporting period were Ms. S. Shidute (Chairperson), Ms. M. Hummel, Mr. H. Iita, and Mr. R. Kamerika. Mr P. Nevonga was a member until 30 April 2012.

The Committee's primary mandate is to guide and advise the Board on human capital issues and remuneration of the Trustees, executive management and other staff members.

The specific responsibilities of the committee are:

- to consider, review and make recommendations on matters pertaining to remuneration of the Board of Trustees, management and staff and
- to advise, review and make recommendations on human capital issues pertaining to training and development, recruitment and selection, industrial relations, organisational development, strategic planning, succession planning, affirmative action, performance management and other human capital issues.

Highlights: The highlights of the committee during the reporting period were:

- the recruitment of the new General Manager: Finance and Investments,
- organisation-wide job evaluation exercise, facilitated by the Hay Group,
- introduction of the total cost to employer remuneration model for employees in the the D band and
- the approval of the new revised training policy.

1.3.6 Technical Committee

The Technical Committee ceased to exist on 14 December 2011. The Committee consisted of four (4) members. The members of the Committee during the reporting period were: Mr. R. Kamerika, Ms. K. Nuugwedha, Mr. H. Mootseng and Ms. S. Kandere. Mr. G. Elliott was a member until 24 June 2011.

The mandate of the Technical Committee was to advise and guide the Board on policy making, benefits administration and general administration aspects.

The specific responsibilities of the Committee include the following:

- to consider and recommend new policies and policy revision,
- to facilitate amendments to the Rules of the Fund,
- to deal with matters of benefits administration, including death benefits disposition in terms of S 37C, through the death benefits subcommittee,
- to advise and guide on matters pertaining to the procurement of goods and services, where such procurement is beyond the jurisdiction of the Procurement Committee and Executive Management Committee,
- to deal with matters relating to governance and compliance aspects of the Fund and
- to advise and guide the Board on any matter of an administrative nature.

Highlights: The highlights of the committee during the reporting period were:

- the development of the trustee training policy, that replaced the trustee training and development guidelines,
- the facilitation of the process of an actuarial tender award to NBC/Humanity Employee Benefits,
- the adoption of the King III Code on Corporate Governance and the South African Financial Services Board (FSB) Pension Funds Circular 130 as governance guidelines for the Fund and

- the establishment of the Legal, Governance and Compliance Committee and the Benefits and Administration Committee.

2. Remuneration paid to trustees and executive management

The GIPF's remuneration philosophy is founded on the premise that, remuneration levels should be sufficient to attract and retain the persons with the competence and skill to run the Fund successfully.

During the reporting period the Fund adopted a new Board remuneration policy which introduced a combination of retainer and per meeting fee system to replace an hourly remuneration framework.

Consistent with the position in the King III code on Corporate Governance, the Fund has decided to disclose the amounts earned by both the trustees and executive management for the reporting period.

The remuneration is disclosed in the table below:

Remuneration of executive management members April 2011-March 2012	
	Gross earnings
E. Liswaniso	1,044,609.00
D. Steinbach	1,028,210.00
M. Dax	1,476,654.00
P. Hango	1,292,033.00
M. Mungunda	1,130,011.00
C. Britz	211,213.00
Total	6,182,733.00

Remuneration of Board of Trustees April 2011-March 2012	
Akweenda S	6,120.00
Hoveka E	9,180.00
Elliott G	52,740.00
Nuugwedha K	323,910.00
Mootseng H	325,890.00
Nevonga P	22,950.00
H Iita	126,990.00
Hummel M	244,170.00
Shidute S	246,600.00
Samson E	370,890.00
Gaomab M	186,750.00
Kamerika R Dr	374,850.00
Kandere S	151,470.00
Total	2,442,510.00

3. Conflicts of Interest

The Fund has a conflict of interest policy in place and all trustees and staff are bound by this policy.

The conflict of interests policy is intended to enable the trustees of the Fund to recognise and disclose situations of conflicts and ensure that such situations are appropriately managed, resolved or avoided.

Trustees are required to disclose their shareholdings as well as other roles (directorships, trusteeships, partnerships etc.) in other entities at least annually and inform the Board when any changes occur. Trustees are also required to inform the Board timeously of conflicts of interest or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussions or decisions in relation to such matters.

During the reporting period, none of the trustees had an interest in contracts or arrangements entered into by the Fund.

4. Corporate Secretary and Governance Advice

Trustees have unlimited access to the Fund's corporate secretary, Mr. Escher Luanda who acts as an advisor on governance and ethical practices within the Fund. The Corporate Secretary is responsible for induction and on-going training and development of trustees to ensure that they settle well in their responsibilities and ensuring that trustees are kept abreast of relevant developments in corporate governance.

5. Code of Conduct and Ethics

The Board of Trustees has adopted a code of conduct and ethics to underscore good ethical behaviour. GIPF is committed to a high standard of integrity in all its dealings with members and other stakeholders. It expects high standards from its employees and requires them to conduct business honestly and in accordance with best practice standards.

6. Insurance

Adequate trustee and offices' liability insurance cover of N\$40 million was taken out by the Fund. No claims under this policy were lodged during the year under review.

7. Managing Stakeholder Relationships

The Fund recognises that good stakeholder management is an essential feature of sound corporate governance. The Fund shares pertinent information relating to major projects, growth, asset size and other major developments at an annual stakeholders' event as well as through the print and electronic media. The Fund also maintains regular engagement with key

stakeholders, like the Office of the Prime Minister, the Public Service Commission, the investment management community, the Pensioners' Association, participating employers, organised labour and the general public.

The Fund hosted an annual stakeholders function during October 2011 with its major stakeholders where it shared pertinent developments regarding the Fund.

8. Internal Control Environment

The Board has overall responsibility for the Fund's system of internal control and is accountable for reviewing its effectiveness. Internal control systems are designed to manage risks within the business rather than totally eliminate the potential failure to achieve the Fund's objectives. Inevitably, they can provide only reasonable and not absolute assurance against material misstatement or loss. The board is extremely conscious of the importance of the Fund's system of internal controls and attaches a high priority to monitoring their effectiveness and developing them in line with best practice.

8.1 The system of internal control

The board has delegated to executive management the requirement for oversight, establishment and implementation of appropriate systems of internal control. The Audit Committee continues, through regular reports by the Internal Audit function of the Fund, to monitor the internal control systems.

8.2 Risk management process

The Fund has established an enterprise-wide risk management process. Executive management and departments are responsible for the management of risks across the Fund. The risk register sets out the process for capturing all risks relevant to the Fund. Executive management is responsible for the collation of this information and reporting through the Audit Committee. Executive management is entrusted to ensure that the Enterprise Risk Management process is embedded at all levels and overseen independently and objectively, at an appropriate level. The Audit Committee and the Internal Audit Department, keeps under continuous review the adequacy and effectiveness of the Fund's enterprise risk management process and the system of internal control. When planning their internal audits of the Fund, Internal Audit takes into consideration issues raised in the risk register.

[The Board of Trustees]

The Board of Trustees governs the Fund in accordance with the corporate governance framework of the Fund and is thus charged with a high level oversight of the Fund's strategy, risk and organisational performance.



Seimy Shidute
Trustee

Qualifications:
• B.Econ, MBA

Other Directorships, Trusteeships & other roles
• Director: Namibia Lotteries Board



Elaine Samson

Trustee
Chairperson

Qualifications:

- B Juris, LLB, LLM, MBA, PHD (Current)

Legal Practitioner of the High Court of Namibia

Directorships, Trusteeships and other roles

- Chairperson of Epangelo Mining Company (PTY) Ltd



Rudolph Kamerika

Trustee

Qualifications:

- BA, M.Ed, PH.D (Current)

Directorship, Trusteeship and other roles

- Director: Sovereign Capital
- Board Member: NANTU – Likwafele,
- Council Member: Namibia National Teacher's Council,
- Board Member UNAM Faculty of Education
- Trustee: GIPF Employees Pension Fund (GEPF)



Kandali Nuugwedha

Trustee

Qualifications:

- BA, B.Ed, DEAI, HED (Exemp), BA (Hons), B. Juris, LLB, MED

Legal Practitioner of the High Court of Namibia

Directorship, Trusteeship and other roles

- Trustee: GIPF Employees Pension Fund (GEPF)



Monica Hummel

Trustee

Qualifications:

- National Diploma Public Administration



Erastus Hoveka

*Specialist Independent member:
Audit Committee*

Qualifications:

*B.S. Accounting(Cum Laude),
MBA(Distinction), CPA*

**Directorships Trusteeships & other
roles:**

MD: Nedbank Namibia Limited

Trustee: National Housing Trust

*Member of Finance Comm & Audit
Risk Comm: International Federation
of Red Cross*

Chairman: Nedloans (pty) Ltd

Director: Ripanga Investments

*Director: Nedplan Insurance Brokers
Namibia (pty)Ltd*

*Director: Nednamibia Life Assurance
Company Limited*

*Director: Nedproperties (pty) Ltd
Chairman: Nedcapital Namibia (pty)
Ltd*

*Director: Nednamibia Holdings
Limited*

*Trustee: Mutual and Federal
Insurance Company of Namibia
Limited*

*Director:Namibia Training Authority
Chairperson: Namibia Lotteries Board*



Hubert Mootseng

Trustee

Qualifications:

- *Certificate in Law, BA (Law), MA in Strategic Security Studies (Current)*

Directorship, Trusteeship and other roles:

- *Commissioner (Rtd) Namibian Police*



Sarafina Kandere

Trustee

Qualifications:

- *Certificate in Dispute Resolution,
Diploma in Dispute Resolution*

Directorship, Trusteeship and other roles:

- *Director: ELCIN Church Nkarapamwe*
- *Vice Chairperson: NANAWO*
- *President: NAPWU*



Heinrich Iita

Trustee

Qualifications:

- *Diploma (Commerce), B.Tech (Econ) (Current), BBA (Current), Certificate in Pension Fund Administration, Diploma in Compensation for Occupational Injuries & Diseases*

Directorship, Trusteeship and other roles

- *Member of National Executive Committee and Central Executive Committee: NAPWU*



Dr Sakeus Akweenda

Specialist independent member: Legal, Governance and Compliance Committee

Qualifications:

- LLB, LLM, PHD

Legal Practitioner of the

High Court of Namibia

Member of the Society of Advocates

Directorships, Trusteeships and other roles:

- Director: National Training Authority



Mihe Gaomab II

Trustee

Qualifications:

- B.Econ (Hons), PGD Quantitative Development Economics, MSC in Quantitative Development Economics

Directorships, Trusteeships and other roles

- Commissioner: National Planning Commission
- Founding President of Namibian Economic Society
- Member: Financial Inclusion Advisory Board



Maria Dax

Acting CEO and Principal Officer

Qualifications:

- Master of Business Administration

Accredited Public Relations Practitioner, APR,

Directorships, Trusteeships and other roles

- Chairperson of Namibia National Reinsurance Corporation
- Principal Officer of the Members of Parliament and Other Office Bearers Pension Fund
- Principal Officer of GIPF



Escher Luanda

Corporate Secretary

Qualifications:

B.Juris LLB PGD (Compliance) MBL (Current)

Legal Practitioner of the High Court of Namibia

[Attendance of Board and committee meetings 1 April 2011- 31 March 2012]

Trustee Name	Date of Appointment	End of Term	Appointing Authority	Meetings Attended: 2011 – 2012						
				BOT	AC	BAC	IC	LGCC	HR	TC
E Samson	19 August 2008	24 June 2011	GRN	26	02	-	09	-	01	-
M Gaomab	10 August 2011		GRN	13	01	-	07	01	-	-
K Nuugwedha	10 August 2011		GRN	17	-	03	05	01	-	04
G Elliott	12 August 2002		GRN	05	-	-	01	-	-	01
S Shidute	01 January 2007		PSC	19	-	-	08	-	08	-
M Hummel	12 April 2006		PSC	18	03	-	-	-	07	-
H Mootseng	01 October 2010		PSC	26	-	03	-	-	-	07
R Kamerika	26 April 2010		NANTU	24	-	03	04	-	07	09
H Iita	December 2011	30 April 2011	NAPWU	08	01	01	04	-	01	-
S Kandere	28 October 2010		NAPWU	10	02	02	-	-	-	05
P Nevonga	01 July 2000		NAPWU	02	-	-	-	-	-	-
E Hoveka	17 April 2003		Independent	-	04	-	-	-	-	-
S Akweenda	07 February 2012		Independent	-	-	-	-	01	-	-
TOTAL				26	05	03	09	01	08	09

Abbreviations

GRN - Government of Namibia

PSC - Public Service Commission

NANTU – Namibia National Teachers' Union

NAPWU – Namibia Public Workers' Union

BOT- Board of Trustees

AC – Audit Committee

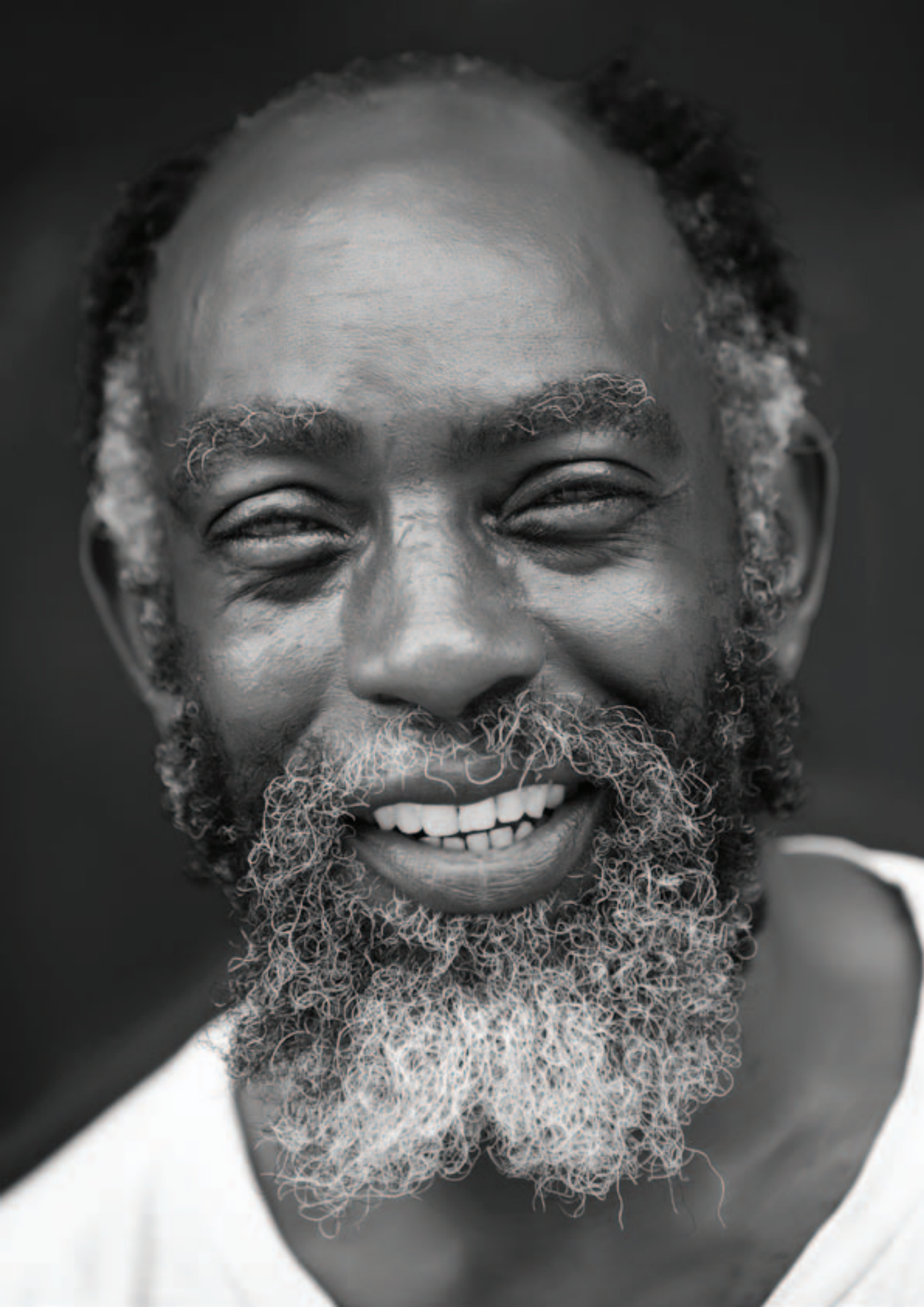
BAC – Benefits Administration Committee

IC – Investment Committee

HR – Human Resources Committee

TC- Technical Committee

LGCC - Legal, Governance and Compliance Committee



[The Executive Management Committee]



Milka Mungunda
GM: Operations



Ernest Liswaniso
GM: Human Resources and Administration



Conville Britz
GM: Finance and Investments



Maria Dax
Acting CEO and Principal Officer from 01/10/2011-31/12/2012 and GM: Marketing & Corporate Communication



Dieter Steinbach
GM: Information Systems



Christopher Mukubonda
Manager: Internal Audit



Melki-zedek Uupindi
Manager: Legal Services and Compliance

[The Management Team of GIPF]



Hilka Mbako
Manager: Client Services



Elvis Nashilongo
Manager: Corporate Communication



Irene Simeon-Kurtz
Manager: Marketing



Leevi Tshoopara
Manager: Investments



Anna Hambuda
*Manager: Records & Data
Management*



Gottlieb !Naruseb
Manager: IT

[Chairperson's Report]

Adv. Ellaine Samson

The GIPF's trustees take their responsibility of ensuring that members see the value of a well thought through investment strategy across the entire Fund seriously. This strategy encompasses the markets we are invested in, the asset managers selected to invest the Fund's assets as well as shorter term trading considerations. All these issues have been built-in within the clear parameters of the liabilities of the Fund.

For the year ended March 2012, the Fund boasts an annual return of 13.18%, underperforming its benchmark by 1.2%. This is remarkable considering that we manage the largest pension fund in Namibia, by any measure. The year under review has seen the market value of the Fund improving from N\$ 44.2 billion recorded last year to N\$ 50.1 billion as at 31 March 2012. This represents a return of 13.34% on the total assets of GIPF. We are extremely proud of the achievement harnessed over the last three years. The fund's assets make up 61% of the Namibian GDP, 75% of the total market value of the total investments of the financial services sector and 86% of the market value of the total investments of the pension funds industry in Namibia.

Performance of the Fund

Annuaised	1 year		3 year		5 year	
	Fund	Bench mark	Fund	Bench mark	Fund	Bench mark
Namibian Mandates	17.01	17.97	23.56	25.36	10.68	10.60
South African Mandates	13.15	12.65	20.63	18.27	10.49	10.09
International Mandates	13.06	14.20	14.12	11.76	-0.60	0.30
Total Fund	13.18	14.56	18.50	18.28	8.09	7.31

This achievement confirms the significance of the GIPF as the country's biggest institutional investor and its importance to the entire Namibian economy. This growth is derived from the stream of members' contributions received, sustainable effective management of our benefits' structure as well as the strong investment strategy that has been resilient to unstable market conditions over the Fund's existence.

We believe the strategy that the Fund adopted of assuming the asset allocator role has assisted us to generate the performance we achieved since the implementation of the strategy more than three years ago.



In the graph below, each bar represents a rolling twelve (12) month period up to that point, and tracks the performance of our Fund relative to the average of other funds managed on a similar basis. The light green areas represent top quartile performance while the two darker areas represent the mid-quartile performances with the brown area reflecting the bottom quartile performance.

Interpreting the graph, one can deduce that the Fund underperformed its peers during the period of July – December 2011, but at the end of March 2012, it was performing in the top quartile again.

Although emerging markets are considered very risky by investors, the regional markets being the NSX and JSE where we have substantial exposure of close to 68% of our assets, performed quite well. This trend is likely to continue in the medium term as long as the uncertainties in the world market persist.

On the domestic front, the fund has made headways in providing development capital through its unlisted investment policy to unlisted investments. The overarching objective of this policy is to make a meaningful contribution to the economy and development needs of communities by providing capital to the non-listed sectors with high growth potential.

The fund has adopted a broad-based view to socio-economic development through private equity; a concept which has potential to enhance our ability in capturing significant performance while reaping diversification of benefits. Although our unlisted investment policy is based on global best practices, the trustees reckon that it is imperative to periodically review the unlisted investment policy including its instruments to make sure that the policy is responsive to the needs of stakeholders and that inherent risks are identified and managed. So far these investments have translated into tangible investments in private equity, infrastructure development, property, procurement facilitation, micro lending through rural development electrification programmes and micro financing.

The Trustees have a responsibility of ensuring that pension benefits meet the needs of members and beneficiaries. We therefore continue to look at feasible ways of improving the structure of the fund's benefits in line with market trends. The Trustees have approved the improvement of the funeral benefits of active members and dependants from N\$ 5000 to N\$8000. This benefit will be extended to pensioners in the next financial year. The next step is to submit this amendment of benefits to NAMFISA to be included in the Rules of GIPF. Except for the funeral benefits, the Trustees granted a 5% increase to pensions of all our pensioners during the period under review. These increases were done to protect pensioners' income against the negative effects of inflation.

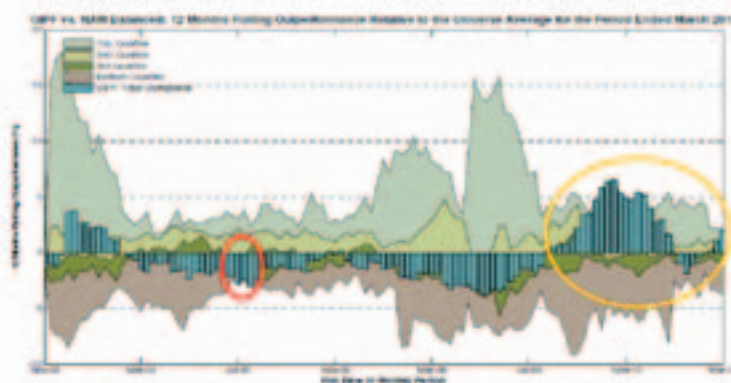
Last year we communicated our intention to introduce a pension backed home loan scheme for civil servants. While we wanted to have this scheme finalised and implemented during this financial year, and while we made concerted efforts in this regard, we could not implement the scheme. The major challenges we came across are outdated legal constraints embedded in the Pension Funds Act that make the implementation of the scheme challenging.

Most of these provisions can only change once the Act itself has been amended. Despite these challenges, we have not given up. We are looking at ways of how we can circumvent these constraints through requesting exemptions from the Regulator in complying with some of the provisions of the Pension Funds Act.

We believe that environment, social and governance issues (ESG) can affect the performance of investment portfolios and should therefore be considered alongside more traditional financial factors if trustees of GIPF are to properly fulfil their fiduciary duty. GIPF recently became a signatory of the United Nations Principles for Responsible Investment. The principles are "voluntary and inspirational" and they do not have minimum entry requirements or absolute performance standards for responsible investment. Signatories however have an obligation to report on the extent to which they have implemented the principles.

We are confident that this membership will help us to create a framework towards sustainable investing that meets the needs of the present without compromising the ability of future generations to meet their own needs. We will in the foreseeable future commence with the development of a Responsible Investment Policy, which would see us as asset owner integrating environmental, social as well as governance issues into the strategy of managing investments.

In terms of business continuity, we are happy to announce that the process of recruitment of a new CEO has been successfully completed. Our successful candidate for the position of Chief Executive Officer is David Nuyoma, a renowned economist with a good leadership track record in the financial services sector. Mr. Nuyoma was the Chief Executive Officer of the Development Bank of Namibia and will join GIPF in January 2013. As trustees we are confident that he will meet the challenge of steering the Fund to higher levels.



The Acting CEO and Principal Officer, Maria Dax who took over from Primus Hango will be retiring in December 2012 after leading the Fund in an acting capacity since October 2011. The Board would like to thank her for leading the Fund. She will be missed. We would like to wish her all the success in her retirement.

I would like to thank our management and staff for the delivery of the excellent services to our members. Their continuous drive to enhance the service that we deliver to our stakeholders is highly appreciated.

A word of thanks to my fellow trustees for their valuable contributions they made to the Fund. Finally, allow me to thank our members, the Government of the Republic of Namibia and all the other participating employers including service providers for the support rendered to us during the past year.

Adv. Ellaine Samson
Chairperson

[The Report of the Chief Executive Officer]

Maria Dax, Acting CEO



1. Introduction

The Government Institutions Pension Fund is a defined benefit fund and is the biggest pension fund in Namibia. The active membership stood at 88 274 and its asset base was N\$50 billion as at 31 March 2012. GIPF derives its assets from contributions made by participating employers and their employees and returns on invested funds. The Government of the Republic of Namibia is the biggest participating employer and is also the main guarantor of the Fund.

2. Contributing members and pensioners

The following employers participated in the Fund during the year under review:

Offices, Ministries and Agencies of the Government of the Republic of Namibia
 Environmental Investment Fund of Namibia
 Mission Hospitals
 Millennium Challenge Account
 Namibia Airports Company Limited
 Namibia Institute of Pathology
 Namibia Press Agency
 Namibia Tourism Board
 Namibia Wildlife Resorts Limited
 Trust Fund for Regional Development & Equity Provisions
 Berseba Village Council
 Gibeon Village Council
 Gochas Village Council
 Koës Village Council
 Stampriet Village Council
 Tses Village Council
 Witvlei Village Council
 Namibian Institute of Public Administration and Management
 National Heritage Council
 New Era Corporation
 Regional Councils
 Roads Contractor Company Limited
 Small Business Credit Guarantee Trust
 Social Security Commission

3. The number of active members

The number of contributing members increased by 1 122 (1.3%) from 87 152 to 88 274. The number of annuitants declined by 525 (1.74%) from 30 167 to 29 642 (Chart 1). The decrease of 525 annuitants is mainly attributed to the annuitants that have been suspended in March for failing to comply with the biometric verification process. All annuitants are required to verify that they are alive three times each year and the following are the cut-off dates: 28/29 February; 30 June and 31 October.

Failure to comply with the verification process results in the pension being suspended.

4. Benefits paid versus contributions received

The total benefits paid for the year as at 31 March 2012 amounted to N\$1 254.2 million compared to N\$1 333.9 million paid for the comparable period. This represents a decrease in benefit payments of 12.67%. The total contributions received for the year as at 31 March 2012 amounts to N\$1 926.9 million compared to March 2011 (N\$1 655.3 million) and resulting in an increase of 16.53%. The increase is mainly due to the civil servant salary increase of 10% and the increase in the number of active members from 87 152 (March 2011) to 88 274 (March 2012).

Historical data have indicated the benefit rate exceeding the contribution rate. However, the data for the financial year ended depicts the opposite trend where the contribution rate exceeded the benefit rate. There are mainly two factors contributing to this positive move namely: the 12.67% reduction in benefit payments during the financial year and the 16.53% increase in contribution income of which 10% is attributed to salary increases. It should be noted that this positive move is likely to be of a temporary nature and future data could depict the opposite trend. Contributions received and benefits paid and the contributions/benefits ratio for the period under review is depicted in Chart 2.

5. Investment values and returns

The fair value of the Fund's investment holdings increased from N\$44.30 billion as at 31 March 2011 to N\$50.00 billion as at 31 March 2012. This represents an increase of 12.87%. The GIPF's investment strategy is heavily weighted to equities and bonds, which accounts for 66.62% and 27.67% respectively as at 31 March 2012. Although emerging markets are considered very risky by investors, the regional markets (i.e. NSX and JSE) where about 68% of our investments are held performed strongly aiding GIPF in delivering a 5.26% return for the period under review. This trend is likely to continue in the medium term as long as the uncertainties in the world markets persist.

Chart 1

The movement in membership for the period under review is depicted in the graph below.

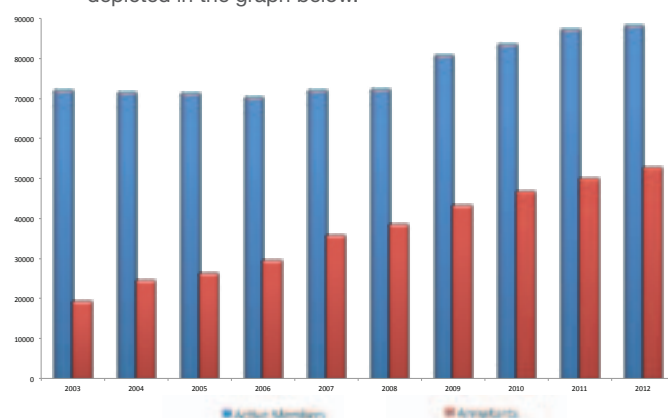


Chart 2

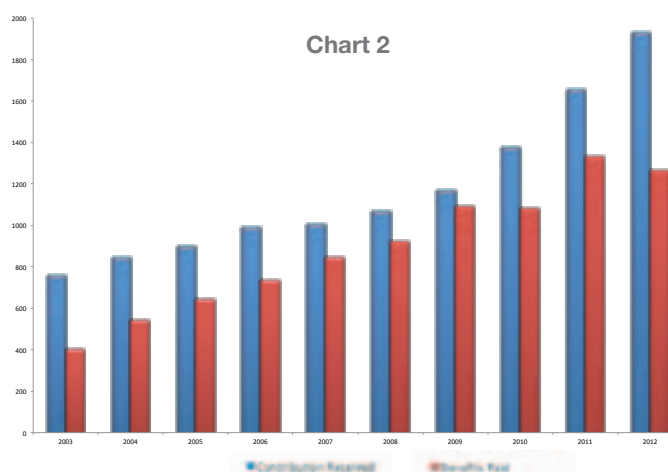
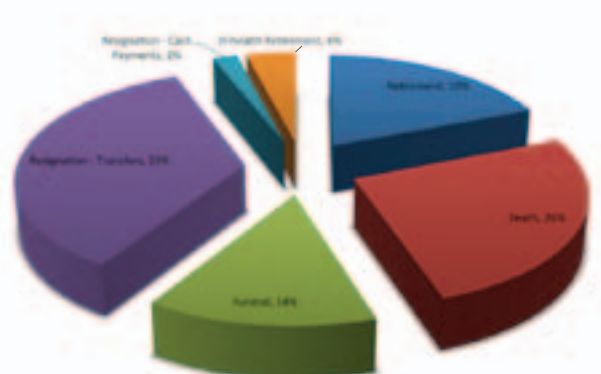


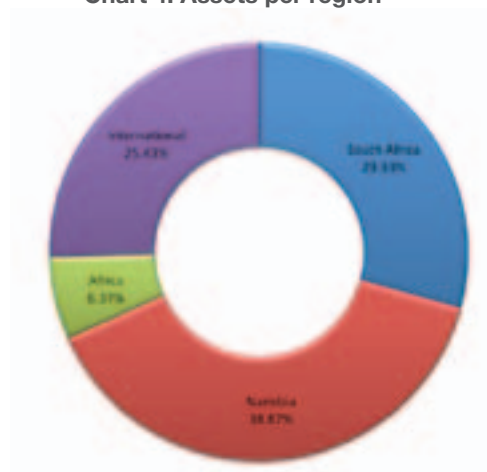
Chart 3: Claims processed 2011/2012



6. Geographic Spread

The assets of the Fund are spread throughout different geographic regions with 38.87% held locally, 29.33% and 25.43% held in the RSA and international markets respectively. The remaining 6.37% are held in the rest of Africa. Chart 4 depicts the geographic distribution of the Fund's assets as at 31 March 2012.

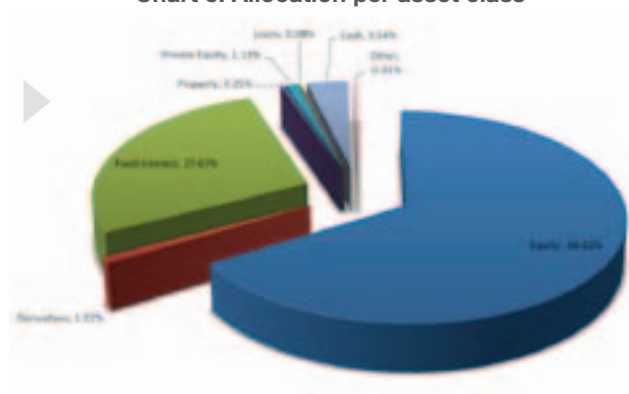
Chart 4: Assets per region



7. Asset Classes

Equity and fixed interest instruments account for 94.29% of the Fund's investment holdings. Equity is still by far the preferred asset class representing 66.62% of the total asset value as at 31 March 2012 (Chart 5).

Chart 5: Allocation per asset class



Asset allocation per region

The table below depicts the spread of the Fund's assets in different categories of assets.

Allocation	Namibia	South Africa	Africa	International Asset Class	Total per	Percentage
Equity	13 956 161 065	8 268 162 409	29 177 485 53	8 247 109 518	33 389 181 546	66.62%
Derivatives	-	56 286 920	-	451 565 278	507 852 197	1.01%
Fixed Interest	3 501 395 434	6 493 014 560	-	38 706 344 89	13 865 044 482	27.67%
Property	125 077 723	-	-	-	125 077 723	0.25%
Private Equity	292 733 568	-	275 824 431	-	568 557 999	1.13%
Loans	40 040 609	-	-	-	40 040 609	0.08%
Cash	1 362 477 864	244 391 030	-	168 953 484	1 775 822 378	3.54%
Other	204 422 904	-363 969 048	-	4142 133	-155 404 010	-0.31%
Trade sales receivable	-	63 441 043	-	28 823 372	92 264 415	0.18%
Trade Purchase Payable	-24 749 867	-772 251 420	-	-24 681 239	-821 682 526	-1.64%
Investment Income Receivable	229 165 978	344 841 414	-	-	574 007 392	1.15%
Sundry debtor	6792	-	-	-	6792	0.00%
Sundry debtor	-	-84	-	-	-84	0.00%
Total per region	19 482 309 166	14 697 885 872	3 193 572 984	12 742 404 901	50 116 172 924	100.00%

8. Unlisted Investments

The total commitments and amounts disbursed for the unlisted investment portfolio amounts to N\$2.380 billion and N\$343.955 million respectively as at 31 March 2012. The total commitments represent 4.75% of the total value of the Fund's assets for the period under review.

As part of the unlisted investment strategy, the Trustees wished to implement its social responsive development strategy that seeks to maximize both financial returns and social good. This strategy aims at aligning the policies of GIPF in line with the needs and aspirations of society. Unfortunately, the full execution of the unlisted investment programme to full capacity had to be put on hold in accordance with the Cabinet directives issued in October 2010. Currently Trustees are maintaining and nourishing the projects that are on board as listed hereunder.

to 1.05% as at the end of the financial year 2012. The objective of the ended strategic plan was to bring the administration cost of the Fund closer to the Sanlam Survey; the Fund will therefore continue to explore ways and means of optimising the cost of service. In order to achieve cost optimisation, a Costing Framework Model (CFM) is currently being developed. The objectives of the CFM is to identify standard and non-standard services and to provide a costing model for the Fund that will provide a clear split between administration cost and Fund costs. This will enable the Fund to benchmark its administration costs with the industry.

Private Equity Managers	Commitments	Disbursement	Fair Value
SaflandNamibia (Pty) Ltd	450 000	173 534	162 036
IJG Private Equity (Pty) Ltd	160 000	5 233	51
Business Financial Services (Pty) Ltd	160 000	103 616	104 041
VPB Namibia (Pty) Ltd	160 000	11 341	470
Kongalend Financial Servies (Pty) Ltd	150 000	35 997	26 136
Konigstein Capital (Pty) Ltd	150 000	3019	-
Prefered Management Services (Pty) Ltd	250 000	5031	-
First Capital (Pty) Ltd	100 000	1 725	-
Old Mutual Tunga Fund	200 000	2 042	-
Old Mutual Infrastructure Fund	350 000	1 167	-
SIM Real Estate Fund	250 000	1 250	-
Total	2 380 000	343 955	292 734

9. Cost of administration

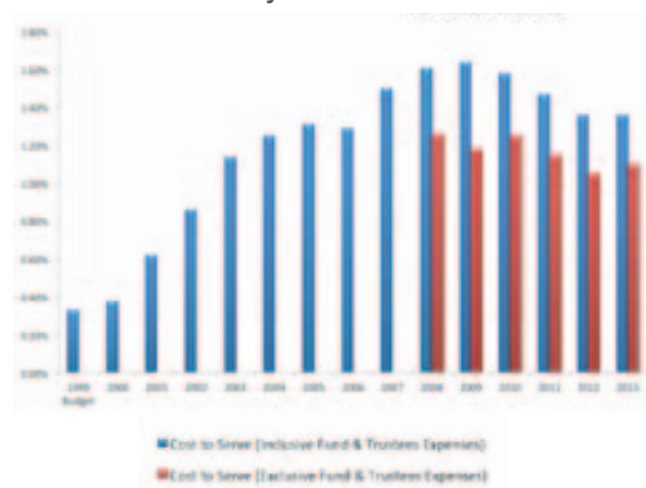
The costs of administering pension schemes are believed to be significant and have the potential to take resources away from scheme members' pensions. The GIPF adopted a strategic objective of optimising the cost to serve to make sure that the administration expenses are not excessive and are benchmarked to the industry average.

The cost of service for the strategic planning cycle that came to an end on 31 March 2012 was set at 1.20% of pensionable remuneration of all participating employers. The administration expense as a percentage of pensionable remuneration declined from 1.64% in 2009 to 1.47% in 2011 and further declined to 1.36% for the financial year 2012. The rate of 1.20% was benchmarked against the average cost of service reported in the Sanlam Survey for 2008. According to the Sanlam Survey of both 2010 and 2011, the average cost of administration has been showing a downward trend and has declined to 0.9% of pensionable remuneration.

The administration cost net of Trustees and Fund expenses declined from 1.26% of pensionable remuneration in 2008

The figure below provides a 15 year analysis on the cost of administration

Chart 6: Analysis on cost to serve



10. Staff report

During the year under review, GIPF recruited 6 permanent employees plus 6 fixed term employees. 4 permanent employees resigned, 1 permanent employee retired whilst 2 fixed term employees' contracts expired. Three employees resigned during the reporting period.

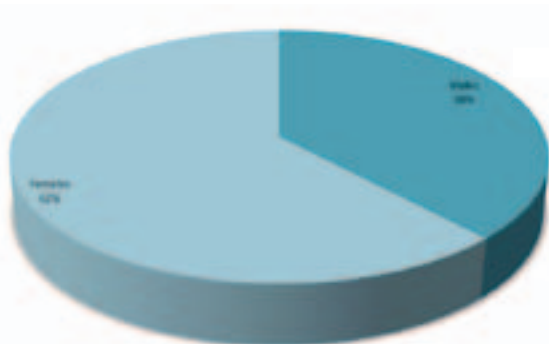
The GIPF submitted its Affirmative Action Report for the period of April 2011 to 31 March 2012 to the Commissioner: Employment Equity Commission and received its Affirmative Action Compliance Certificate.

10.1 Gender profile

GIPF employed a total of 160 employees as at 31 March 2012. Female employees made up 62 % of the total workforce.

The GIPF, depending on the need of the various business units, employs temporary employees on fixed-term contracts for a specified period. These fixed term contract employees' contracts usually run their course and are not renewed unless requested for extension by the specific business unit.

Chart 7: Male vs female employees



11. Improving customer satisfaction and membership relationships

11.1 Workshops for Human Resources Officers

The workshops for human resources officers on pension benefits and claims procedures have been presented successfully by the Data Department at Head Office for all human resources officers of participating employers. Regional staff also conduct such workshops in their regions. Six workshops were held for small groups of human resources each month during the period under

review where they were trained to understand and to interpret the Rules of GIPF to make sure that the claim procedures are carried out in accordance with the Rules of GIPF. The workshops are very popular and positive feedback has been received from attendees. These workshops will be continued in the next financial year.

11.2 “Know your benefits” workshops for members

The Corporate communication division conducted member education workshops at Lüderitz, Gobabis and Otjiwarongo during the last quarter of the year while members in other parts of the country were covered from April 2011 to March 2012. More than 200 people attended each workshop and we estimate that so far not less than 2,000 people attended the workshops. GIPF believes that these workshops are vital because members have a right to know their benefits. We also believe that knowledge of pension benefits and claim procedures by our members would help expedite claim processing and payment of pension benefits.

12. Biometric and verification project

The biometric registration and verification is done at all GIPF offices and at all NAMPOST offices in Namibia. More than 65% of the annuitants who have been enrolled have successfully verified their existence and only about 35% have not been verified. The majority annuitants who did not enrol through the biometric system are children. The failure to register could be attributed to the incomplete information on the children's full Birth Certificates making it difficult for GIPF to confirm the minors as dependants of the deceased members. Many guardians are also experiencing difficulties to obtain guardianship statuses through courts. Due to this, we have been receiving a lot of enquiries in this regard and assistance. Advice has been given to guardians as required. Bulk cell phone short messages (SMSes) have been sent to all annuitants who did not enrol or verify their existence in order to reach all annuitant who may be experiencing problems.

Maria Dax
Acting Chief Executive Officer/Principal Officer



ANNUAL FINANCIAL STATEMENTS

Name of retirement fund: GOVERNMENT INSTITUTIONS PENSION FUND and SUBSIDIARY

NAMFISA registration number: 25/7/7/67

For the year: 01/04/2011 to 31/03/2012

[REGULATORY INFORMATION]

For the year ended 31 March 2012

Registered office of the fund

Postal address: P. O. Box 23500, Windhoek
Physical address: GIPF House, Corner of Uhland and Goethe Street, Windhoek

Financial reporting periods

Current: 01/04/2011 to 31/03/2012
Previous: 01/04/2010 to 31/03/2011

Board of trustees

Name	Appointing Authority*	Date appointed	Date re-appointed	Term ended
Ms. E. Samson (New Chairperson)	E	19/08/2008	11/08/2011 (17/08/2011 appointed as chairperson)	
Mr. G.D. Elliott (Chairperson for the period 01/11/2010 until resignation)	E	12/08/2002	19/08/2008	24/06/2011 (Resigned)
Mr. H. Mootseng	EE	01/10/2009		
Mr. P. Nevonga	U	01/07/2003	30/06/2009	('R')
Ms. M. Hummel	EE	16/04/2006	11/04/2009	12/04/2012
Ms. S. Shidute	EE	01/01/2007	31/12/2009	
Mr. R. Kamerika	U	26/04/2010		
Ms. S. Kandere	U	28/10/2010		
Mr. M. Gaomab II	E	10/08/2011		
Ms. K. Nuugwedha	E	10/08/2011		
Mr. H. Iita	U	23/11/2011		
Ms. E. Beukes	EE	12/04/2012		

* 'E' denotes appointed by the Government of the Republic of Namibia

* 'EE' denotes appointed by the Public Service Commission

* 'U' denotes appointed by organised labour

* 'R' denotes recalled by appointing authority on 30 April 2011

Fund officer

	Acting Principal officer	Previous Principal officer
Full name:	Mrs. M. Dax	Mr. P.S. Hango
Postal address:	P. O. Box 23500, Windhoek	P. O. Box 23500, Windhoek
Physical address:	1st Floor, GIPF House Corner of Uhland and Goethe Streets	1st Floor, GIPF House Corner of Uhland and Goethe Streets
Telephone number:	061-2051201	061-2051201
Email address:	mdax@gipf.com.na	pshango@gipf.com.na
Date appointed:	01 October 2011	26 April 2001
Term ended:	N/A	30 September 2011

[REGULATORY INFORMATION cont...]

For the year ended 31 March 2012

PROFESSIONAL SERVICE PROVIDERS

Actuary/Valuator		Auditors
Full name:	Humanity Employee Benefits (Pty) Ltd	Deloitte & Touche
Postal address:	P. O. Box 4754, Windhoek	P. O. Box 47, Windhoek
Physical address:	Ground Floor, MVA Centre	Deloitte Building Maerua Mall Complex Jan Jonker Road
Telephone number:	061-2051376	061-285 5000
Qualifications:	Society of Actuaries of Namibia (SAN), Actuarial Society of South Africa (ASSA), Institute of Actuaries, UK	Registered Accountants and Auditors Chartered Accountants (Namibia)
Date appointed:	01 December 2004	04 March 1998
Reference person:	Mr. Stephen Walker	Ms. Helen de Bruin
Benefit administrator		Investment advisors
Full name:	GIPF	RisCura Solutions (Pty) Ltd
Postal address:	P. O. Box 23500 Windhoek	P. O. Box 27449 Windhoek, Namibia
Physical address:	GIPF House, Corner of Uhland and Goethe Street	2nd Floor Heritage Square Building Cnr of Lindequist and Robert Mugabe Avenue
Telephone number:	061-205 1111	061-410350
Date appointed :	01 October 2011	23 October 2008
Registration number:	Not applicable	1999/010296/07
Reference person:	Mrs. Maria Dax	Mr. Jarred Glansbeek
Investment managers		Investment managers
Full name:	Allan Gray Namibia (Pty) Ltd	Investec Asset Management (Pty) Ltd
Postal address:	P. O. Box 230 Windhoek	P. O. Box 3018 Windhoek
Physical address:	1st Floor Heritage Square Building Unit 2, Cnr Lindequist and Robert Mugabe Avenue, Windhoek	Ground Floor Heritage Square Building Cnr Lindequist and Robert Mugabe Avenue, Windhoek
Telephone number:	061-22 1103	061-389 510
Date appointed :	29 November 1996	10 November 1998
Registration number:	96/212	96/0045
Reference person:	Mr. Tapologo Motshubi	Mr. James Hatuikulipi
Investment managers		Investment managers
Full name:	Namibia Asset Management (Pty) Ltd	Old Mutual Asset Managers (Pty) Ltd
Postal address:	P. O. Box 23329 Windhoek	P. O. Box 25549 Windhoek
Physical address:	1st Floor, KPMG House 24 Orban Street Klein Windhoek	10th Floor, Mutual Tower Building Independence Avenue Windhoek
Telephone number:	061-275700	061-299 3526
Date appointed :	18 September 1996	14 October 1998
Registration number:	97/397	94/463
Reference person:	Mr. Eino Emvula	Mr. Lionel Matthews

*Old Mutual Asset Managers (Pty) Ltd also serves as unlisted investment managers for the Tunga Real Estate Fund and the Expanded Infrastructure Fund.

[REGULATORY INFORMATION cont...]

For the year ended 31 March 2012

PROFESSIONAL SERVICE PROVIDERS (CONT...)

Investment managers		Investment managers
Full name:	Prudential Portfolio Managers (Pty) Ltd	Momentum Asset Management Namibia (Pty) Ltd (previously known as RMB Asset Management (Pty) Ltd)
Postal address:	P. O. Box 25743, Windhoek	P. O. Box 195, Windhoek
Physical address:	6 Feld Street Windhoek	4th Floor, Millennium Crown Cnr of AB May Street and Robert Mugabe Avenue, Windhoek
Telephone number:	061-256166	061-2998012
Date appointed:	1 March 2007	1 March 2007
Registration number:	1996/185	2003/781
Reference person:	Mr. Gunton Cloete	Mr. Lesley Rukoro
*Investment managers		Investment managers
Full name:	Sanlam Investment Management (Pty) Ltd	Sovereign Asset Management (Pty) Ltd
Postal address:	P. O. Box 23081 Windhoek	P. O. Box 24749 Windhoek
Physical address:	4th Floor, Sanlam Centre 154 Independence Avenue Windhoek	2 Van Den Heever Street Windhoek
Telephone number:	061-274 100	061-220743
Date appointed:	20 May 1997	08 February 2001
Registration number:	99/107	2000/551
Reference person:	Mr. Tega Shiimi ya Shiimi	Mr. Mwahafar Ndakolute Ndilula
Investment managers		Investment managers
Full name:	Wellington Management Company LLP	Marathon Asset Management LLP
Postal address:	N/A	N/A
Physical address:	Stratton House, Stratton Street London W1J 8LA	Orion House 5 Upper Street Martin's Lane London WC2H 9EA, United Kingdom
Telephone number:	+44 (0) 20-7339-8800	+44 (0) 20 7497 2211
Date appointed:	01 July 2005	10 February 2010
Registration number:	4283513	229782
Reference person:	Mr. Parke Bradley	Mr. Sam Traill
Investment managers		Investment managers
Full name:	South Suez Capital (Pty) Ltd	All Season Capital Management (Pty) Ltd
Postal address:	N/A	N/A
Physical address:	Grand Bay Business Park Air Grand Bay Road Grand Bay Republic of Mauritius	Grand Bay Business Park Air Grand Bay Road Grand Bay Republic of Mauritius
Telephone number:	+230 263 1491	+230 263 2082
Date appointed:	15 December 2009	29 June 2009
Registration number:	091651-C1/GBL	882
Reference person:	Mr. Mathew Hunt	Mr. Todd Murray

* Sanlam Investment Management (Pty) Ltd also serves as unlisted investment managers for the SIM Real Estate Fund.

[REGULATORY INFORMATION cont...]

For the year ended 31 March 2012

PROFESSIONAL SERVICE PROVIDERS (CONT...)

Investment managers		Investment managers
Full name:	Abax Investments (Pty) Ltd	Stanlib Asset Management (Pty) Ltd
Postal address:	N/A	P. O. Box 3327, Windhoek
Physical address:	Ground Floor, Coronation House The Oval, 1 Oakdale Road Newlands, Cape Town Republic of South Africa	1st Floor, Gutenberg Plaza 51-55 Werner List Street Windhoek
Telephone number:	0027 21 670 8960	061-294 2273
Date appointed:	4 March 2010	1 September 2008
Registration number:	2000/008606/07	N/A
NAMFISA approval No:	N/A	162/68
Reference person:	Mr. Anthony Sedgwick	Mr. Brown Amuenje
Investment managers		Investment managers
Full name:	Mazi Capital (Pty) Ltd	Tri-Alpha Investment Management (Pty) Ltd
Postal address:	N/A	N/A
Physical address:	The Place, 1 Sandton Drive Ground Floor, South Wing Sandton 2146, Johannesburg Republic of South Africa	Ground Floor, Block A, 7 West Quay West Quay Road, Victoria and Alfred Waterfront, Cape Town, 8001 Republic of South Africa
Telephone number:	+27 11 245 8909	+27 21 425 0221
Date appointed:	05 March 2010	20 April 2010
Registration number:	2006/006855/07	2006/008726/07
NAMFISA approval No:	N/A	N/A
Reference person:	Mr. Malungelo Zilimbola	Mr. Theron van Wyk
Investment managers		Investment managers
Full name:	Element Investment Managers (Pty) Ltd	Taquanta Asset Managers (Pty) Ltd
Postal address:	P. O. Box 13, Cape Town 8001	N/A
Physical address:	8th Floor, 125 Buitengracht Street Cape Town Republic of South Africa	Boundary Road Newlands, Cape Town Republic of South Africa
Telephone number:	+27 21 426 0999	+27 21 681 5199
Date appointed:	05 March 2010	26 June 2010
Registration number:	1998/006727/07	1999/021871/07N/A
NAMFISA approval No:	N/A	N/A
Reference person:	Mr. Ian Jones	Mr. Stephen Rogers
Investment managers		Investment managers
Full name:	Mezzanine Partners (Acting in its capacity as a general partner of Credit Partners1, LP)	Prudential Portfolio Managers (Namibia) (Pty) Ltd (Acting in the capacity as Co-Manager of Episode Inc)
Postal address:	N/A	P. O. Box 25743 Windhoek
Physical address:	9 Fricker Road, Illovo Johannesburg, 2196 Republic of South Africa	6 Feld Street Republic of Namibia
Telephone number:	+27 11 507 1080	+264 61 256166
Date appointed:	01 April 2010	12 April 2010
Registration number:	2009/008324/07	96/185
NAMFISA approval No:	N/A	N/A
Reference person:	Mr. Phillip Myburgh	Mr. Gunton Cloete

[REGULATORY INFORMATION cont...]

For the year ended 31 March 2012

PROFESSIONAL SERVICE PROVIDERS (CONTI...)

	Unlisted investment managers	Unlisted investment managers
Full name:	Business Financial Solutions (BFS) (in their capacity as Fund Managers for the Namibia Procurement Fund)	First Capital Treasury Solutions (Pty) Ltd (in their capacity as Fund Managers for the First Capital Real Estate Finance Fund)
Postal address:	P. O. Box 5064, Windhoek	P. O. Box 4461, Windhoek
Physical address:	7 Newton Street, Ausspannplatz Windhoek Republic of Namibia	5 Beethoven and Strauss Street Windhoek West, Windhoek Republic of Namibia
Telephone number:	+ 264 61 388 600	+264 61 401 326
Date appointed:	14 April 2010	29 September 2011
Registration number:	T172/10	T114/11
NAMFISA approval No:	N/A	N/A
Reference person:	Mrs. Kaunapaua Ndilula	Mr. Martin Mwinga
	Unlisted investment managers	Unlisted investment managers
Full name:	IJG Private Equity (Pty) Ltd (in their capacity as Fund Managers for the Desert Stone Fund)	Kongalend Financial Services (Pty) Ltd (in their capacity as Fund Managers for the Kongalend Renewable Energy Trust)
Postal address:	P. O. Box 186, Windhoek	P. O. Box 40303, Windhoek
Physical address:	1st Floor, Heritage Square Building 100 Robert Mugabe Avenue, Windhoek Republic of Namibia	Corner Haddy and Viljoen Street Windhoek West, Windhoek Republic of Namibia
Telephone number:	+264 61 304 671	+264 61241 970
Date appointed:	11 May 2010	05 May 2010
Registration number:	T183/10	T184/10
NAMFISA approval No:	N/A	N/A
Reference person:	Mrs. Catherina Cornelia Klien	Mr. Tshoombe Justice Ndadi
	Unlisted investment managers	Unlisted investment managers
Full name:	Stimulus Private Equity (Pty) Ltd	Venture Partners Botswana (VPB) Namibia (Pty) Ltd (in their capacity as Fund Managers for the VPB Growth Fund)
Postal address:	P. O. Box 97438, Windhoek	N/A
Physical address:	24 Orban Street, KPMG House Windhoek, Republic of Namibia	6 Feld Street, Windhoek, Republic of Namibia
Telephone number:	+ 264 61 371 671	+ 264 61 220069
Date appointed:	01 September 2010	11 May 2010
Registration number:	2003/354	T185/10
NAMFISA approval No:	N/A	N/A
Reference person:	Ms. Monica Kalondo	Mr. Daudi Mtonga

[REGULATORY INFORMATION cont...]

For the year ended 31 March 2012

PROFESSIONAL SERVICE PROVIDERS (CONT...)

	Unlisted investment managers	Unlisted investment managers
Full name:	Safland Property Services Namibia (in their capacity as Fund Manager of the Frontier Property Trust)	Königstein Capital (Pty) Ltd (in their capacity as Fund Managers for the Königstein Capital Property Investment Fund)
Postal address:	P. O. Box 97438, Windhoek	P. O. Box 86127, Windhoek
Physical address:	08 Sinclair Street Windhoek Republic of Namibia	Unit 7 – The Village, 18 Lillencron, Street Windhoek Republic of Namibia
Telephone number:	+ 264 61 225 274	+264 81 1223 469
Date appointed:	12 April 2011	11 May 2010
Registration number:	2008/0798	T244/11
NAMFISA approval No:	N/A	N/A
Reference person:	Mr. Karel Petrus van Der Merwe	Mr. Albertus Johannes Basson
	Unlisted investment managers	Unlisted investment managers
Full name:	Preferred Management Services (Pty) Ltd (in their capacity as Fund Manager of the Preferred Investment Property Fund)	RisCura Solutions (Pty) Ltd
Postal address:	P. O. Box 97438, Windhoek	P. O. Box 27449, Windhoek, Namibia
Physical address:	08 Sinclair Street, Windhoek Republic of Namibia	2nd Floor Heritage Square Building Cnr of Lindequist & Robert Mugabe Avenue Windhoek
Telephone number:	+264 61 248 318	+264 61 410 352
Date appointed:	16 August 2011	01 January 2009
Registration number:	T245/11	2008/0429
NAMFISA approval No:	N/A	N/A
Reference person:	Mr. Mark Cioccolanti	Mr. Jarred Glansbeek
	Custodian and nominees	Custodian and nominees
Full name:	Standard Bank Namibia (Pty) Ltd	State Street Southern Africa (Pty) Ltd
Postal address:	P. O. Box 3327, Windhoek	Liesbeek House River Office Complex, River Lane Mowbray, 7700
Physical address:	2nd Floor, Standard Bank Centre Town Square, Windhoek	Liesbeek House River Office Complex, River Lane, Mowbray
Telephone number:	+ 264 61 294 2602	+ 27 21 681 2102
Date appointed:	16 April 1997	01 July 2005
NAMFISA approval No:	78/01799/06	170462 (FSA Approval No)
Reference person:	Ms. Corny Zaaruka	Ms. Paula Snyman

[REGULATORY INFORMATION cont...]

For the year ended 31 March 2012

PROFESSIONAL SERVICE PROVIDERS (CONT...)

Risk insurers

Full name:	The Hollard Insurance Company of Namibia Ltd
Postal address:	P. O. Box 5077, Ausspannplatz, Windhoek
Physical address:	19 Rev Michael Scott Street, Ausspannplatz
Telephone number:	+ 264 61 371 300
Company registration no:	2003/049
Date appointed:	18 December 2006
Reference person:	Ms. Helen du Buisson (Alexander Forbes as the insurer)

Participating employers

The following employers participated in the fund in terms of the rules of the fund during the year under review:

Name

Environmental Investment Fund of Namibia	Berseba Village Council
Offices, Ministries and Agencies of the Government of the Republic of Namibia	Gibeon Village Council
Mission Hospitals	Gochas Village Council
Millennium Challenge Account	Koës Village Council
Namibia Airports Company Limited	Stampriet Village Council
Namibia Institute of Pathology	Tses Village Council
Namibia Press Agency (transferred out, refer to page 29 Note 6)	Witvlei Village Council
Namibia Tourism Board	
Namibia Wildlife Resorts Limited	
Namibian Institute of Public Administration and Management	
National Heritage Council	
New Era Corporation	
Regional Councils	
Roads Contractor Company Limited	
Small Business Credit Guarantee Trust	
Social Security Commission	
Trust Fund for Regional Development & Equity Provisions	

[STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES]

For the year ended 31 March 2012

RESPONSIBILITIES

The board of trustees hereby certify that to the best of their knowledge and belief, during the year under review, in the execution of their duties they:

- ensured that proper registers, books and records of the operations of the fund were kept, inclusive of proper minutes of all resolutions passed by the board of trustees;
- ensured that proper internal control systems were employed by or on behalf of the fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary in accordance with section 13A of the Pension Funds Act in Namibia;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules, operation and administration of the fund complied with the Pension Funds Act in Namibia and all other applicable laws;
- ensured that fidelity cover was maintained. This cover was deemed adequate and in compliance with the rules of the fund; and
- ensured that investments of the fund were implemented and maintained in accordance with the fund's investment strategy.

- the basis of accounting applied to retirement funds in Namibia;
- the rules of the fund; and
- the provisions of the Pension Funds Act in Namibia.

These financial statements have been reported on by the independent auditors, Deloitte & Touche, who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The board of trustees believes that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on page 37.

These financial statements:

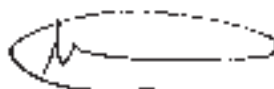
- were approved by the board of trustees on 21 September 2012;
- are certified by them to the best of their knowledge and belief to be correct;
- fairly represent the net assets of the fund at 31 March 2012 as well as the results of its activities for the period then ended; and
- are signed on the board of trustees behalf by:

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

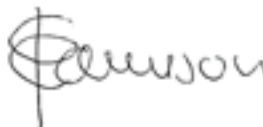
The group and fund annual financial statements of the Government Institutions Pension Fund are the responsibility of the board of trustees. The board of trustees fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the fund and/its benefit administrators, provide reasonable assurance that:

- the fund's assets are safeguarded;
- transactions are properly authorised and executed; and
- that the financial records are reliable.

The group annual financial statements set out on pages 37 to 57 have been prepared in accordance with:



Ms. E. Beukes
CHAIRPERSON OF THE BOARD AUDIT COMMITTEE
21 September 2012



Ms. E. Samson
CHAIRPERSON OF THE BOARD OF TRUSTEES
21 September 2012

[STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER]

For the year ended 31 March 2012

I confirm that, for the period under review, the Government Institutions Pension Fund has lodged with the Registrar of Pension Funds all such returns, statements, documents and any other information required in terms of the Pension Funds Act in Namibia.



Mrs. M. Dax
ACTING PRINCIPAL OFFICER
21 September 2012
Windhoek

[INDEPENDENT AUDITOR'S REPORT]

To the members of the Government Institutions Pension Fund

We have audited the group annual financial statements and annual financial statements of the Government Institutions Pension Fund, comprising of the consolidated and separate statements of net assets and funds as at 31 March 2012, the consolidated and separate statements of changes in funds and reserves for the year then ended, and the notes to the financial statements, which includes the principal accounting policies and other explanatory notes and the report of the board of trustees as set out on pages 38 to 57.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and presentation of these financial statements for regulatory purposes, in accordance with the basis of preparation applicable to retirement funds in Namibia, as set out in the notes to the financial statements, and for such internal controls 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Government Institutions Pension Fund for the year ended 31 March 2012 have been prepared, in all material respects, in accordance with the basis of preparation applicable to retirement funds in Namibia, as set out in the notes to the financial statements.

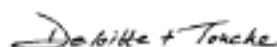
We do not express an opinion on the financial condition of the fund from an actuarial point of view.

Emphasis of matter

Without qualifying our opinion above, we would like to draw your attention to the disclosure made in the Report of the Trustees under "Actuarial Valuation". The valuation is currently being performed and a report has not yet been completed. As a result, the financial statements do not reflect any actuarial adjustments that may be deemed necessary for the year ended 31 March 2012.

Restriction on use

The financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently, the consolidated and separate financial statements and related auditor's report may not be suitable for another purpose.



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

Per H de Bruin
Partner

Windhoek
21 September 2012

[REPORT OF THE BOARD OF TRUSTEES]

For the year ended 31 March 2012

1. DESCRIPTION OF THE FUND

1.1 Type of fund:

In terms of section 1 of the Income Tax Act, Act 24 of 1981, as amended, the fund is classified as a pension fund, and is registered in terms of the Namibian Pension Funds Act, Act 24 of 1956. The fund is a defined benefit fund.

1.2 Benefits

The Fund provides for the following benefits to its members:

a) Death benefit

A once off lump sum amount, as well as monthly pensions, are paid to the surviving spouse and children of a member who dies in service. A monthly pension is paid to the surviving spouse on the death of a retired member.

b) Normal retirement

A member receives a monthly pension upon attaining the age of 60, commencing on the first day of the month following retirement, calculated as 2.4% of the member's final salary, multiplied by the member's term of pensionable service.

c) Early age retirement

Early age retirement is permissible, with the consent of the employer, upon or after the member attains the age of 55 years but before the age of 60 years. The pension, as calculated at the normal retirement age of 60 years, is reduced by 0.25% for every month by which a member's pensionable service is terminated prior to his/her normal retirement age of 60 years.

d) Early ill-health retirement

A member who is on protracted ill-health leave may retire at any time prior to his/her normal retirement date. Such ill-health early

retirement pension is calculated as 2.4% of the member's final salary, multiplied by the member's term of pensionable service. A once off lump sum is also payable on early ill-health retirement.

e) Disability pension

A member may qualify for a disability pension, if the member becomes totally and permanently disabled while in service. The disability pension is calculated as 75% of the member's pensionable emoluments and is payable until the member's normal retirement age, whereafter the member retires in terms of the rules of the fund.

f) Funeral benefit

A funeral benefit is paid upon death of the main member, spouse and qualifying child as follows:

- Main member and spouse: N\$5,000
- Qualifying child aged 1 year or older: N\$1,000
- Qualifying child under the age of 1 year or still born: N\$500.

[REPORT OF THE BOARD OF TRUSTEES cont...]

For the year ended 31 March 2012

1.2 Benefits (cont...)

g) Unclaimed benefits

If a benefit remains unclaimed for three years after the date it becomes payable, it shall revert to the fund, and such beneficiary shall have no further claim against the fund. The Trustees shall have the discretion to pay out such benefit after the expiration of the three year period. In respect of unclaimed benefits, complete records, as prescribed, are maintained as from the date of inception. However, nothing has yet been done to transfer back to the fund all unclaimed benefits older than 3 years.

	2012 N\$ '000	2013 N\$ '000
At beginning of the year	26,006	22,479
Transferred from benefits payable	12,112	15,557
Benefits paid	(9,155)	(12,030)
Balance at end of year	28,963	26,006

1.3 Contributions

Contributions, in terms of the rules of the fund, are as follows:

- a) Members contribute at a rate of 7% of pensionable salary; and
- b) Participating employers contribute at a rate of 16% of pensionable salary.

1.4 Rule amendments

There were no rule amendments during the year under review.

1.5 Reserves

The rules of the Fund make no provision for specific reserves. However, in terms of the Statutory Actuarial Valuation for the financial year ended 31 March 2009, the following reserve accounts have been created and are revised every 3 years.

	2012 N\$'000	2011 N\$'000	2010 N\$'000	2009 N\$'000	2006 N\$'000	2003 N\$'000
Member liabilities						
Active members	13,666,532	13,666,532	13,666,532	13,666,532	13,790,336	7,453,505
Pensioners	5,586,819	5,586,819	5,586,819	5,586,819	3,314,848	1,979,794
Disabled members	173,540	173,540	173,540	173,540	261,279	197,540
Risk reserves						
Aids	1,093,323	1,093,323	1,093,323	1,093,323	1,103,227	1,228,709
Data	971,345	971,345	971,345	971,345	868,323	754,585
Longevity	2,914,034	2,914,034	2,914,034	2,914,034	-	-
Employer contribution	3,874,680	3,874,680	3,874,680	3,874,680	-	-
Actuarial reserves	1,660,576	1,660,576	1,660,576	1,660,576	2,292,119	1,286,978
Un-allocated reserves	20,237,256	14,045,371	9,408,411	-	4,450,469	(1,742,477)
Accumulated funds	50,178,105	43,986,220	39,349,260	29,940,849	26,080,601	11,158,634

[REPORT OF THE BOARD OF TRUSTEES cont...]

For the year ended 31 March 2012

2. INVESTMENTS

2.1 Investment strategy

The board of trustees has approved an investment strategy whereby the investments are managed according to the principles set out below. This investment strategy complies with the provisions of Regulation 28 before amendments of the Pension Funds Act in Namibia:

- a) The investment returns required to ensure financial sustainability have been defined and the actual real net rate of return earned on the assets of the fund is measured against these targets;
- b) The asset class allocations and weighting per asset class of the pension fund assets match the time profiles of the fund's liabilities;
- c) The fund's assets are distributed geographically and in various diversified asset classes; and
- d) The risk tolerance of the fund is defined as being generally low and a number of prudential limits have been defined.

2.2 Unlisted investments

As at 31 March 2012, the following unlisted funds had made capital drawdowns for investment purposes:

- a) The Namibian Procurement Trust ("NamPro");
- b) Kongalend Renewable Energy Trust Fund ("Kongalend"); and
- c) Frontier Property Fund ("Frontier").

NamPro is engaged in providing short-term working capital facilities and medium-term asset backed financing (Finance and Operating leases) to SMEs awarded tenders/supply and/ service contracts by reputable large corporate, government departments, parastatals or local authorities. As at 31 March 2012, it had written a number of performance guarantees and provided facilities to a number of SMEs.

Kongalend was founded with the main purpose of engaging in renewable energy and small & medium enterprises' credit financing. As at 31 March 2012, it had provided loans to a number of SMEs.

The Frontier Property Fund has a buy-and-hold mandate with the GIPF with specific focus on investing in the different regions within the borders of the Republic of Namibia. The investment charter allows the Frontier Fund to invest in retail, office, commercial and industrial buildings with the objective of earning investment returns in excess of a pre-determined hurdle rate. As at 31 March 2012, the fund had made investments into several retail and office opportunities in Windhoek, Otjiwarongo and Ondangwa.

Refer to note 17 of the annual financial statements for further details.

2.3 Subsequent events

The fund experienced growth on regional and international stock markets of 5.11% resulting in an increase in the value of the Fund's investments from N\$50,118 billion as at 31 March 2012 to N\$52,679 billion as at 31 July 2012.

2.4 Management of investments

The fund's investments consist of managed portfolios placed with investment managers, as well as direct investments in unlisted Namibian companies, as detailed below. The investment managers have full discretion as to the composition of the assets in the portfolio under their management, within the parameters set by the Pension Funds Act in Namibia and the Fund's investment policy. The board of trustees meet at quarterly intervals to receive asset manager reports, and to monitor the asset allocation and performance of the investment managers against the investment strategy of the Fund. The investment managers are remunerated on a percentage basis based on market values and are paid quarterly.

[REPORT OF THE BOARD OF TRUSTEES cont...]

For the year ended 31 March 2012

The fair value of the fund's investments administered by the investment managers, as well as the direct investments, as at the dates shown is:

	31/3/2012 N\$'000	%	31/3/2011 N\$'000
Abax Investments (Pty) Ltd	1,382,871	(6%)	1,466,644
Allan Gray Namibia (Pty) Ltd	2,071,595	(9%)	2,287,577
All Season Capital Management (Pty) Ltd	1,344,578	62%	829,331
BFS Nampro Fund Managers (Pty) Ltd	103,177	300%	25,779
Credit Partners (Pty) Ltd	159,753	163%	60,832
Element Investment Managers (Pty) Ltd	1,241,760	(10%)	1,385,034
Episode Inc	121,865	19%	102,412
IJG Private Equity (Pty) Ltd	-	(100%)	(282)
Investec Asset Management (Pty) Ltd	7,954,969	30%	6,102,198
Kongalend Financial Services (Pty) Ltd	25,873	149%	10,495
Marathon Asset Management LLP	4,974,148	13%	4,402,500
Mazi Capital (Pty) Ltd	1,023,855	7%	956,321
Momentum Asset Management Namibia (Pty) Ltd*	2,411,613	2%	2,354,203
Namibia Asset Management (Pty) Ltd	7,679,980	13%	6,804,655
Old Mutual Asset Management (Pty) Ltd	6,285,901	19%	5,300,238
Prudential Portfolio Managers (Pty) Ltd	1,773,782	12%	1,578,326
Safland Property Services Pty Ltd	166,058	100%	-
Sanlam Investment Management (Pty) Ltd	5,435,880	16%	4,670,970
South Suez Capital (Pty) Ltd	275,824	136%	116,968
Sovereign Asset Management (Pty) Ltd	997,770	4%	960,957
Stanlib Asset Management (Pty) Ltd	315,147	(33%)	468,839
Taquanta Asset Managers (Pty) Ltd	270,323	(33%)	404,981
Tri-Alpha Investment Management (Pty) Ltd	691,783	16%	598,459
VPB Namibia (Pty) Ltd	-	(100%)	505
Wellington Management Company LLP	3,324,191	1%	3,298,517
Total investments managed by investment managers	50,032,696	13%	44,186,459
GIPF Direct Investments	85,851	7%	80,114
Total Investments	50,118,547	13%	44,266,573

* Momentum Asset Management Namibia (Pty) Ltd previously known as RMB Asset Management (Pty) Ltd.

[REPORT OF THE BOARD OF TRUSTEES cont...]

For the year ended 31 March 2012

3. MEMBERSHIP

	2012	2011
Active members	88,274	87,152
Total	88,274	87,152
Annuitants:		
Active	29,642	33,810
Non-active	23,123	16,178
Total	52,765	49,988

The number of active members increased from 87 152 as at 31 March 2011 to 88 274 as at 31 March 2012. The number of pensioners increased from 49 988 as at 31 March 2011 to 52 765 as at 31 March 2012.

A non-active annuitant is a legitimate annuitant who qualifies to receive a monthly annuity but the annuity payment has been suspended for various reasons such as outstanding certificate of existence, change of guardianship, bank account closed, family disputes regarding guardianship or an outstanding school letter.

4. ACTUARIAL VALUATION

The financial statements summarise the transactions and net assets of the fund. They do not take account of liabilities to pay pensions and other benefits in the future. In accordance with the rules of the fund, the actuarial position of the fund, which does take account of such liabilities, is examined and reported on by the actuary at intervals not exceeding three years.

The valuation as at 31 March 2012 is in the process of being performed and, as a result, the financial statements as at 31

March 2012 do not reflect any actuarial adjustments that may be deemed necessary. The last statutory valuation was performed as at 31 March 2009 and the valuator reported that the fund was in a sound financial position and that the present rates of contributions were adequate to enable the fund to provide the benefits to which members are entitled.

5. REASONS FOR CONSOLIDATION

Kuleni Fund Administrators (Pty) Ltd is a wholly owned subsidiary company of the Government Institutions Pension Fund. Kuleni Fund Administrators (Pty) Ltd was consolidated for the first time in the 2010 reporting period and the Fund has decided to continue consolidating as good accounting practice requires this.

6. SUBSEQUENT EVENTS

There were no other material occurrences affecting the financial position of the fund subsequent to the end of the current financial period.

[STATEMENTS OF NET ASSETS AND FUNDS]

At 31 March 2012

	Notes	Group 2012 N\$ '000	2011 N\$ '000	2012 N\$ '000	Fund 2011 N\$ '000
ASSETS					
Non-current assets		50,189,346	44,338,300	50,189,346	44,338,300
Property, plant and equipment	1	70,799	71,727	70,799	71,727
Investments	2	50,118,547	44,266,573	50,118,547	44,266,573
Current assets		526,087	186,912	525,762	186,844
Accounts receivable	3	14,305	11,440	16,453	12,758
Contributions receivable	8	181,227	35,059	181,227	35,059
Cash at bank		330,555	140,413	328,082	139,027
Total assets		50,715,433	44,525,212	50,715,108	44,525,144
FUNDS AND LIABILITIES					
Funds					
Accumulated funds		50,178,171	43,986,010	50,178,105	43,986,220
Total funds and reserves		50,178,171	43,986,010	50,178,105	43,986,220
Current liabilities		537,262	539,202	537,003	538,924
Unclaimed benefits		28,963	26,006	28,963	26,006
Benefits payable	7	421,280	468,173	421,280	468,173
Transfers out payable	6	9,928	-	9,928	-
Accounts payable	4	76,958	44,971	76,832	44,745
Taxation payable	12	133	52	-	-
Total funds and liabilities		50,715,433	44,525,212	50,715,108	44,525,144

[STATEMENTS OF CHANGES IN FUNDS AND RESERVES]

For the year ended 31 March 2012

	Notes	Group		Fund	
		2012 N\$ '000	2011 N\$ '000	2012 N\$ '000	2011 N\$ '000
Contributions received	8	1,926,873	1,655,283	1,926,873	1,655,283
Net investment income	9	5,627,888	4,400,378	5,627,888	4,400,378
Other income	10	12,895	21,338	12,576	21,129
Less:					
Administration/operating expenses	11	(111,294)	(106,128)	(111,367)	(105,952)
Net income before transfers and benefits		7,456,362	5,970,871	7,455,970	5,970,838
Transfers and benefits		(1,264,085)	(1,333,878)	(1,264,085)	(1,333,878)
Transfers from other funds	5	-	-	-	-
Transfers to other funds	6	(9,928)	-	(9,928)	-
Benefits paid	7	(1,254,157)	(1,333,878)	(1,254,157)	(1,333,878)
Net income after transfers and benefits		6,192,277	4,636,993	6,191,885	4,636,960
Taxation	12	(116)	(45)		
Net income after transfers, benefits and taxation		6,192,161	4,636,948	6,191,885	4,636,960
Funds and reserves					
Balance at beginning of the year		43,986,010	39,349,062	43,986,220	39,349,260
Balance at end of the year		50,178,171	43,986,010	50,178,105	43,986,220

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS]

For the year ended 31 March 2012

Basis of preparation

The financial statements are prepared for regulatory purposes in accordance with the Regulations of the Pension Funds Act in Namibia. The regulations require that the basis of accounting applied by the pension funds comprise generally accepted accounting practice, as applied to retirement funds in Namibia, except for:

- the recognition, measurement and disclosure of actuarial liabilities;
- disclosure of cash flow information;
- disclosure of prior year adjustments; and
- presentation of consolidated financial statements in which investments in subsidiary is consolidated in accordance with the standard on consolidated and separate financial statements (refer to below).

The financial statements are prepared and presented on the going concern, accrual, historical cost and fair value bases in compliance with generally accepted accounting practice, as applied to retirement funds in Namibia. The financial statements are measured and presented in the functional currency.

PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies adopted and applied consistently for similar transactions, other events and circumstances for the reporting period, and are consistent in all material respects with those applied in the previous reporting period by the fund, except as otherwise indicated.

Consolidation

The consolidated financial statements incorporate the financial statements of the Fund and entity controlled by the Fund (its subsidiary). Control is achieved where the Fund has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Kuleni Fund Administrators (Pty) Ltd was consolidated in these annual financial statements.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of changes in funds and reserves from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Asset impairments

Asset impairment tests are applied annually to cash generating units and individual assets whose measurement basis is historic cost or historic cost as adjusted for revaluations. An impairment loss is recognised when an asset's carrying value exceeds its recoverable amount. Impairment losses are initially adjusted

against any applicable revaluation reserve then expensed in the profit and loss. If the impairment loss for an individual asset exceeds the carrying value of the asset, the excess is recognised as a provision.

The recoverable value is the higher of the cash generating unit's or individual asset's fair value, less costs to sell, and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Value in use is the present value of estimated future cash flows expected to flow from the continuing use of the asset and from its disposal at the end of its useful life.

If the recoverable amount of a cash generating unit or individual asset subsequently exceeds the carrying value resulting from the application of its accounting policy, an impairment reversal is recognised to that extent.

Property, plant and equipment

Land is accounted for at cost and is not depreciated unless there has been a permanent decline in its value.

Buildings, computer equipment, furniture and fittings, office equipment, motor vehicles, software development and refurbishments are stated at cost and depreciated on the reducing balance method over their estimated useful lives.

Depreciation is provided over the useful life of each asset to write down its carrying value, on a systematic basis, to its estimated residual value. The depreciation method adopted reflects the pattern in which the asset's, or its component's and economic benefits are consumed. The depreciation charge of an impaired asset is adjusted in future periods to allocate the asset's revised carrying value, less its residual value, on a systematic basis over its remaining useful life.

The assets residual values and useful lives are reviewed at each reporting date and adjusted if necessary.

The following depreciation rates were applied during the year:

Buildings	2% p.a.
Motor vehicles	20% p.a.
Computer equipment & software development	25% p.a.
Office equipment	20% p.a.
Furniture & fittings	15% p.a.
Refurbishments	33% p.a.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the net income or loss.

Leased assets

Leases under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases.

At fair value through Statement of Changes in Funds and Reserves

A financial asset at fair value through the Statement of Changes in Funds and Reserves is recognised on acquisition using trade date accounting.

Upon initial recognition it is designated at fair value through the Statement of Changes in Funds and Reserves.

Carrying value

A financial asset at fair value through the Statement of Changes in Funds and Reserves is measured at fair value, which is the fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Transaction costs on acquisition are expensed on occurrence through the Statement of Changes in Funds and Reserves.

Fair value is determined as follows:

Listed investments and derivative market instruments.

Investments listed on a recognised stock exchange are valued by reference to stock exchange quoted selling prices at the close of business on the reporting date.

Non-market related insurance policies

Non-market related policies are valued at the equivalent of the guaranteed amount and bonuses as certified by the insurer concerned. Non-vested income is included in the valuation.

Cash and deposits

Cash and deposits are valued at fair value.

Subsequent measurement

Any gain or loss arising on remeasurement to fair value of a financial asset classified at fair value is recognised in net investment income in the reporting period of occurrence.

Derivatives

Derivatives are valued at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market and are recognised when the asset is acquired using trade date accounting.

Loans and receivables are measured at amortised cost.

Amortised cost

Amortised cost is calculated by using the effective interest rate method as adjusted for any impairment. Transaction costs on acquisition are included in the cost of the asset on initial recognition.

Impairment

Losses measured on impairments and gains recognised on the reversal of impairments are recognised as an expense or income in the Statement of Changes in Funds and Reserves in the reporting period of occurrence.

Gains and losses

A gain or loss on loans and receivables is recognised in the Statement of Changes in Funds and Reserves when the financial asset is derecognised or impaired, and through the amortisation process.

Transfers to and from other funds

Section 14 transfers to or from other funds are recognised on approval being granted by the Registrar. Individual transfers are recognised when the individual member's transfer is received or paid.

Provisions for benefits and expenditure

Provisions are recognised when the fund has a present obligation as a result of a past event, and it is probable that the fund will be required to settle that obligation. Provisions are measured at the best estimate of the cost required to settle the obligation at the reporting date.

Provision for employee benefits

Employee benefits for accrued leave and bonus are recognised as a provision in the Statement of Changes in Funds and Reserves.

Contributions

Contributions are brought to account on the accrual basis.

Dividend income

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

Insurance policy income

Insurance policy income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised and accrued to the investment using the effective interest rate method and recognised in net investment income. Interest received, where no accrual had previously taken place, is credited to the investment on receipt.

Collective investment schemes

Income on collective investment schemes is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on the accrual basis in accordance with the substance of the relevant agreements over the lease term. Rental premiums as per the rental contract are amortised on a straight-line basis over the lease term.

Estimates and management assumption for the future

Significant estimates and judgements that were included in the financial statements relate to the following:

- **Accrual for unclaimed benefits**
Accrual for unclaimed benefits is made when the Fund is notified of a claim. Currently the Fund has no other mechanisms of establishing uninitiated claims, and therefore is not in a position to estimate the extent, if any, of uninitiated claims.
- **An actuarial valuation is performed every three years in order, amongst others, to establish the funding levels of the Fund.**
This actuarial valuation is dependent upon estimates made by the Statutory Actuary and any changes in estimates will impact on the funding level of the Fund.
- **A valuation of non-publicly traded investments is done annually, as information of these investments and loans are not readily available.**
Significant judgement is used in determining the fair value of these investments and loans.

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

PRINCIPAL ACCOUNTING POLICIES (cont...)

Investments

Investment property

Investment properties are held to earn rental income and for appreciation in capital value. Owner-occupied properties are held for administrative purposes. This distinguishes owner-occupied properties from investment properties. Investment property is distinguished from owner occupied property on the substantive percentage usage basis. Reclassifications to or from investment property are only recognised when a change in use is evidenced by the substantive percentage usage basis.

Investment property is measured at fair value determined annually at market value on a comparable market transaction basis. Any resulting fair value adjustments are recognised in the Statement of Changes in Funds and Reserves. Investment properties are not subject to depreciation.

Investment property is derecognised on reclassification to owner occupied property or on disposal and is remeasured to fair value at the date of derecognition.

Investments in financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when its contractual arrangements become binding. Investments in financial instruments are classified and measured as follows:

Investment classification	Carrying value
Held for trading	
Equities:	
NSX – primary listing	Fair value
NSX – secondary listing	Fair value
Foreign listed equities	Fair value
Unlisted equities	Fair value
Debentures	Fair value
Bills, bonds and securities	Fair value
Collective investments	Fair value
Insurance policies:	
Non-market related policies	Fair value
Market related policies	Fair value
Derivative market instruments	Fair value
Cash and deposits	Fair value
Private equity	Fair value
Other investments under management	Fair value
Held to maturity	
Loans and debentures	Amortised cost

Unlisted investments

The fair value of unlisted investments is determined by the board of trustees, with reference to the audited and unaudited financial information of the entities in question for the year ended. Management fees are expensed as and when they are incurred.

Initial recognition and measurement

Financial instruments related to unlisted investments are recognised initially when the entities become a party to the contractual provisions of the instruments. The entities classify financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substantive provisions of the contractual arrangement.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method, adjusted for any impairment.

Financial assets are subsequently measured at amortised cost, using the effective interest rate method, adjusted for any impairment.

Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated impairments are recognised through the statement of changes in funds and reserves when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at the initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the profit is recognised in the statement of changes in funds and reserves. When a trade receivable is uncollected, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in the statement of changes in funds and reserves. Trade and other receivables are classified as loans and receivables.

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

1. PROPERTY, PLANT AND EQUIPMENT

1.1 31 March 2012

	Group and Fund					Total
	Land & buildings	Motor vehicles	Computer software and systems	Computer and office equipment	Furniture, fittings and refurbishments	
	N\$ '000	N\$ '000	N\$ '000	N\$ '000	N\$ '000	
Cost						
At 1 April 2011	58,035	3,222	18,801	21,290	14,702	116,050
Additions	78	1,338	669	2,516	616	5,217
Disposals	-	(1,393)	-	-	-	(1,393)
At 31 March 2012	58,113	3,167	19,470	23,806	15,318	119,874
Accumulated depreciation						
At 1 April 2011	(6,972)	(1,508)	(13,096)	(14,746)	(8,001)	(44,323)
Depreciation charges	(953)	(432)	(1,376)	(1,501)	(1,501)	(5,763)
Depreciation on disposals	-	1,011	-	-	-	1,011
Total net carrying amount at 31 March 2012	50,188	2,238	4,998	7,559	5,816	70,799
Land and buildings comprise of:						
Erf	2012					
	N\$'000					
7489, Windhoek (a portion of erf 79 Windhoek)	33,306					
906, Swakopmund	16,127					
1592, Oshakati	8,466					
342, Katima Mulilo (vacant erf)	68					
2329, Ondangwa (vacant erf)	146					
	58,113					

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

1. PROPERTY, PLANT AND EQUIPMENT (cont...)

1.2 31 March 2011

	Group and Fund					Total
	Land and buildings	Motor vehicles	Computer software and systems	Computer and office equipment	Furniture, fittings and refurbishments	
	N\$ '000	N\$ '000	N\$ '000	N\$ '000	N\$ '000	
Cost						
At 1 April 2010	58,052	2,578	18,172	19,351	13,813	111,966
Additions	-	644	628	1,951	890	4,113
Adjustments	(17)	-	1	(12)	(1)	(29)
At 31 March 2011	58,035	3,222	18,801	21,290	14,702	116,050
Accumulated depreciation						
At 1 April 2010	(6,000)	(1,268)	(6,121)	(19,089)	(5,703)	(38,181)
Depreciation charges	(972)	(240)	(1,563)	(1,518)	(1,847)	(6,140)
Depreciation on reallocation	-	-	(44)	43	(1)	(2)
Accumulated depreciation-assets reclassified adjustment	-	-	(5,368)	5,818	(450)	-
Total net carrying amount at 31 March 2011	51,063	1,714	5,705	6,544	6,701	71,727

Land and buildings comprise of:

Erf	2011 N\$'000
7489, Windhoek (a portion of erf 79 Windhoek)	33,228
906, Swakopmund	16,127
1592, Oshakati	8,466
342, Katima Mulilo (vacant erf)	68
2329, Ondangwa (vacant erf)	146
	58,035

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

2. INVESTMENTS

	Group and Fund				Group and Fund	
	Namibia N\$'000	South Africa N\$'000	Africa N\$'000	International N\$'000	Total 2012 N\$'000	Total 2011 N\$'000
Investments held for trading						
Equities	13,956,161	8,268,162	2,917,749	8,247,110	33,389,182	30,592,704
Private equity	*295,108	-	275,824	-	570,932	153,465
Cash and deposits	1,362,478	244,391	-	168,953	1,775,822	1,560,862
Bills, bonds and securities	3,501,395	6,493,015	-	3,870,634	13,865,044	11,865,792
Investments held to maturity						
Loans	40,041	-	-	-	40,041	40,549
Derivative market instruments	-	56,287	-	451,565	507,852	267,827
Property						
Property investment policies	125,078	-	-	-	125,078	113,208
Open trades and accruals						
Trade sales receivables	-	63,441	-	28,823	92,264	55,606
Trade purchases payable	(24,750)	(772,251)	-	(24,681)	(821,682)	(832,699)
Investment income receivables	229,166	344,841	-	-	574,007	456,795
Sundry debtors	7	-	-	-	7	12
Sundry creditors	-	-	-	-	-	(7,548)
At fair value	19,484,684	14,697,886	3,193,573	12,742,404	50,118,547	44,266,573
	39%	29%	6%	26%	100%	100%

	2012 N\$'000	2011 N\$'000
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*Private equity

Amount advanced	299,088	39,997
Less: impairment	3,980	3,500
Net carrying amount	295,108	36,497

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

2. INVESTMENTS (cont...)

Fair value adjustment

The adjustment to fair value of investments of a positive amount of N\$2,015,450,865 (2011: negative N\$190,340,561) represents the current year difference between the fair value and the book value of the investments, as investments are carried at fair value in terms of the accounting policies.

3. ACCOUNTS RECEIVABLE

	Group		Fund	
	2012	2011	2012	2011
	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Advances to Kuleni Fund Administrators (Pty) Ltd	-	-	2,276	1,424
Accrued interest on contribution late payments	3,064	3,103	3,064	3,103
Pre-paid expenses	883	916	883	916
Study loans - staff	762	695	762	695
VAT receivable	7,856	5,637	7,856	5,637
Other	1,740	1,089	1,612	983
	14,305	11,440	16,453	12,758

4. ACCOUNTS PAYABLE

	Group		Fund	
	2012	2011	2012	2011
	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Investment management fees accrual	51,183	24,579	51,183	24,579
Custodian fees accrual	500	441	500	441
Namfisa levy accrual	1,700	2,574	1,700	2,574
Leave accrual	5,311	4,463	5,311	4,463
Bonus provision	836	805	836	805
Operational creditors	8,798	5,571	8,798	5,571
PAYE	7,413	2,082	7,413	2,082
Other	1,217	4,456	1,091	4,230
	76,958	44,971	76,832	44,745

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

5. TRANSFERS FROM OTHER FUNDS

Effective date	Group and Fund				
	No. of members	At beginning of the year N\$ '000	Transfers approved N\$ '000	Transfers paid N\$ '000	At end of the year N\$ '000
No transfers received in the year.	-	-	-	-	-
	-	-	-	-	-

6. TRANSFERS TO OTHER FUNDS

	Effective date	Group and Fund				
		No. of members	At beginning of the year N\$ '000	Transfers approved N\$ '000	Transfers paid N\$ '000	At end of the year N\$ '000
In terms of Section 14						
Nampa	31/05/2011	30	-	9,928	-	9,928
		30	-	9,928	-	9,928

7. BENEFITS

	Group and Fund			
	Benefits paid 2012 N\$ '000	Benefits paid 2011 N\$ '000	Benefits payable 2012 N\$ '000	Benefits payable 2011 N\$ '000
Pension benefits	642,822	609,179	40,948	31,153
Lump sums on retirements	226,342	223,203	61,558	31,530
Lump sums before retirement				
Death benefits	*7,593	121,637	221,622	292,043
Withdrawal benefits	373,646	376,242	96,722	113,127
Funeral benefits	3,754	3,617	430	320
	1,254,157	1,333,878	421,280	468,173

* The decline in the death benefits is due to the exclusion of interest in the accrual listing. This has been implemented in order to comply with the Fund Rules.

8. CONTRIBUTIONS

	Group and Fund			
	Contributions received 2012 N\$ '000	Contributions received 2011 N\$ '000	Contributions receivable 2012 N\$ '000	Contributions receivable 2011 N\$ '000
Member contributions	522,155	469,493	130,814	4,251
Employer contributions	1,404,718	1,185,790	50,413	30,808
	1,926,873	1,655,283	181,227	35,059

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

9. NET INVESTMENT INCOME

	Group and Fund	
	2012 N\$ '000	2011 N\$ '000
Income from investment properties and investments	5,807,190	4,520,892
• Dividends	942,036	663,444
• Interest income	736,288	803,133
• Realised profit	382,325	3,949,621
• Unrealised profit/(loss) on investments	2,019,431	(186,841)
• Management fee rebate	4,125	11,998
• Securities lending income	10,376	4,484
• Foreign exchange income/(losses) - unrealised	1,417,203	(559,353)
• Foreign exchange income/(losses) - realised	286,348	(181,030)
• Property income	6,948	13,027
• Rental income	1,629	1,690
• Sundry income	481	719
Less: Expenses incurred in managing investments	(175,322)	(117,014)
Less: Impairment movements on unlisted investments	(3,980)	(3,500)
	5,627,888	4,400,378

10. OTHER INCOME

	Group		Fund	
	2012 N\$ '000	2011 N\$ '000	2012 N\$ '000	2011 N\$ '000
Bank interest income	11,406	19,371	11,406	19,371
Interest on late payments of contributions	-	741	-	741
Income generated from pension fund administration	1,171	951	-	-
Income from Kuleni Fund Administrators (Pty) Ltd	-	-	852	742
Other income	318	275	318	275
	12,895	21,338	12,576	21,129

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

11. ADMINISTRATION/OPERATING EXPENSES

	Group		Fund	
	2012 N\$ '000	2011 N\$ '000	2012 N\$ '000	2011 N\$ '000
Actuarial fees	518	690	518	690
Auditors remuneration	1,642	1,506	1,616	1,471
Current year	-	-	-	-
Prior years	1,642	1,506	1,616	1,471
Bank charges	1,160	855	1,159	853
Consultancy fees	6,287	6,872	6,287	6,872
Depreciation	5,763	6,142	5,763	6,142
Namfisa membership levies	1,646	1,565	1,646	1,565
Office expenses	25,598	24,791	25,698	24,659
Operating lease payments	601	573	601	573
Principal officer expenses	1,465	1,749	1,465	1,749
Remuneration	849	966	849	966
Allowances	422	552	422	552
Contributions to retirement fund	125	150	125	150
Bonus	69	81	69	81
Executive management	4,041	4,783	4,041	4,783
Remuneration	2,097	2,632	2,097	2,632
Allowances	1,401	1,516	1,401	1,516
Contributions to retirement fund	345	408	345	408
Bonus	198	227	198	227
Staff expenses	60,058	54,734	60,058	54,734
Remuneration	58,535	53,579	58,535	53,579
Training expenses	689	329	689	329
Study loan grants	834	826	834	826
Trustee/director expenses	2,515	1,868	2,515	1,861
Seminars and workshops	55	162	55	155
Training	18	3	18	3
Meeting allowances	2,442	1,703	2,442	1,703
	111,294	106,128	111,367	105,952

11.1 Number of employees

	Group and Fund	
	2012	2011
Principal Officer	-	1
Executive Management	5	4
Other	155	149
	160	154

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

12. TAXATION

12.1 Namibian normal tax

	2012 N\$'000	Group 2011 N\$'000
Current	133	45
Prior period adjustment	(17)	
Deferred		
Originating and reversing temporary differences relating to: current period	-	-
	116	45

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense

	2012 N\$'000	Group 2011 N\$'000
Accounting profit before tax	392	33
Tax at statutory tax rate of 34% (2011: 34%)	133	11
Prior period adjustment	(17)	-
Disallowable expenditures:	-	34
	116	45

12.2 Tax paid

	2012 N\$'000	Group 2011 N\$'000
Balance at beginning of the year	52	7
Current tax for the year recognised in statements of changes in funds and reserves	116	45
Balance at end of the year	(133)	(52)
	35	-

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

13. RISK MANAGEMENT POLICIES

• Solvency risk

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the fund's contractual obligations to members.

Continuous monitoring by the Board and the fund's actuary takes place to ensure that appropriate assets are held, or disinvested from, where appropriate, where the funds obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.

• Credit risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation, and cause the fund to incur a financial loss.

The Board monitors receivable balances on an on-going basis with the result that the fund's exposure to bad debts is not significant. An appropriate level of provision is maintained.

• Legal risk

Legal risk is the risk that the fund will be exposed to contractual obligations which have not been provided for. The Legal Advisor reviews all contractual agreements before they are signed. More complex agreements are referred to external Lawyers for review and advice.

• Cash flow risk

Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

• Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market. Market risk applies to all investments accounted for at fair value. Market risk comprises:

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate, in Namibia Dollar, because of changes in foreign exchange rates. The GIPF is fully aware of the constant fluctuation of the international currencies relative to the Namibia Dollar (which is our base reporting currency). The GIPF through its designated asset managers invests in assets around the globe. It is part of the mandate of the managers to actively monitor and manage currency risk of these investments relative to the US dollar and they do this through exposure to a number of different currencies and securities.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

GIPF outsources the management of its assets to reputable asset management firms. All these firms have established risk management policies and procedures supported by risk management departments with skilled staff. All risks associated with the instruments in which GIPF funds are invested, are therefore managed by these asset management firms (i.e. cash flow risk, market risk, currency risk and fair value interest rate risk).

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, or its issuer, or factors affecting all instruments traded in the market. A positive or negative movement of 1% in the market value of the Fund's investment portfolio will result in a reduction or an increase of N\$501,162 million of the investment portfolio.

• Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. The fund's liabilities are backed by appropriate assets and it has significant liquid resources.

14. SPECIAL DISPENSATIONS GRANTED BY THE REGISTRAR

The Registrar granted the fund an exemption from compliance with the provisions of Regulation 28 sub-regulations 2(A) - 2(F) until further notice and section 19(6)A for a year until February 2013.

15. RELATED PARTY RELATIONSHIPS

15.1 Directors appointed by the Fund

The fund has made investments in the following companies and the Board has appointed the following Trustees as Directors in these companies:

Mr. GDP Shipena, J Mushaandja and MMA Mungunda as directors of Kuleni Fund Administrators (Pty) Ltd.

Mr. PT Nevonga is a director of FNB Namibia Holdings Limited.

15.2 Transactions with related parties

The Fund made use of services from Lorentz Angula Inc where the previous chairman of the Board of Trustees, Mr. H Ruppel (term: 01/11/2004 till 19/10/2010), served as a partner and as a director during the year. The total value of services rendered during the year was N\$Nil (2011: N\$22,283). No legal services were provided by the chairman.

[NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont...]

For the year ended 31 March 2012

16. CAPITAL COMMITMENTS

The Fund has the following capital commitments at the end of the year under review and these commitments will be funded by the Fund's working capital:

	Group and Fund	
	2012 N\$ million	2011 N\$ million
Committed but not contracted for:	-	-
Committed and contracted for:	-	-
Total commitments	-	-

17. INVESTMENT COMMITMENTS AS AT 31 MARCH 2012

	Group and Fund	
	2012 N\$ million	2011 N\$ million
Business Financial Solutions	56	160
First Capital Treasury Solutions (Pty) Ltd	98	-
Kongalend Financial Services	114	150
Königstein Capital (Pty) Ltd	147	150
IJG Africa Alliance	155	160
Preferred Management Services	245	250
Old Mutual Investment Group Namibia	547	550
Safland Property Services Namibia	276	450
Sanlam Investment Management Namibia	249	-
Stimulus Private Equity (Pty) Ltd*	-	160
VPB Namibia	149	160
Total commitments	2,036	2,190

These commitments relate to future investments.

*Stimulus Private Equity commitments were withdrawn on 01 November 2011 because GIPF declined their request to alter the investment management and co-investment agreement.

18. CONTINGENT LIABILITIES

The fund has the following facilities with First National Bank of Namibia:

- Contingent facilities for a guarantee issued in favour of Bank Windhoek on behalf of Namibia Procurement Fund amounting to N\$13.5 million in lieu of actual drawdown on committed amount.
- Settlement facilities for daily credit limit to the value of N\$86.2 million and credit card to the value of N\$300 000.

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ANNUAL REPORT 2012



Government
Institutions Pension Fund