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TRUSTCO
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2012
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REPORTS

-All Letters and Statements-

2012

Vision and Mission

Vision

With our roots firmly in Namibia and our reach extended into the rest of Africa and beyond, we seek to generate sustainable opportunities to create wealth for our customers, shareholders and employees while impacting positively on society and our planet.

Mission

We provide efficient and dynamic products and services to our core industries, ensuring responsible and sustainable growth that will have a positive impact on society and our environment. We embrace technology to facilitate innovative and affordable solutions in each of our niche markets. We are accountable to all stakeholders to deliver value and sustainable returns on their investments. We value our employees and recognise their intellectual value and commitment as an important component of our success.

Strategic Objectives

1. Provide affordable and innovative products through constant research with the aim of perfecting our products and services in order that they remain affordable and relevant to the needs of our market;
2. Expand our products and services into the rest of Africa by replicating our successes, transferring our knowledge, adapting our products and refining our technology;
3. Alleviate poverty by making financial services more accessible and affordable to the hitherto neglected segments.

Trustco aids flood victims in the north of Namibia through various donations

Trustco sponsors the Namibian Squash Association league annually

The company shows its continued support to the Sunshine Kindergarten

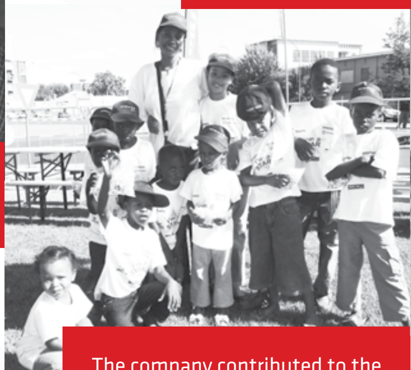
Investing in sport development: Trustco sponsors the World Schools Golf Challenge participants

Staff bring joy to Sunshine Kindergarten orphans

Trustco United initiative unveiled

NSX First Prize winners sponsored by Trustco

Trustco sponsors the Namibian under-16 rugby team



The company contributed to the Kosmos 94.1 Christmas table event

Tarryn van der Walt's horse-riding ambitions are supported by Trustco

ABOUT TRUSTCO

Abbreviated CVs of Directors 2012

ADV R HEATHCOTE SC

CHAIRMAN OF THE BOARD

(Non-executive) (Independent) (DOB: 25 September 1964) LLB
Namlex Chambers, Windhoek, Namibia

Advocate Heathcote joined the Government Attorney in Namibia in 1991 and was admitted as an attorney of the High Court of Namibia towards the end of 1992. He acted as a Judge of the High Court of Namibia in 2005, 2007, 2009 and 2011 and several of his judgments have been reported in the Namibian Law Reports and South African Law Reports. During September 2009 he was honoured by being appointed Senior Counsel. Adv. Heathcote has also served as the president of the Society of Advocates in Namibia.

V DE KLERK

INDEPENDENT DIRECTOR

(Non-executive) (DOB: 26 November 1954)
Women's Action for Development, Swabou Building, 25 Schonlein Street, Windhoek West, Windhoek, Namibia

Ms de Klerk is currently the Executive Director of Namibia's most prominent rural development organisation – Women's Action for Development (WAD), which is widely known as one of the most effective NGO's in Namibia. Under her leadership, WAD is initiating a wide range of small businesses and is engaged in training an impressive number of unemployed Namibians countrywide, to acquire various skills to enter the labour market. Through her directorship and prominence in the media, the organisation has attracted a number of frontline Black Economic Empowerment partners to promote broad-based economic empowerment among the poor. She has served the Group as a member of the Remuneration and Nomination Committee and was recently appointed as the Chairperson of the Remuneration Committee.

WJ GEYSER

INDEPENDENT DIRECTOR

(Non-executive) (DOB: 3 June 1960) B.Com, B.Com (Hons) CA(SA)
27 Kallie Roodt Street, Northern Industrial, Windhoek, Namibia

Mr Geyser's wealth of experience commenced with the completion of his articles and qualification as a Chartered Accountant in the Republic of South Africa. As a member of the South African Institute of Chartered Accountants, he held the position of Assistant Manager at the audit firm Deloitte, Haskins & Sells (now Deloitte) and later joined their Financial Management Services division where he provided accounting assistance, taxation and estate planning to a number of individuals and companies. Since then he has performed consultancy work for large corporations and has held various senior positions such as Group Financial Manager at Fluid Holdings Limited, General Manager (Finance) with Agra Co-op Ltd and Financial Director of M Pupkewitz & Sons (Pty) Ltd. Mr Geyser currently holds the position of Group Managing Director of Epic Holdings (Pty) Ltd and various other directorships in Namibian Companies. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

R TALJAARD

INDEPENDENT DIRECTOR

(Non-executive) (DOB: 11 September 1959) B.Econ & FCII
C/o Sam Nujoma and Robert Mugabe Avenue, Windhoek High School Club House, Windhoek, Namibia

Mr Taljaard has held senior executive positions at Swabou Insurance and Swabou Life, Nasria, Harvest Reinsurance Company, Trustco Insurance, Trustco Life and Prosperity Insurance. Mr Taljaard established Swabou Insurance in 1990 and Swabou Life in 1992. In addition, he founded the Harvest Reinsurance Company in 1997 and served on the board of Trustco Insurance from 2000 to 2006. He has also held the position of Managing Director of both Trustco Insurance and Trustco Life, and joined the Board of Trustco Group Holdings on 5 July 2012. Mr Taljaard is a Fellow member of the Insurance Institute of South Africa and Namibia and serves the Trustco Group as a member of the Audit and Risk Committee.

Q VAN ROOYEN

GROUP MANAGING DIRECTOR

(Executive) (DOB: 16 April 1965) B.Iuris, LLB
Trustco, 2 Keller Street, Windhoek, Namibia

Mr van Rooyen acquired Trustco for a meagre NAD100 in 1992 upon finalising his studies and simultaneously took over the company's debt. His business acumen and skill transformed the group into a successful dual-listed entity. Moreover, his creativity led to him being voted Business Communicator of the Year in 2003 and voted Second "Most Admired Business Personality of the Year" in 2007. His talent and passion is to create products and services that are sustainable, socially responsible and that create extraordinary wealth for stakeholders by harnessing opportunities in Africa. Mr van Rooyen whole-heartedly believes that the full potential of Africa is yet to be realised.

J JONES

HEAD: MICRO INSURANCE AND TECHNOLOGY SOLUTIONS/DEPUTY GROUP MANAGING DIRECTOR

(Executive) (DOB: 2 August 1971)
Trustco, 2 Keller Street, Windhoek, Namibia

Mr Jones has a wide range of business experience in South Africa ranging from operations and client management in several companies to sales and marketing management in Namibia. Since joining Trustco in 2000, Mr Jones has moved up from being IT manager to General Manager and company director in 2003, before accepting the position of Deputy Group Managing Director. Mr Jones' passion is to integrate technology solutions into viable products, especially for the mass market.

F ABRAHAMS

GROUP FINANCIAL DIRECTOR

(Executive) (DOB: 19 June 1975) B.Com
Trustco, 2 Keller Street, Windhoek, Namibia

After obtaining his BCom degree, Mr Abrahams commenced with his articles in 1997. During this period he accumulated vast experience in the financial sector and conducted various client audits. Upon completion of his articles, Mr Abrahams took up the position of Group Financial Manager of the Trustco Group in 2000. On 1 April 2001 he was appointment as Group Financial Director and, having recently celebrated his 11th year with Trustco, Mr Abrahams continues to head up the Group's financial operations.

AL BOCK

HEAD: CORPORATE FINANCE

(Executive) (DOB: 16 October 1967) CA (SA)
Trustco, 2 Keller Street, Windhoek, Namibia

Mr Bock is a qualified chartered accountant with a wealth of experience in corporate finance, mergers and acquisitions, change management as well as operations and risk management. Following the completion of his articles in 1997, Mr Bock gained practical experience in the United Kingdom working for, amongst others, Accenture Consulting and Deutsche Bank. He joined Trustco Group Holdings as the Head of Corporate Finance on 2 April 2011 and was subsequently appointed to the Board of Directors during August of 2011.

Group Executive Committee "EXCO"

Q VAN ROOYEN

Group Managing Director

J JONES

Head: Micro Insurance & Technology Solutions/Deputy Group Managing Director

FJ ABRAHAMS

Group Financial Director

AL BOCK

Head: Corporate Finance

BV KANDETU

Head: Group Corporate Communications as at 1 April 2012

E JANSE VAN RENSBURG

Head: Corporate Affairs

CJ POWELL

Head: Properties and Mortgage Loans

J VAN DEN HEEVER

Head: Micro Finance and Education

DJ STEYN

Head: Group Legal, Risk and Compliance as at 2 July 2012

Group Structure

TRUSTCO GROUP HOLDINGS LTD

Micro insurance and technology solutions
- Namibia
- Zimbabwe
- South Africa

Micro finance and education
- Namibia

Properties and mortgage loans
- Namibia
- South Africa

Head office and strategic business
- Namibia

Business Model

Microfinance and Education

Segment review

The segment consists of Trustco Education (Pty) Limited, with two subsidiaries Trustco Finance (Pty) Limited and the Institute for Open Learning (Pty) Limited (IOL), the largest private distance-learning educational institution in Namibia. The segment generates opportunities for students, mostly disadvantaged students in rural areas, to achieve wealth by enhancing access to quality education and affordable finance.

About the Institute for Open Learning (IOL)

IOL is regulated by the NQA (Namibia Qualifications Authority), NTA (Namibia Training Authority) and the Ministry of Education.

IOL constitutes the academic arm of the segment and provides a wide range of accredited academic, business and skilled courses which are revenue drivers for the student loan book. IOL was aquired in 2005 with approximately 2 500 students, and to date the institute has registered over 38 000 students for academic, business and ICT courses ranging from Certificate to Honours degree qualifications.

The Institute commits itself to excellent educational programmes as well as involvement with public and community educational activities, and is becoming one of the foremost distance learning education institutes in Namibia. The current course offering of IOL consists of over 400 courses and includes ACSE (Advanced Certificate in Secondary Education), Pre-primary Diploma in Education (PPDE), NSSC (Namibia Senior Secondary Certificate Gr 12), Short Courses, ICDL (International Computer Driving License) and the MET (Microsoft E-training) Programme.

IOL also has partnership agreements with the International University of Management (IUM) and the Institute for Certified Bookkeepers (ICB). The vast program offering provides the discerning student with a plethora of courses to choose from. These will ensure the continued growth of IOL and the product offerings available to students.

IOL will continue to focus on developing and introducing educational programmes for Namibians to Support the Government's "Vision 2030" in their aim to become a knowledge-based economy through education and the developmental impact thereof. The medium- and long-term view is to become a significant role player by making quality education and affordable financing available to Namibia as a nation. Reaching beyond Namibia's borders will commence as soon as the current successful business models can be replicated.

About Trustco Finance

Trustco Finance, the financing component to the segment, provides educational loans to students who register for courses at IOL. Financing for courses is typically the largest hurdle for many prospective students to overcome, but with direct access to educational funding, students are in a position to enrol for courses that would help them increase their core competencies and net salaries.

Loan repayments are effected by way of direct salary repayments through a Government Deduction code, as well as agreements with individual corporate institutions.

Typical loan amounts range from NAD1 000 to NAD20 000, with repayment terms ranging from 12 to 60 months and the average loan period currently standing at 29 months. Interest rates are set in accordance with Namibia's Micro Lending Regulations at twice the prime interest rate of Namibia. Trustco Finance is regulated by NAMFISA (Namibia Financial Institutions Supervisory Authority), and complies with the Namibian Financial Intelligence Act.

The age group of Trustco finance borrowers mostly ranges from 18 to 55 years. Approximately 49% of the loan portfolio comprises of individuals that are between the age of 18 and 34 years and 47% of borrowers are between 35 and 55 years of age. Loans granted to students residing in rural areas currently make up 78% of the total loan portfolio.

The Company's Inclusive Business Model

The segment's solution to Namibia's educational financing demand is to provide students enrolled in IOL's distance learning courses with direct access to affordable financing through Trustco Finance. Approximately 98% of IOL students received loans from Trustco Finance. Almost half of IOL's students are women and 97% of the students are employed full-time.

From left to right, J van den Heever, Q Z van Rooyen, A Lambert, SW Pienaar

Segment staff

J van den Heever: Head – Micro Finance and Education Segment

Ms van den Heever has been with Trustco for 12 years and has extensive experience in the field of business, sales and operational management. She has played a major role in the establishment and management of Trustco's regional offices as successful business units in and around Namibia.

QZ van Rooyen: Head – Strategy and Acquisitions

Mr van Rooyen (Jnr) completed his B.Com LLB at the University of Pretoria. He joined the Group in 2010 and took up a position within the Micro Finance and Education segment in 2011, specialising in the determination and execution of the segment's strategy inclusive of focusing on acquisitions within the Micro Finance and Education sector.

A Lambert: Head – Trustco Finance (Pty) Limited

Ms Lambert has dedicated 15 years to the group in various capacities. Having gained eight years experience within the insurance industry, bolstered by her extensive foundations within management, Ms Lambert took on the challenge of heading up the management of the company's property, capital and finance arm as well as serving as the head of the Institute for Open Learning.

SW Pienaar: Chief Financial Officer

Mr Pienaar completed his articles and qualified as a Chartered Accountant with Deloitte in Namibia. During this time he gained exposure working on audits of numerous large institutions in Namibia. He worked on a secondment for the Deloitte Los Angeles office in the USA before joining Trustco as COO of finance in the Micro Finance and Education segment.

Trustco Properties and Mortgage Loans

Segment review

Introduction

This segment houses all properties of the Group (including owner-occupied properties, rental properties and strategic vacant land) as well as the property financing division.

Trustco has its roots in property investment and development and it remains a key business driver within the Group. The Group's property portfolio comprises mainly of strategic vacant land in the Windhoek area and in the northern town of Ondangwa suitable for industrial, commercial and residential purposes. The group currently owns 3.6 million square meters of sellable land, which the Group refers to as the "Land Bank."

Business model

The model is fairly conventional and low risk. Acquisitions are mostly opportunistic and at a relatively low cost, thereby facilitating the potential to realise significant value through the development and sale of portions of the land. Typically, a portion of land will be zoned for specific use, subdivided and provided with bulk infrastructure (roads, water, electricity and sewerage) before the vacant, serviced erven are sold. Market demand determines the quantities released to ensure market saturation does not deter sales prospects. A phased sale program was initiated in the 2010 financial year towards generating the funds for expansion in other areas of the Group.

During the 2012 financial year, the "Land Bank" has once again yielded significant returns. In total, 92 000 square meters (2.5% of total portfolio of sellable land) of serviced industrial land was sold yielding NAD117 million.

The segment contains a mortgage finance component, Trustco Capital (Pty) Limited, which augments the property development and sales arm. Trustco Capital (Pty) Limited facilitates the sale of land via the registering of a first mortgage bond to qualifying purchasers and against appropriate security. Of the sales recognised thus far, around 30% are to be financed by Trustco Capital. It is anticipated this percentage may increase to 40% on future sales which it is envisaged will lead to the establishment of a mortgage loan book.

The current Trutsco portfolio is independently valued in excess of NAD450 million.

From left to right, D Bornman, B Erasmus, Z Theron, C J Powell

Segment staff

C J Powell: Head – Properties and Mortgage Loans

Mr Powell qualified as a medical doctor in 1998. He joined the Group as Company Doctor in 2004 and became involved with the Property division shortly thereafter. During his eight-year tenure with the Group he gained experience in all other major segments before being appointed as Head of the property segment in 2009.

D Bornman: Chief Operating Officer – Trustco Capital (Pty) Limited

Mr Bornman is well experienced in the property finance arena due to 36 years building society experience and eight years as Manager of a major commercial bank's Property Finance Branch. He is qualified as Valuator, Sworn Appraiser and Estate Agent, and joined Trustco Capital in October 2011 to establish a Mortgage Finance facility.

Z Theron: Chief Operating Officer – Properties and Mortgage Loans

After obtaining a B.Acc degree from the University of Namibia, Mr Theron commenced with his articles at Deloitte & Touché in 2007. During this period he obtained vast experience in different sectors of the Namibian economy through the various client audits he conducted. After the completion of his articles, he joined the Ohlthaver and List Centre as a Finance Manager in 2010, before joining Trustco in May 2012.

B Erasmus: Chief Operating Officer – Properties and Mortgage Loans/Legal, Risk and Compliance

Mr Erasmus holds a BA B.Proc qualification and is an admitted legal practitioner of the High Court of Namibia. He left the private practice to join Trustco as a Legal Adviser in 2001 and has since been involved in the legal side of several business segments.

Micro Insurance and Technology Solutions

Segment review

Trustco Insurance Ltd

Trustco Insurance Ltd houses niche insurance products that provide a medley of services and benefits to a wide spectrum of society. With legal fees as high as they are, only a few Namibians have access to legal representation. Legal Shield was launched in 2000, offering insurance against legal costs to those who can't afford legal representation. With an ever-expanding list of legal practitioners on Trustco Insurance's panel, the company ensures that a wide range of legal matters are covered. Being a comprehensive service provider, the company has identified further insurance needs of its core clientele, resulting in the development of the current bouquet of Shield products. With such a wide product range, Trustco Insurance Ltd has developed policies and procedures that ensure prompt and efficient handling of all members' applications and claims. With an ever changing local market, we strive to provide innovative and dynamic offerings to existing and prospective members.

Trustco Mobile

Trustco Mobile is an exciting innovation in mobile telephony. While most consumers in developing countries possess a cellphone, very few of them possess life insurance (i.e. a cash payment at the time of death to provide financial assistance to the family left behind). This is either because life insurance is unavailable or it is unaffordable. The cost of laying a family member to rest can be quite prohibitive. The financial burden incurred on the sudden passing of a loved one places a heavy strain on some families who take years to recover from the financial setback. Trustco Mobile offers an accessible and affordable solution to providing financial support following the untimely death of a family member.

Trustco Mobile has developed several platforms for different industries. Amongst others the Trustco Mobile concept can be used in the banking and retail industries as well. Trustco is currently launching this product in Africa and BRICS, changing the face of the micro insurance and Mobile Network Operator industries.

Trustco Financial Services

One-stop, full-cycle services are what Trustco Financial Services (Pty) Limited (TFS) in South Africa offers to Financial Service Providers. The services include innovative policy administration systems for a host of insurance products, and TFS also has a debit order collection system that is state of the art and has capabilities way beyond the norm in the industry. Policy administration is becoming very difficult for most of the smaller intermediaries. With the company's iEdge administration system, TFS offers a user-friendly and stable system to assist the service providers with their administration. TFS's multi-quote system for short-term insurance offers nine insurance quotes from all the major insurers in South Africa in a matter of minutes. This system is integrated with TFS's administration system which gives the brokers and vehicle dealers more selling time through easy administration.

TFS's latest venture is to bring the very successful micro insurance products from Namibia to South Africa. TFS aspires to offer all South Africans a product giving access to legal representation. Legal Shield was launched successfully in Namibia in the year 2000. The product offers cover for legal costs and services to those who can't afford legal representation. Soon TFS will offer a full range of innovative micro insurance products in South Africa.

Information Technology

Information Technology plays an integral part of the Trustco Group of companies and provides for all the infrastructure and customised systems to help drive the businesses forward in the space they choose to be in. In an environment where change is the only constant, the Group embraces new techniques and technologies which support dynamic and creative initiatives to deliver services, while also enhancing the existing service offerings to further improve on efficiency and customer experience.

Trustco IT department is a well-oiled team of highly professional individuals who are passionate and geared to go the extra mile if needed in order to deliver. Together there is a shared vision to achieve the Group's goals without compromising on quality, security and service. The evolution of technology keeps the department on their toes, to ensure that new demands and requirements are met. These possibilities and opportunities only have come about as a result of the strong leadership and vision portrayed in the various businesses which have invested in technology and are now reaping the rewards.

From left to right, J Jones, B du Plessis, KG Ilunga, A Brand, DW Swindon, DP van Heerden

Segment staff

J Jones – Head: Micro Insurance and Technology Solutions

Mr Jones has a wide range of business experience in South Africa ranging from operations and client management in several companies to sales and marketing management in Namibia. Since joining Trustco in 2000, Mr Jones has moved up from being IT manager to General Manager and company director in 2003, before accepting the position of Deputy Group Managing Director. Mr Jones' passion is to integrate technology solutions into viable products, especially for the mass market.

A Brand – Head: Trustco Insurance Limited

Ms Brand obtained a National Diploma in Business Administration at the Technikon of Cape Town in 1997 and commenced her career as a consultant at an Income Tax firm. She joined the Group in 2003 as finance assistant at the Oshakati Northern branch office. In 2005 Trustco opened four more regional offices and she became actively involved in the management of the daily operations, sales and marketing of all units represented in the regions. In 2008 she was promoted to General Manager: Regional Offices, and in 2010 she relocated to Windhoek and joined the Insurance team. Currently Ms Brand heads the Namibian Insurance operations.

B du Plessis – Head: Trustco Financial Services South Africa

Mr du Plessis has been employed in the Insurance sector for the past 22 years. Initially gaining experience with brokers and consultants, he rose to prominence when taking over as Operations Director at Lleader Underwriting Management in 2000, and rising to the position of Managing Director in 2008. With the acquisition of Lleader by Trustco Financial Services in 2010, Mr du Plessis served as Executive Director, before proceeding to head up all Trustco's South African operations in March 2012.

DW Swindon – Head: Trustco IT and Strategic Software Development

Since qualifying, Mr Swindon has been in the IT industry for over 22 years and currently heads up Information Technology for Trustco. He has been with Trustco since 2000, initially as a contractor before joining permanently in 2003. Mr Swindon has been involved in a number of business sectors and he was instrumental in the design through to implementation of all in-house IT systems developed for Trustco. This has enabled the business to leverage and dominate against competitors.

DP van Heerden – Chief Financial Officer

Mr van Heerden completed his degree in 2005, and almost immediately started work at Trustco. Initially working as an analyst for the Group, Mr van Heerden eventually transferred to IT, shoring up the electronic reporting functions of the Group. This experience enabled him to move to the Trustco Mobile team in 2010, assisting with its roll-out across Africa. With an in-depth knowledge of Trustco's IT infrastructure, software development systems as well as insurance businesses, he was a natural fit to head up the MIT Segments' Finance division in December 2011.

KG Ilunga – Business and Product Developer

After completing his degree in 2008, Mr Ilunga first served SABMiller in the capacity of Site and Distribution Supervisor. With experience gained in this position – ranging from cost control, staff productivity management as well as maintaining and achieving budget targets – he joined the Trustco Mobile team in August 2011. Since then, he's expanded his reach into the commerce and marketing sectors.

Support and Strategic Services

Segment review

The Strategic and Support Services segment provides the administrative backbone upon which the operational segments are hinged. The strategic units are also encompassed under this segment together with the Head Office component.

Group Legal, Risk and Compliance

Group Legal provides in-house legal, transaction advice, statutory and regulatory compliance, intellectual property portfolio administration, management of external service providers and general governance services. The unit also performs a risk management function entailing inter alia the identification, analysis and mitigation of risk.

The Internal Audit department reviews internal control systems and evaluates and reports on the adequacy of internal controls as a contribution to the proper economic and effective use of resources.

The Company Secretarial division renders secretarial services to the Board and Committees along with ensuring the governance and compliance function in terms of Listing Requirements and the applicable legislation.

The Investor Relations division ensures timeous and adequate integration and communication with stakeholders.

Fleet Services

Trustco Fleet Management Services (Pty) Limited manages the fleet, whilst providing support for all vehicular transport requirements within the Group.

Trustco Air Services

Trustco Air Services (Pty) Limited acquired three aircraft to charter flights for the Group for purposes of facilitating efficient travel, particularly to the remote and rural areas of the country and the continent. The costs of running the aircraft are recouped via chartering the planes to external clients.

Human Resources

The Human Resources division ensures the provision of quality human resource services and payroll administration and compliance with the Labour Act and related legislation. The unit further provides support and guidance with the recruitment process, corporate wellness initiatives as well as staff development and training.

Group Media

The Group Media component consists of the *Informanté* publication, which is currently the largest print publication in Namibia and which has the reputation of being first with news on significant political, economic, social development and infotainment across the country, focusing on the growth momentum of the Group by being its mouthpiece. The newspaper maintains a professional editorial posture and standards of reporting within the remit of responsible journalism.

Marketing and Television is the second component of the Group Media division. It provides support by ensuring the development of the overall marketing and communication package of all segments from the inception of strategy and new business products to the comprehensive media plan, roll-out and implementation of marketing campaigns.

From left to right, BV Kandetu, E Janse van Rensburg, PP Taziwa, MA Gebhardt, C Reid, L McDougall, T Nampolo, DJ Steyn, **Seated in front,** J Klynsmith, M Scriven

Segment staff

DJ Steyn: Head – Group Legal, Risk and Compliance

Mr Steyn, an admitted attorney of the High Court of South Africa, obtained his B.Proc and LLB degrees at the University of Pretoria. He has extensive experience as a legal practitioner and in the corporate and commercial fields. Having joined Trustco in January 2012, he serves as a member of the Group Executive Committee, Group Capital Adequacy Committee and the Review Committee, and is the chairperson of the Risk Management Committee.

E Janse van Rensburg: Head – Corporate Affairs

Ms Janse van Rensburg has been with Trustco for almost 11 years. She joined the Group in February 2002, after her studies at UFS, utilising her legal background as a consultant within the Claims Department of Legal Shield and making her debut into management shortly thereafter. With a view to broadening her horizons, she ventured into the realm of Industrial Relations, her key contribution being the establishment of the HR division and transforming it into the success that it is today. She oversees the administrative and support backbone of the Group including HR, Fleet Services, Security, Marketing and Media.

BV Kandetu: Head – Group Corporate Communications

Mr Kandetu joined Trustco Group Holdings on 18 July 2011 as Chief Executive Officer for Trustco Newspapers with a dual assignment: to assist with the reorganisation of the *Informanté* editorial section and to direct and manage the commercial side of the newspaper. Eight months later, he was promoted to head Group Corporate Communications and became a member of the Group's Executive Committee. He advises the company broadly on strategic matters pertaining to new business ventures as well as on the company's interaction with the external environment, particularly in terms of the management of the business of state.

L McDougall: Head – Internal Audit

Ms McDougall qualified as a CA (SA) in 2007 after completing her articles at KPMG. She was promoted to manager in 2008 and continued in a managerial role at KPMG until 2010. She moved to Jersey, United Kingdom and took up a managerial role at Deloitte from 2010 until December 2011 when she moved back to Namibia. She took up her current position on 2 April 2012.

MA Gebhardt: Company Secretary

Ms Gebhardt holds a B.Iuris degree (UNAM) and an LLB degree from the University of the Free State. She commenced her career at Trustco in 2007 as a Legal Consultant and was later promoted to Claims Manager. She gained valuable operational experience at senior managerial level when she headed the regional offices shortly thereafter, and in 2008 she took up the position of Chief Operating Officer in the Investor Relations Department before being appointed to her current position.

T Nampolo: Chief Operating officer – Fleet and Security

Mr Nampolo laid the foundation to his career by joining the Namibian Police Force in 1990. By 1998 he was promoted to the rank of Warrant Officer, tasked with the establishment of the Special Field Forces. He later rose to the rank of Inspector under the ambit of the Special Reserve Force. In 2003, Mr Nampolo joined the Group as a Crime Line Coordinator, from where he was elevated to the level of GM of Operations, Fleet and Security and was later promoted to head of Fleet and Security.

M Scriven: Chief Operating Officer – Television Unit

Mr Scriven joined the Trustco Group in February 2007 as producer for the popular weekly television show "Winna Mariba". After recruiting a full-time crew, he and his team quickly adapted to form a valuable part of the various support services of the Group and the success of their productions is testimony to the television unit's creativity, dedication and passion. He then ventured into managing the unit in 2009 and became Chief Operating Officer with responsibility for creative programming and delivery.

J Klynsmith: Chief Operating Officer – Marketing

Mr Klynsmith started his journey with Trustco in January 2011, initially as a Public Relations Officer with a BTech Cum Laude in Public Relations Management, before his contributions to the marketing department earned him his present title.

C Reid: Chief Operating Officer – Human Resources

Ms Reid joined the Trustco Group on 1 November 2011 in the position of Manager: Training and Development. The holder of a Bachelor of Arts (Honors) (UNAM) degree came to Trustco with more than seven years experience in Human Resources, Development and Training. With her extensive experience in public, private and donor-funded organisations, she is fully equipped to deal with the complete scope of Human Resource services within the Trustco Group, including recruitment and selection, training, development and performance management, amongst others.

PP Taziwa: Chief Financial Officer

Mr Taziwa is a Chartered Accountant with extensive experience in small to medium-size enterprises in the financial, manufacturing and mining sectors. He has attained a strong background in accounting, taxation, auditing and budgeting and is particularly skilled in the development and implementation of financial solutions on an operational and strategic level. He joined the Trustco Group in 2007 as a finance manager before being promoted to his current position.

Chairman's Report

Africa has, up to now, mostly been spared the severe measures affecting Europe. Three important factors have been in our favour so far: rising commodity prices, capital inflows from foreigners (foreign investments to Africa have increased from $9 billion in 2000 to $62 billion in 2009) and a less indebted starting point. According to a press release issued in Vienna, of the top 15 fastest growing economies in the world today, 10 are African. The growth revival has transformed Africa from the world's slowest-growing regions of the past to one of the world's fastest-growing regions today. Taking this into consideration, there will be a lot of opportunity that will present itself and Trustco is perfectly situated to take advantage of it.

But one should be careful not to generalise these factors *ad infinitum*. Underlying these positive influences are many things to worry about, such as Namibia's unemployment rate which is at ±52% with little progress in large scale employment opportunity. Also, the worldwide economic crisis remains a big risk for business and economic prospects. Africa will definitely bear the brunt if the world goes into stagflation or another recession or even a depression, with our country primarily exporting raw materials and relying wholly on the progress of other economies. South Africa is ±0.5% of world GDP (the biggest economy in Africa), Namibia is ±0.02% of world GDP and the whole of Africa is ±2.4% of world GDP – which makes us a very small and insignificant player.

Despite all of this Trustco is ready to face the challenges and leave our footprint.

It remains Trustco's mission to continue providing products and services that represent significant value to our clients and which are specifically focused on the lower-income mass market.

Trustco has grown yet again in the past years and will continue to thrive. What is required is committed and skillful management supported by equally committed and skillful staff. Survival of any company requires continuous adjustments and changes along the way, and Trustco is no exception. Trustco has to ensure that it remains lean and mean to compete efficiently and meet the current challenges and risks including competitors in the market, regional economic instability, access to low-end customers and the poor infrastructure in Africa.

We are coming of age and showing off our 2012 results with pride. What started out as a small business in 1992 will be celebrating its 21st birthday next year. It will be a big celebration, so watch this space!

It is essential for Trustco to start expanding, as Namibia offers limited market opportunities in the target segments of operation. Our focus is to take our services and products to hitherto under-serviced communities in Africa and to the BRICS countries through the application of high-end technology solutions.

It has been a challenging and bumpy ride, but nonetheless a joyful one. The value added to our country, other businesses and fellow citizens has been extremely rewarding and leaves us with a feeling of pride and gratification.

I would like to extend a special word of thanks to my Board, staff, stakeholders, suppliers and customers. It would definitely not have been possible without you. Thank you for all your support.

We will strive for continued success and a brighter future!

The ability to concentrate and to use your time well is everything if you want to succeed in business - and almost anywhere else for that matter.

Lee Iacocca

Adv. R Heathcote
Chairman

Windhoek
17 August 2012

Group Managing Director's Report

With the world still in the grip of economic uncertainty, the Eurozone crisis brought Africa's biggest trading partner to the brink of another recession. To the north of Africa, the Arab Spring dominated newscasts as a fresh wave of revolutions spread to oppose tyranny, while in the south of the continent, labour unions flexed their muscles after holding steady during the World Cup in 2010.

It seems that, while Africa is experiencing a second renaissance, our First World brethren are experiencing a crisis of confidence, and it is up to us to show them the way. Trustco thus remains committed to expanding the market for its products – which were so successful in alleviating social injustice in Namibia – to the rest of Africa as well as to BRICS countries.

But to put group performance in perspective, it is always useful to look back. The past five years share listing saw average revenue growth of 34%, headline earnings of 46% and return on equity of 28%.

No Group is an Island

Trustco does not stand isolated from the worldwide economic climate, but, while we've certainly felt the effects of the adverse circumstances the Group nevertheless posted a strong showing.

With a 22% growth in revenue, and a corresponding 13% growth in net profit, the group has shown its resilience during difficult times, and displays our commitment to all stakeholders.

But to put the Group's performance in perspective it's useful to look back. The past five years share listing saw average revenue growth of 34%, headline earnings growth of 46% and return on equity of 28%.

A Civil Campaign

Yet while the group as a whole has remained flexible in the face of economic negativity, it is evident that the specific segments have each had matters unique to themselves during the year to attend to.

Microfinance and Education

While this segment experienced 25% growth in revenue, a greater emphasis on course variety and electronic course assistance has increased course costs, resulting in a profit after tax decline of 12%. However, these changes have resulted in quite a few efficiencies that will be exploited during the coming year, and thus net margins should increase into the future.

In addition, this segment has reached its funding goals, with funding lines in process of finalisation to fund expected growth in Namibia over the next five years. In line with this, the segment has implemented new credit control measures that have significantly reduced non-performing loans. Non-performing loans are at an all time low of 6% of loan book value.

Micro Insurance and Technology Solutions

With growth of 9% in after-tax profits and 11% in revenues, this segment seems to have done well. However, it has had its share of trials and tribulations during the past financial year.

The Zimbabwean Mobile operations ceased during the past financial year, with revenues down by 36%. Legal proceedings here are on-going, but the Mobile team are confident that they will soon bounce back, as they are in the process of implementing their solution with a major African retailer.

Though the South African operations increased revenues, their after-tax profits continued to decline. Nevertheless, there are on-going efforts to realign their business model with the Group and we expect to see improved results during the coming financial year.

Properties and Mortgage Loans

After utilising another 2.5% of the "Land Bank", this segment increased revenues by 98% and after-tax profits by 38%. With a pipeline of 10 to 15 years, it has done quite well over the preceding two years, but they remain wary of the global economic climate, which might precipitate a slowdown in property development. However, this segment will remain the Group's "stop gap" for the next 10 to 15 years.

Still, they remain positive. With only 5% of the portfolio sold and initial transfers to be completed by October 2012, they anticipate that the Mortgage Loan book will start contributing to group profits as well.

There are no current plans to expand this business segment to BRICS.

Appreciation

Even as we all strive to succeed in these harsh economic times, it needs to be remembered that it is not only the leadership that puts in the effort, but also all those who support them. I would thus like to thank all our stakeholders, our suppliers and our customers for their commitment to us during the past year, but I'd like to extend my special thanks to all the Group's employees, for their dedication and support, not only in the past year, but also for all the years past, and all those coming.

We look forward to yet another year of continued growth for the Group.

Q van Rooyen
Group Managing Director

Windhoek
17 August 2012

Financial Highlights

Nature of Business

Trustco is a high-growth, diversified Pan-Africa financial services group. Operational segment profit contributors are (a) micro insurance and technology, (b) microfinance and education and (c) property and mortgage loans. The Group's focus is to take financial services to under-served communities in Africa and BRICS, through the application of high-end technology solutions.

Financial Overviews for the Year

Group revenue increased by 22% to NAD713 million from NAD587 million. Gross profit increased by 22% to NAD393 million from NAD322 million and EBITDA increased by 14% to NAD303 million from NAD267 million. Profit after tax increased by 13% to NAD240 million from NAD212 million, while headline earnings decreased by 6% to NAD139 million. These results should be viewed in the context of (a) a global negative economic outlook, (b) a once-off recognition of a damages award in FY 2011 and (c) material revenue related to royalties due by Econet in Zimbabwe, that have not been included due to a legal dispute.

Review of Operations

Micro Insurance and Technology Solutions

As a segment, revenues increased by 11% to NAD465 million from NAD420 million, with a corresponding increase in net profit after tax of 9% to NAD98 million from NAD90 million.

Namibia

The Namibian insurers continued their strong growth with an emphasis on efficiency. With revenues showing a steady growth of 13% from NAD112 million to NAD126 million and net profit after tax showing a growth of 26% from NAD50 million to NAD63 million the insurers have certainly shown why they're the cornerstone of the Group. With a renewed focus on increasing revenues during the coming financial year, the Namibian insurers are keen to provide focus and support to the segment, especially in South Africa and align its goals with that of the Group.

Zimbabwe

The 2012 financial year has been a tumultuous one for Trustco Mobile. The cataclysmic way in which the tripartite agreement collapsed early in June 2011 put renewed pressure on the Mobile unit. With revenues down 36% from NAD45 million to NAD29 million, net profit after tax similarly down 4% from NAD24 million to NAD23 million and legal proceedings still on-going in Zimbabwe, Trustco Mobile reached out to a major African retailer to launch a new product. The model leverages the necessity for food and other basic needs to increase insurance penetration in sub-Saharan Africa, where less than 5% of the population has access to insurance. With systems integration almost completed, the start of testing in Namibia is to commence shortly.

South Africa

Trustco Financial Services (TFS) provides information technology and software solutions to the financial services and insurance market in South Africa. As can be attested to in the interim results, TFS struggled in the current economic climate, but materialised the results of management's efficiency drive to deliver revenues of NAD309 million (up 18% from prior financial year) and net profit after tax of NAD11 million (down 31% from prior financial year). With the focus on enhancing services along the value chain and expanding its product selection, the 2013 financial year should normalise financial performance to within Group norms.

Microfinance and Education

Namibia

This segment continues to perform well. Revenue for the 12-month period to 31 March increased by 25%. Net profit after tax decreased by 12%, due to an increased cost in educational courses sold. Gross educational loans increased 18% from NAD226 million to NAD266 million. Non-performing loans decreased 23% to 6% of total loan book. Adequate funding mechanisms are in place for the expected growth in the loan book for the next five years.

Properties and Mortgage Loans

Another 92 000 m^2 of industrial serviced land have been sold during the 2012 financial year. This represents 2,5% of the total portfolio of sellable land sold during 2012. Revenue in the segment increased to NAD119 million from NAD60 million, representing a 98% growth. Net profit after tax increased to NAD127 million from NAD92 million, a 38% growth. A total of 5% of the portfolio has been sold over the past three financial years, in line with group strategy. The current property portfolio should be monetised within the next 10 to 15 years and it is estimated that 40% of the sales will be vendor-financed by way of mortgage loans to approved buyers. Transfer of first phase to the new owners should be completed by Q3 2012.

Put and Call Option

On 21 October 2011 the Group entered into an agreement with a long-time shareholder, The Renaissance Africa Master Fund ("the Fund"), to repurchase 10.5% of the issued share capital of the Company through the exercise of a put option by the Fund or the exercise of a call option by the Company ("the share repurchase"). All approvals were obtained at a general meeting of Trustco shareholders during January 2012. The Group has accounted for the transaction through the recognition of Treasury shares in equity and a concurrent liability for the settlement. At the time of reporting neither party had exercised any of their rights in terms of the agreement.

Corporate Governance

Introduction

Trustco's Board of Directors, Executive and Senior Management embrace and remain committed to the implementation and execution of the highest levels of corporate governance so as to facilitate the provision of exceptional leadership across the Group and its subsidiaries.

The Group has applied the principles as set out in the King Code of Corporate Governance for South Africa 2009 (King III) or (the Code), establishing a leadership component firmly based on fairness, accountability, responsibility and transparency.

Policies and procedures are being put in place to materially apply the principles recommended by the Code and (iii) a policy framework and strengthening the IT Steering Committee as the basis of moving toward full compliance.

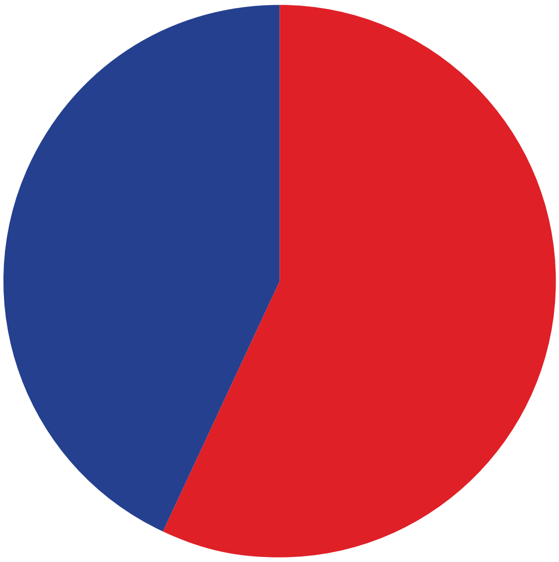
As part of the Board's continuing effort to fully comply with the Code (i) a Board evaluation process is underway. (ii) The Group has implemented a legal compliance framework, controls and systems are in place and this has been reduced to a compliance policy awaiting approval by the Board.

The directors are of the opinion that the Group materially complies with, and has applied, the requirements of the Code for the year under review. All entities in the Group are required to subscribe to the spirit and principles of the Code.

The Board of Directors and Board Committees

The Board of Directors meets on a quarterly basis so as to remain up to date with developments within the Group and its subsidiaries. The Group Managing Director regularly meets with the Chairperson of the Board and the Chairpersons of the Committees. The Board is entrusted with the custody of the Group's corporate governance structure and the implementation thereof across all levels of the Company. The Board effectively ensures a cohesive balance between the Group's strategy, performance, sustainability and risk so as to ensure growth for stakeholders. The Company is pleased to state that the robust composition of the Board facilitates efficient and effective ethical leadership as the Company strives to maintain responsible corporate citizenry.

Directors	Number
Independent, non executive	4
Executive	3



The Board's composition at year-end consisted of four independent non-executives and three executive directors. Dr Tobias Aupindi resigned on 15 March 2012 and Mr T Mberirua on 1 April 2012. Mr R Taljaard was appointed to the Board on 5 July 2012. At present, the Group is considering the appointment of an additional independent non-executive director. The executive directors are Mr van Rooyen (Group Managing Director), Mr FJ Abrahams (Group Financial Director) and Mr AL Bock (Head of Corporate Finance). At least one third of the non-executive directors rotate annually and Ms M Nashandi was not re-elected at the annual general meeting of shareholders held on 19 August 2011.

A governance framework between the Group and its subsidiaries is well established. Each segment has its own senior segment management committee. These entities regularly engage in high level committee meetings culminating in interaction with the Group Executive Committee and the escalation of matters to the committees and the Board, where required.

Each committee acts within agreed terms of reference and the chairman of each committee reports, where appropriate, to the Board at its scheduled meetings. Where appropriate, the minutes of the committee are tabled at board meetings. The chairman of the Board is a non-executive director. The roles of chairman and group managing director are separated, with a clear division of responsibility to ensure a clear distinction of duties and responsibilities between them. The chairman has no executive functions. The role of all directors is to bring independent judgement and experience to the Board's decision-making process. Directors are advised that they may take independent advice, at the cost of the company, in the proper execution of their duties as directors. They have direct and unfettered access to the external auditors, professional advisers and the advice of the Company Secretary and management.

Details of the directors appear on pages 8 to 11 of this annual report.

Shareholders appoint the Board of Trustco Group Holdings Limited at its annual general meeting. Non-executive directors on the Trustco Group Holdings Ltd Board are appointed for specific terms and re-appointment is not automatic. All appointments are made in terms of a formal and transparent procedure and are subject to confirmation by the members at the annual general meeting. The Group believes that the Board's constitution, in terms of both the number and expertise, is sufficient and appropriate to meet the Group's needs.

The Board applies the Code's guidelines when considering a director's independence. The Board confirms the independence, as stated in the Code, of all of its non-executive directors. One third of the directors appointed in terms of the articles of association are subject, by rotation, to retirement and re-election at the annual general meeting. In addition, all directors are subject to election by members at the first annual general meeting after their initial appointment.

Key Governance Developments

During the year under review, the following developments were key to the Group's corporate governance process:

- Ongoing compliance with the Code and other industry-specific legislation and regulations.
- The Group's code of conduct throughout the operations, which sets out minimum standards of ethical behaviour for all employees of the Group.
- Approval of plans to substantially increase the resources of the internal audit department and compliance division.
- Ongoing awareness and cognisance of international/emerging governance trends. These are considered for implementation where appropriate.
- Keeping updated with all relevant legislation and regulations as well as major developments that could impact on the Group and its operations.
- A review of current and emerging trends in corporate governance and the Group's governance systems, and benchmarking the Group's governance systems against local and international best practice. In its governance approach, the Board believes that, while compliance with the formal standards of governance practice is important, greater emphasis is placed on ensuring the effectiveness of governance practice, with greater prominence being placed on ensuring compliance with the substance of governance over form. The Board also seeks to ensure that good governance is practiced at all levels in the Group and is an integral part of the Group's corporate culture.

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

- Q van Rooyen

  During the year ended 31 March 2012, Q van Rooyen, the majority shareholder and Managing Director, had an interest in a management agreement between Next Investments (Pty) Limited, of which he is a director, and Trustco Group International (Pty) Limited (Inc. in Namibia), a subsidiary of the Company. The agreement establishes that when Trustco Group International (Pty)

Limited (Inc. in Namibia) performs management work on behalf of Next Investments (Pty) Limited it must be refunded by way of a management fee. In addition to the above, from time to time there are arm's-length transactions between Mr van Rooyen and his companies with the Group and its subsidiaries which are disclosed per note 43 (Related Parties). Next Investments is the investment company of the van Rooyen family. This agreement together with Q van Rooyen's employment contract was amended to incorporate management services Next Investments (Pty) Limited provides to Trustco.

Next Investments (Pty) Limited lends funds to the Group on which he receives interest at Namibian prime rate (2012: 9.75% and 2011: 9.75%) and Q van Rooyen provides personal surety to the Group for which Next Investments (Pty) Limited earns a facility fee.

All the above transactions were approved by the Board and were reduced to writing in the form of formal, signed agreements. No other interests in contracts or conflicts of interest were brought to the attention of the Board.

Advice

Directors have unlimited access to the Group company secretary and the Head: Group Legal, Risk and Compliance, both who act as adviser to the Board and its committees on issues including compliance with rules and procedures, statutory regulations and the Code. The name of the Group company secretary is recorded on page 124 of this annual report. Furthermore, any director may, in appropriate circumstances and at the expense of the Group, obtain independent professional advice. The directors are also entitled, with the prior knowledge of the Group managing director (Group MD), to have access to senior management and to all relevant Group employees.

The Board is satisfied with the experience and expertise of the company secretary with whom an arm's-length relationship is maintained and she holds no directorship in the Group.

The table below illustrates Board and committee attendance for the year.

(*Non-executive)	APPOINTED	RESIGNED/ RETIRED	BOARD	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE
Number of meetings held			5	5	3
Adv. R Heathcote*			4/5	n/a	n/a
M Nashandi*		19 Aug 11	0/2	2/3	n/a
W Geyser*			5/5	5/5	n/a
V de Klerk*			4/5	n/a	2/3
AL Bock	19 Aug 11		3/3	4/5	n/a
Q van Rooyen			5/5	4/5	2/3
FJ Abrahams			4/5	5/5	n/a
Dr T Aupindi*		15 Mar 12	5/5	5/5	3/3
T Mberirua*		01 Apr 12	5/5	4/5	3/3

The Audit and Risk Committee ("ARC")

ARC, appointed by the Board, is chaired by an independent non-executive director and is tasked with the performance of a pivotal function in the Group's corporate governance structure, assisting the Board with the facilitation of its risk accountability. In line with the ARC Charter, the committee is tasked with ensuring that the internal controls regarding the Group's financials are in place as well as the integrity of the Group's Integrated Report. The ARC is further responsible for the identification and management of risk.

Members: W Geyser (Chairman), M Nashandi (retired as a member on 19 August 2011), Dr T Aupindi and T Mberirua (resigned as members on 15 March 2012 and 1 April 2012 respectively). Mr R Taljaard was appointed on 5 July 2012.

Composition and meeting procedure

All members of ARC are independent. In addition, the meetings are attended by the Group managing director, group financial director and representatives of the external auditors, BDO Namibia and BDO South Africa Incorporated, and the Head of Internal Audit and the Head: Group Legal, Risk and Compliance, who attend by invitation. Meetings are held at least three times a year and are also attended by the members of executive management when necessary, including those involved in risk management, control and finance.

Role, purpose and principal functions

ARC predominantly assists the Board with regard to reporting financial information, the selection and application of accounting policies, monitoring the Group's internal control systems and various compliance-related matters.

Specific responsibilities include:

- Reviewing and recommending to the Board annual financial statements;
- Dealing with material matters relating to financial and internal control, accounting policies, reporting and disclosure;
- Dealing with the engagement of the external auditors and fees payable to the external auditors;
- Approving and ensuring compliance with the Group's policy on non-audit services;
- Reviewing and/or approving internal audit, compliance and forensic services policies, plans, reports and findings;
- Ensuring compliance with applicable legislation and regulations;
- Evaluating the performance of the external auditors;
- Reviewing external audit plans, findings and reports;
- Assisting the Board in the oversight of risk management;
- Reviewing the independence of the external auditors on an annual basis;
- Nominate, for appointment as auditor of the Company, a registered auditor who, in the opinion of the Committee, is independent of the Company;
- Determine the fees to be paid to the auditor and the auditor's terms of engagement;
- Ensure that the appointment of the auditor complies with applicable statutory provisions relating to the appointment of auditors;
- Determine, subject to applicable statutory and regulatory provisions, the nature and extent of any non-audit services that the auditor may provide to the Company, or that the auditor must not provide to the Company or a related Company;
- Pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Company;
- Prepare a report, to be included in the annual financial statements of the Company for the relevant financial year that addresses the items as prescribed in applicable statutory and regulatory provisions;
- Receive and deal appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, in relation to the matters prescribed in applicable statutory and regulatory provisions; and
- Make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.

ARC for the greater portion of the financial year consisted of three suitably skilled and appropriately qualified non-executive directors. Dr T Aupindi resigned during the current financial year under review and Mr T Mberirua shortly thereafter. Mr R Taljaard was appointed as a member of ARC on 5 July 2012, resulting in one vacancy on ARC.

ARC, as custodians of the Integrated Report's integrity, supervise the compilation of the Integrated Report which is tabled before the committee so as to engage with management and review the financial statements as incorporated in the Integrated Report. ARC is satisfied that the Group's expertise, resources and experience in the execution of the finance function is beyond par.

The Group's policy on non-audit services, which is reviewed annually by ARC, sets out in detail the services which may or may not be provided to Trustco's external auditors. The policy is largely based on a review of current and emerging trends in corporate governance and the Group's governance systems. The Group's governance systems are benchmarked against local and international best practice. ARC will conduct a formal external auditor evaluation process. This evaluation will be executed regularly and includes various criteria and standards such as audit planning, technical abilities, audit process/outputs and quality control, business insight, independence and general factors.

ARC is required to keep up to date with current and emerging trends in accounting standards, particularly with the introduction of International Financial Reporting Standards (IFRS). The Board will review the performance of ARC to evaluate how effectively it has discharged its duties as per its terms of reference.

ARC is satisfied as to the independence of the external auditors.

As required by the JSE Listings Requirement 3.84(h), ARC has satisfied itself that the Group finance director has appropriate expertise and experience.

Remuneration and Nomination Committee (REMCO)

Members:

Ms V de Klerk was elected Chairperson and Mr WJ Geyser was appointed as a member of the committee on 5 July 2012. Mr T Mberirua resigned as Chairman on 1 April 2012 and Dr T Aupindi resigned as a member on 15 March 2012.

Composition and meeting procedures

REMCO is chaired by an Independent Director and comprises solely of non-executive Directors of Trustco Group Holdings Limited. The Group managing director and Head of Human Capital, who is the executive responsible for people management, attends the meetings by invitation. Meetings are held at least once a year.

Role, purpose and principal functions

REMCO considers and recommends to the Board regarding matters such as succession planning, general staff policies, remuneration and benefits, performance bonuses, executive remuneration, Directors' remuneration and fees, service contracts, the short-term incentive scheme and long-term incentive scheme and Group retirement funds. In considering Executive Directors' emoluments, the committee is cognisant of responsibility, individual performance and the Group's retention strategies. To this end, the committee relies on external market surveys and industry reward levels as benchmarks. Remuneration packages are structured in such a way that short- and long-term incentives are linked to the achievement of business objectives and the delivery of member value. Non-executive Directors receive fees for their contribution to the Boards and committees on which they serve. REMCO recommends proposed fees for approval by the Board after due consideration of comparable fee structures and market practices. REMCO also performs the functions of a traditional Nominations Committee.

Executive Committee ("EXCO")

Members:

Q van Rooyen (Chairman), J Jones, FJ Abrahams, J van den Heever, Dr C Powell, D Leaf-Camp (resigned 7 July 2011), AL Bock, B Kandetu (appointed 1 April 2011), E Janse van Rensburg and DJ Steyn (appointed 2 July 2012)

Composition and meeting procedures

EXCO is chaired by the Group managing director and has regular input from executives from operations, sales, finance, actuarial, IT, human resources, compliance and special projects. Meetings are usually weekly. The committee is responsible for the determination of strategy and operations of the Group within the parameters defined by the Board. Where necessary, decisions or recommendations of EXCO are referred to the Board for final approval, whilst in other instances EXCO's authority will be delegated to a sub-committee or particular EXCO members.

Sub-committees:

- *Group Capital Adequacy Committee*

  The Group Capital Adequacy Committee independently reviews the segments' and Group's capital requirements and oversees and mitigates the emergence of inherent risks.

- *Group Credit Committee*

  The Group Credit Committee is tasked with the approval of credit applications as tendered by applicants for loans. The committee objectively reviews the applications against the backdrop of the key risks facing the segments' business operations.

- *Group Review Committee*

  At regular intervals, the Group Review Committee reviews the performance of the segments within the Group for purposes of ensuring that segmental performance is on par, the protection of stakeholder interests, and the on-going review of risk within the performance of business operations within the segments.

SUB COMMITTEE MEETINGS HELD	
Group Capital Adequacy Committee	3
Group Credit Committee	4
Group Review Committee	8
Group Executive Committee	20

Remuneration Report

The Group's remuneration philosophy finds application under the auspices of REMCO as per its mandate defined in the REMCO charter. The terms of reference are Board-approved and periodically reviewed.

Remuneration philosophy

Group philosophy is to ensure that employees are fairly rewarded for their individual value, merit, performance and contribution over a meaningful period to the overall operational and financial success of the Group.

The individuals Trustco employs are characterised by intellect and innovation, the ability to adapt to an ever-changing work environment and Trustco's unique culture, which are crucial in our pursuit of excellence. The Group aims to reward and provide a level of compensation which not only attracts and incentivises employees of the highest calibre, but also to retain and motivate existing employees to reach their full potential. Trustco strives to inspire entrepreneurship and optimise performance by providing a working environment that stimulates extraordinary performance, characterised by passion and energy that results in a positive contribution to the success of the Group and ultimately the Namibian economy.

Remuneration packages are designed and administered to balance and align directors' and employees' interests in relation to those of all stakeholders. Overall rewards are considered and determined within an effective risk management environment in line with the short-, medium- and long-term success and goals of the Group. Trustco also believes that including equity in our employees' compensation is the best way to align their interests with the long-term success of the Group.

The Group is committed to a balanced remuneration philosophy which consists of the following components:

- Individual performance-related remuneration which positively influences and supports the creation of an exceedingly high-performing organisation;
- Rewarding of sustained-performance and exceeded-performance expectations through extraordinary increases, bonuses, incentives and company shares;
- Non-financial reward and recognition in the form of promotions and added responsibility;
- Providing a balanced mix of remuneration, including above-industry-average salaries, innovative benefits, short-term cash incentives and profit sharing;
- Creating a competitive total-remuneration opportunity which aids in competing for the best talent locally and abroad among companies with global operations and global consumers;
- Employee growth and development through performance management that is cemented in simplicity and transparency;
- Unparalleled working environment where performance is rewarded; and
- Ownership and drive to perform with share-based incentive and retention schemes.

Trustco recognises that lasting growth is what ultimately builds shareholder value and therefore our remuneration philosophy is used as a management tool that, when aligned with an effective communication plan, is designed to support, reinforce and align our values, business strategy, operational and financial needs with a goal of growth, profitability and ultimately the creation of wealth to all involved in the Group.

Group Human Capital Overview

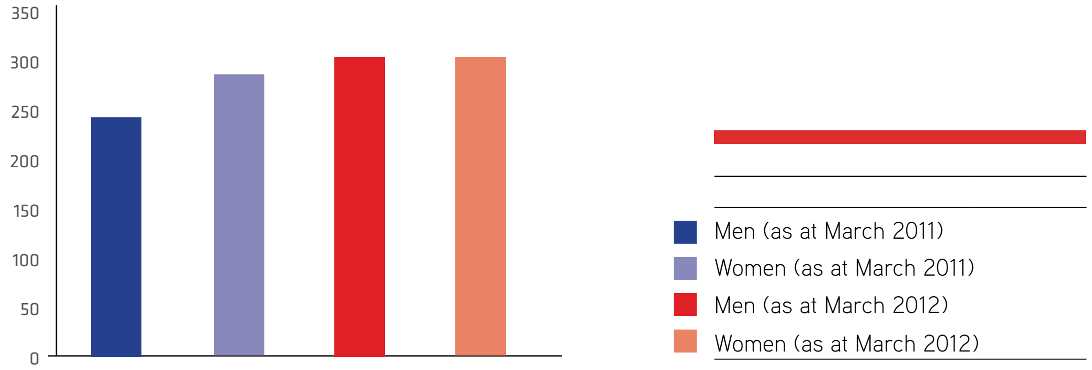
Workforce statistics (as at March 2012)

COUNTRY	NAMIBIA	SOUTH AFRICA	TOTAL
Male	263	54	317
Female	207	94	301
Total	470	148	618

As at end March 2012, the Group engaged a workforce consisting of 618 employees. As evidenced by the above tabulation, the differential between male and female employees is well within the parameters established by the Employment Equity Legislation.

The graph below shows workforce growth by gender between the previous financial year and the financial year under review.

Workforce growth compared to previous financial year (April 2010 to March 2011)

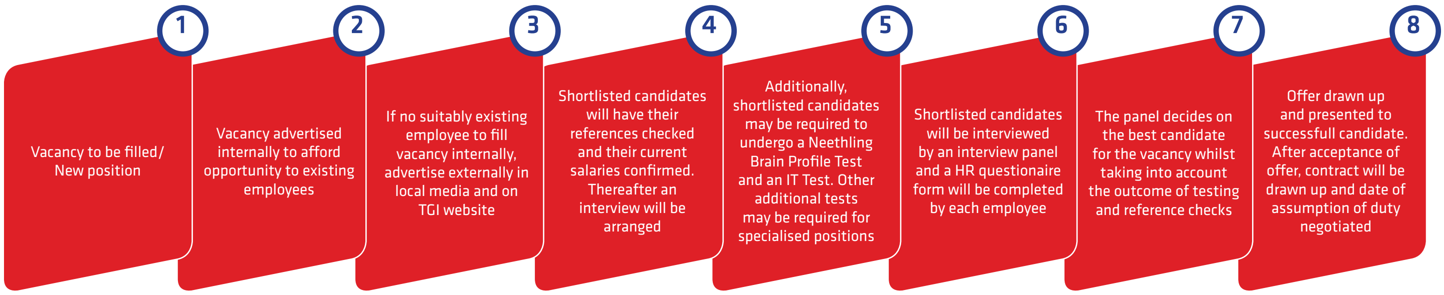


Recruitment process

The Group ascribes the implementation of stringent, fair and transparent policies and procedures in the recruitment of new employees. An emphasis is assigned to the conformation with statutory regulations and employment equity principles.

Recruitment procedures

The diagram below shows the Group recruitment process



Employee remuneration

The Group recognises the necessity inherent in the attraction and retention of suitably qualified and experienced employees, particularly in strategic positions within the Group. In accordance with the objective of securing qualified, skilled and dedicated employees, Group is proud to adhere to leading guidelines in terms of employee remuneration.

Various policies and guidelines govern our remuneration procedures. These include:

- Annual Salary Increase Policy;
- Trustco Performance and Retention Incentive Scheme;
- Minimum Wage;
- Staff Social Scheme;
- Long Service Appreciation Policy; and
- Increased Workload Policy.

Annual salary increase

Annual salary increases, subject to annual performance reviews, are conducted on the anniversary month of an employee's engagement by the Group. A standard increase rate is calculated monthly on the following basis:

Average inflation rate of the preceding three months plus 2%. Overall Group growth and performance is taken into account in the determination of annual increases. REMCO ratifies all annual increases, executed in line with the Group directive.

In addition, staff members whose performance significantly exceeds the benchmark set by the Group may be rewarded with extra-ordinary increases. The average extraordinary increase rate for the financial year is 33%. Extraordinary increases are also overseen and ratified by REMCO.

Individual performance reviews

- Trustco Performance and Retention Incentive Scheme

  The Group currently employs a 50:50 bonus scheme. The purpose of the bonus allocation is to incentive and retain employees. 50% of any bonus allocation is a performance based incentive and the balance constitutes a retention incentive. The retention portion is used to acquire equity in the Company.

  Bonuses are only payable if growth in the segment and Group of a particular financial year for the segments is achieved. Any bonuses paid will have to be ratified by REMCO.

- Minimum Wage

  The minimum monthly remuneration of any person employed by the Group shall not be less than NAD3 000 per month.

- Staff Study Loans

  Staff study loans are granted to employees to assist them to improve, enhance and develop their knowledge and skills in their field of employment both for their own benefit and for that of the Group.

  Employees who have been in the service of the Group for an uninterrupted period of 12 months or longer may apply for staff study loans through Trustco Finance. Loan repayments can, with the permission of the employee, be deducted directly from the salary of the employee, but such deductions may not exceed the limit prescribed by the Labour Law. Employees may apply for a loan repayment period of up to 36 months.

- Long Service Appreciation Policy

  The Trustco Group recognises and therefore expresses appreciation for the long-term service of employees. Employees are rewarded for total number of continuous years of employment with the company, calculated from the employee's date of engagement by the Group. Employee long-term service is recognised at five-year intervals. In addition to receiving certificates of service, long-term employees are also eligible for cash bonuses. 50% of these cash bonuses are payable to the employee immediately, whilst the remaining 50% will become payable one year later, on condition that the employee is still in the employ of the company, for retention purposes.

Employee benefits

Trustco does not employ a traditional salary structure, and employees are remunerated according to the following criteria:

- Qualifications
- Experience
- Job specification
- Skill level
- Potential for Development
- Contribution to Group Prosperity

Staff Social Scheme

In addition to competitive remuneration, the group augments employee wellness with the Staff Social Scheme which seeks to provide financial security to either the staff member or the family of the staff member by means of life and disability cover. The Scheme encompasses a hospital benefit, maternity and paternity leave, an employee fund, corporate wellness program, as well additional benefits like sabbatical leave and Birthday Leave.

Staff canteen/staff meals

The ETSE staff canteen opened its doors at the Windhoek head office during November 2011. The canteen hosts the staff for free lunches during the week. The branch offices enjoy lunches delivered to their office premises within the regions.

Staff transport

On 1 August 2010, the Group resolved to implement a transport benefit to employees with a minimum of one year's service. The benefit consists of either transportation via company vehicles or an allowance for fuel paid to employees on a monthly basis. The staff transport initiative is also viewed as a means of reducing carbon emissions and as a point of departure for embracing the principles of sustainable development.

Occupational safety, health and environment

The Group adheres to the National Health and Safety guidelines as stipulated by the Namibian Labour Act No. 11 of 2007. A Health and Safety Committee meets regularly and each floor in every building is represented by at least one health and safety officer.

Group further adheres to the safety requirements of the municipal regulations in the specific area of operation, and fitness certificates are maintained on an annual basis to ascertain the Group's compliance.

Also on an annual basis, the canteen staff undergo medical testing for food handlers. The Group continuously strives to improve its Health and Safety standards, and a fitness test for the fleet driving force is due for implementation.

Corporate Wellness Programme

The focus of the Corporate Wellness Programme is both preventative and educational, aiming to create awareness of health and wellness amongst our employees. The programme includes the following:

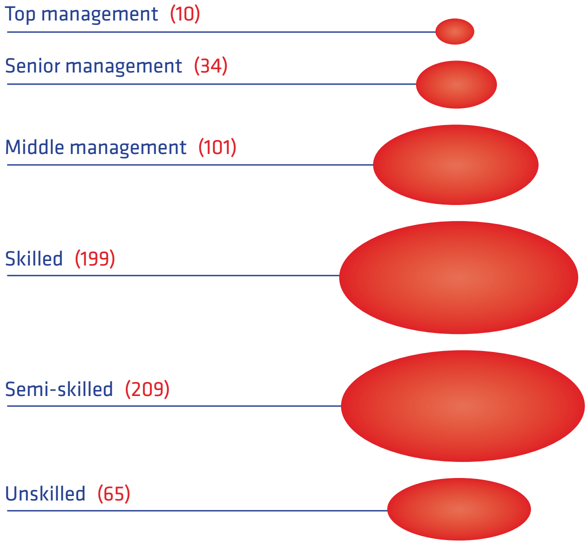
- Monthly health topics;
- Commemoration and awareness of international health days;
- Physical health and fitness programmes, such as the ever-popular boot camp programmes;
- Emotional health support such as trauma counselling and advice and debt counselling and management;
- Preventative health measures such as flu vaccines, meningitis vaccines, etc; and
- HIV/AIDS awareness presentations and the provision of condoms.

Staff training and development

A strong emphasis is placed on staff training and employee development. To this effect, the Group offers all staff members the opportunity to attend an International Computer Driver's Licence course during each financial year.

The Human Capital department sources accredited training for the various segments on a continuous basis while, in consultation with the business units, developing appropriate internal training modules of exceptional standards.

Workforce profile



Top three salary earners who are not directors are disclosed hereunder:

EMPLOYEE (MONTHLY EARNINGS)	2012	2011	% CHANGE
	NAD	NAD	
Employee 1	105 230	132 546	(21)
Employee 2	70 900	71 299	(1)
Employee 3	65 154	65 453	(0)

Stakeholders Engagement

Stakeholder Integration

STAKEHOLDERS	WHAT WE STAND FOR	TYPES/ENGAGEMENT CHANNELS
Employees	Trustco strives to employ only the best minds and talents available, utilising a fair and transparent selection process in line with applicable legislative and best practices and to remain employer of choice.	• Internal and external training. • Regular team integration and communication. • Employee Wellness Programme. • Performance reviews.
Regulatory Bodies	Management seeks to continually ensure compliance with legal and regulatory requirements.	• Regular Audit and Risk Committee meetings. • Weekly executive committee meetings. • Ongoing engagement between management and regulatory bodies. • Ongoing consultation with internal and external auditors.
Shareholders and Investment Analysts	The Group endeavours to ensure timeous and robust communication and interaction with shareholders, analysts and fund managers.	• Ad hoc communiqué's • Annual general meeting. • Investor relations. • Website. • Press releases. • Road shows.
Board of Directors	The Board and the directors of the subsidiaries act as the guardians of corporate governance. The Board acts in the best interest of the Company, recognising the importance of establishing a balance between strategy, performance, sustainability and risk.	• Weekly executive committee meetings. • Quarterly Board and committee meetings. • Ad hoc strategic sessions. • Regular action with Internal Audit. • Regular interaction between Group MD and Chairman of Board.
Government	The Company aspires to strengthen relations with government agencies and explore synergies where education provision and access to constitutional rights are concerned. To contribute to nation building, job creation and economic growth.	• Ongoing. • Regular interaction.
Investor Relations	The Investor Relations Division seeks to ensure timeous communication to shareholders, keeping them abreast of Group developments	• Ad hoc communication. • Social media. • Group and subsidiary websites.
Media	To engage in ongoing dialogue and engagement with stakeholders.	• Group and subsidiary websites. • Press releases. • Social media. • In-house newspaper.

Corporate Social Responsibility

Inspiring Education and Leadership

The Institute for Open Learning (IOL) which provides affordable education to Namibian's, has made various donations towards education in Namibia. A sponsorship to the Namibia National Teacher's Union cemented the dual vision of a quality education system to which all Namibians have equal access.

Other contributions toward the improvement of education provision included financial donations to the Namibia Business School, the National Conference on Education, and the Keetmanshoop Regional Health Training Centre. Trustco supports the youth in all the regions of Namibia and has contributed significantly this year to a number of local schools such as Jan Jonker Afrikaner High School, Dagbreek School, Combined School in Katima Mulilo, Okakarara Primary School, Windhoek Gymnasium, Eros Primary School and Witvlei Village College.

Trustco Insurance Limited awarded two annual bursaries to deserving law students for the completion of their Bachelor of Law degrees. This initiative envisions the strengthening of the local legal brass in the future, whilst giving back to the community to ensure that these students are alleviated from the financial burden associated with tertiary studies. Apart from the bursaries, Trustco Insurance further pledges to provide the successful candidates with internships or full-time employment during or after their studies to ensure that they are equipped with not only theoretical knowledge but also the opportunity to garner practical knowledge and become viable contributors to the workforce.

Supporting Sport

Trustco is committed to empowering the nation through athletic initiatives, and as a result considerable contributions have been made to various initiatives that promote participation in sport.

The Group believes in encouraging young Namibian sport stars. As an ongoing campaign, Trustco contributes financially on an annual basis to Tarryn van der Walt, a promising young show-jumper who competes in horse-riding events at international level.

The sizeable proceeds of Trustco's highly acclaimed Annual Golf Day last year were donated to a group of talented young female golfers who represented Namibia at the World Schools Golf Challenge in Melbourne, Australia, in 2012. The Namibian girls team ranked amongst the top five in the mixed team competition and won the overall trophy for the World Schools Golf Challenge.

Squash in Namibia has received a massive financial boost since Trustco's involvement over the last decade. In 2009 the Company became one of the title sponsors of the Namibian Squash Association, enabling Namibia's maiden participation at the Men's World Squash Championships for the first time in 2011. Trustco has also empowered the Namibia Women's Squash Team to participate in the South African Country Districts Squash Tournament.

In order to reach out even further, Trustco has entered into a joint venture with United Sport Club. The collaboration will see the rejuvenation, rebranding, remarketing and refurbishment of the sports premises that will be named Trustco United Sport Club. The five-year project will go a long way to inspire sport development among Namibians of all walks of life.

Strengthening the Community

Trustco endorses financial literacy amongst all Namibians in accordance with the Namibian Vision 2030 Educational Goals and has been sponsoring the first prize for the annual Namibia Stock Exchange Scholars Investment Challenge since 2001. This year's cash donation was awarded to Elnathan Private School from Stampriet who won the challenge.

The "Knights of the Round Table" collaborate with the Company each year to bring joyous memories to children from less fortunate communities, especially those who have to celebrate Christmas without a family. Trustco also hosts an annual Christmas party for the Sunshine Kid's Orphanage and in December 2011 contributed NAD50 000 to a "Christmas Table" for Vulnerable Children.

Trustco staff members sponsored gifts to the patients of Hope Village, a charity organisation caring for destitute, terminally-ill adults and children with HIV/AIDS. They primarily function as an in-patient hospice facility offering comprehensive medical, nursing, psychological, social, spiritual, educational and occupational care through a multi-disciplinary team.

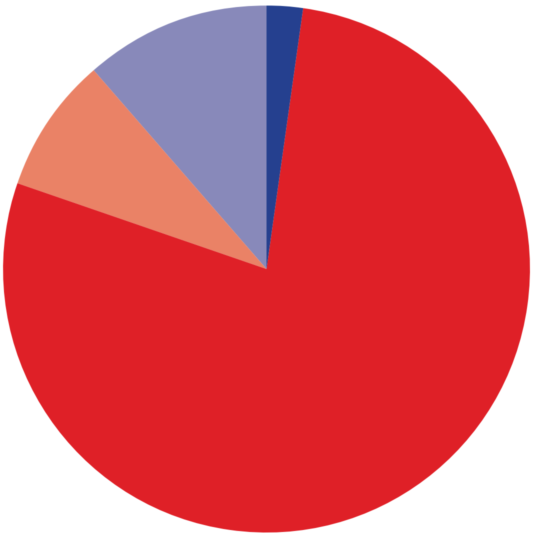
In the last few years, heavy rainfall led to floods in the northern parts of Namibia, leaving rural areas inaccessible and many families displaced. To lighten the burden, the Company donated goods to alleviate the loss and provide some comfort after the natural disaster. Trustco also contributes significantly to the resettlement and nourishment of displaced people in the form of donations to regional councils, community centres and schools.

Beyond Borders

Trustco Financial Services, operating in South Africa, is also actively involved in charitable initiatives. In the past, they have hosted Christmas parties at the Houghton office for children from Hillbrow.

During the 2012 financial year, Trustco SA founded a project named Philile Organisation. Their first initiative was a fund-raising project that involved 250 cyclists committed to collect R2 000 each. All proceeds were be donated to a fund intended for the building of a new pre-primary school in Diepkloof, Johannesburg. Following the success of the bicycle challenge, the building project is to commence soon and Trustco staff hope to be actively involved in this and other Philile projects during 2013.

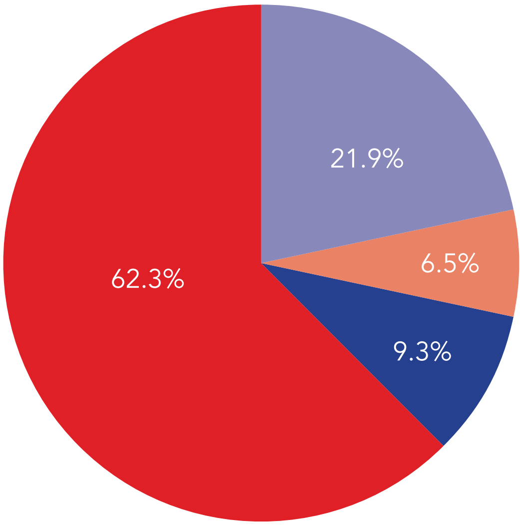
Total sponsorship	**NAD**
Education	42 892
Sport	1 427 276
NGO's and Special Causes	150 753
Charitable Organisations	207 150
	1 828 071



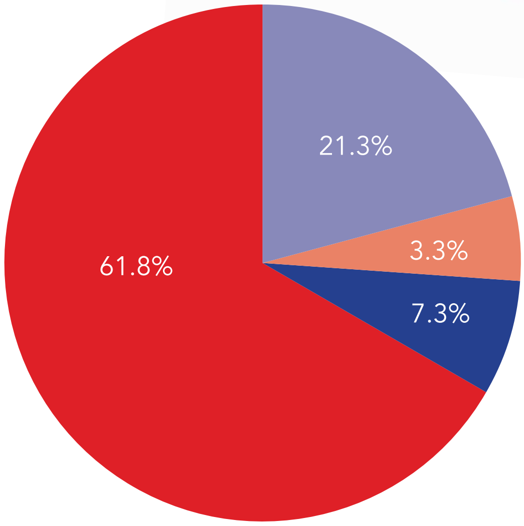
Value-Added Statement

	2012		2011	
	NAD'000	**%**	NAD'000	%
Value-Added is the wealth created by Trustco Group Holdings Limited and its subsidiaries through the sale of products and provision of services.				
Revenue from all operations	**839 737**		744 982	
Purchases and other direct costs of services	**(441 669)**		(435 808)	
Wealth created	**398 068**		309 174	
Distribution of wealth created by the Trustco Group of companies:				
Employee compensation				
Salaries, wages and other benefits	**87 164**	**21.9**	66 028	21.3
Shareholders				
Dividends	**25 827**	**6.5**	10 168	3.3
Government				
Taxation (PAYE, income tax, etc.)	**37 013**	**9.3**	22 490	7.3
Retention for expansion and future growth	**248 064**	**62.3**	210 488	68.1
Net profit for the year	**239 823**		189 771	
Depreciation and amortisation	**8 241**		20 717	
	398 068	**100.0**	309 174	100.0

2012



2011



Value added 2012	
Retention for expansion and future growth	62.3%
Employee compensation	21.9%
Shareholders dividends	6.5%
Government taxation	9.3%

Value added 2011	
Retention for expansion and future growth	68.1%
Employee compensation	21.3%
Shareholders dividends	3.3%
Government taxation	7.3%

Report of the Audit and Risk Committee

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2012.

Terms of Reference

The committee has adopted formal terms of reference as its audit committee charter. This charter has been approved by the Board of Directors. The committee conducted its affairs in compliance with this charter and has discharged its responsibilities contained therein.

Committee Membership and Attendance at Meetings

The committee consists of three independent non-executive directors and meets at least three times a year. The committee met five times in the 2011/2012 financial year.

The group managing director, group financial director, BDO and other members of management (as appropriate) attend the meetings by invitation. Representatives from the external and internal auditors are also in attendance by invitation.

Roles and Responsibilities

The roles and responsibilities of the committee include those assigned to it by the Board and which have been documented in the charter.

Duties

In the conduct of its duties, the committee has performed the following:

- Nominated, for the appointment as auditor of the Company, a registered auditor who, in the opinion of the committee, is independent of the Company;
- Determined the fees to be paid to the auditor and the auditor's terms of engagement;
- Ensured that the appointment of the auditor complies with applicable statutory provisions relating to the appointment of auditors;
- Determined, subject to applicable statutory and regulatory provisions, the nature and extent of any non-audit services that the auditor may provide to the Company, or that the auditor must not provide to the Company;
- Received and dealt appropriately with, any concerns or complaints, whether from within or outside the Company, or on its own initiative, in relation to the matters prescribed in applicable statutory and regulatory provisions; and
- Where applicable, made submissions to the Board on any matter concerning the Company's accounting policies, financial controls, records and reporting.

External Auditor

The committee has satisfied itself that the external auditor was independent of the Company, and includes consideration of compliance with all relevant legislatures relating to the independence of auditors.

For the 2012/2013 year, the committee has nominated, for approval at the Annual General Meeting, BDO Namibia and BDO South Africa Incorporated as the external auditors.

The committee fulfils an oversight role regarding the Company's integrated report as well as the reporting process, including the system of internal financial control. It is responsible for ensuring the internal audit function is independent and has the necessary resources, standing and authority within the organisation to discharge its duties.

Internal Financial Controls

After due consideration of information and explanations by management of the combined assurance, and following discussions with the external auditor on the results of their audit, the Audit and Risk Committee is of the opinion that the Company's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

Financial Statements

The committee has reviewed the financial statements of the Company and is satisfied that they comply with International Financial Reporting Standards (IFRS's) and the requirements of the Companies Act, 2004.

Risk Management

The Board has assigned oversight of the Company's risk management function to this committee. The committee fulfils an oversight role regarding:

- The adequacy of the nature, intent and effectiveness of the risk and control infrastructure within the Trustco environment; and
- The review of, and compliance with, the risk philosophy, strategies and policies of the Company.

Internal Audit

The committee has approved the annual audit plan. The Internal audit function reports to the committee and has the responsibility for reviewing and providing assurance on the adequacy of the internal control environment across the Company's operations.

Whistle Blowing

The committee is satisfied that adequate and appropriate provision is made for whistle blowing. No instances requiring action were encountered during the year under review.

Sustainability Reporting

The committee has considered the Company's sustainability information as disclosed in the integrated report, and has assessed its consistency with operational and other information known to the committee members. The committee is satisfied that the sustainability information is reliable and consistent with financial results.

Financial Director

As required by the JSE Listing Requirement 3.84(h), the audit committee has satisfied itself that the group finance director has appropriate expertise and experience.

The committee is satisfied that it has met all its objectives and has satisfactorily discharged all responsibilities

W Geyser
Chairman

Windhoek
17 August 2012

Certificate by the Company Secretary

I, Margot Antoinette Gebhardt, being the Company Secretary of Trustco Group Holdings Limited, certify that the Company has, for the year under review, lodged all returns required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

MA Gebhardt
Company Secretary

Windhoek
17 August 2012

Statement of Responsibility and Approval of Annual Financial Statements by the Board of Directors

for the year ended 31 March 2012

The directors are required by the Namibian Companies Act, 2004, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and its subsidiaries as at the end of the financial year, and that the presentation of the results of its operations and cash flows for the period conforms with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards, the AC 500 Standards as issued by the Accounting Practice Board and in the manner required by the Companies Act of Namibia 2004, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The annual financial statements incorporate full and responsible disclosure in line with the Group's philosophy on corporate governance and as required by the Namibian Stock Exchange (NSX) and the JSE Limited.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and its subsidiaries and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and its subsidiaries and all employees are required to maintain the highest ethical standards in ensuring that the Company and its subsidiaries' business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Company's and its subsidiaries' cash flow forecasts for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Company's external auditors and their reports are presented on pages 50 and 51.

The annual financial statements set out on pages 52 to 123, which have been prepared on the going-concern basis, were approved by the Board on 17 August 2012 and were signed on its behalf by:

Adv. R Heathcote
Chairperson

Q van Rooyen
Managing Director

Windhoek
17 August 2012

Report of the Independent Auditors

To the Shareholders of Trustco Group Holdings Limited

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on page 52 to 123, which comprise the statements of financial position as at 31 March 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks 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 fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trustco Group Holdings Limited as at 31 March 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of Namibia.

BDO

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: C Celliers
Partner

17 August 2012
Windhoek

Report of the Independent Auditors

To the Shareholders of Trustco Group Holdings Limited

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on page 52 to 123, which comprise the statements of financial position as at 31 March 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the AC 500 Standards as issued by the Accounting Practices Board and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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BDO South Africa Incorporated

BDO South Africa Incorporated
Partner: Johann Lemmer
Registered Auditors

17 August 2012
Building C, 3rd Floor
Riverwalk Office Park
41 Matroosberg Road
Ashlea Gardens
Pretoria, 0081
South Africa

Report of the Directors

The directors present their report with the audited annual financial statements of the Company and of the Group for the year ended 31 March 2012.

Financial Results

The financial results of the Company and Group for the year under review are reflected in the annual financial statements set out from page 52 onwards. The consolidated statement of comprehensive income is set out on page 61. The extent to which the various segments of the Group contributed to the assets employed, turnover and net income after tax, was as follows:

	TURNOVER		TOTAL ASSETS		NET PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	
	2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Micro insurance and technology solutions						
Namibia	**126 302**	111 520	**89 279**	59 631	**63 391**	49 762
Zimbabwe	**29 076**	45 317	**32 449**	15 167	**22 819**	23 910
South Africa	**309 229**	263 123	**252 474**	216 843	**11 482**	16 284
Micro finance and education						
Namibia	**114 566**	91 293	**271 964**	220 824	**29 536**	34 203
Property						
Namibia	**118 217**	59 949	**637 232**	169 163	**130 400**	90 904
South Africa	**425**	174	**11 233**	13 275	**(3 054)**	985
Head office and strategic business						
Namibia	**15 489**	15 642	**225 458**	527 444	**(14 750)**	(4 535)
	713 304	587 018	**1 520 089**	1 222 347	**239 824**	211 513

Shareholders' Value

Based on the results, shareholders' value for 2012 is NAD913.3 million (2011: NAD732.8 million). The directors are confident that this value will show growth for the foreseeable future and beyond.

Dividends

During the year under review, dividends of 3.75 cents per share (2011: 1.5 cents) amounting to a total of NAD25.8 million (2011: NAD10.2 million) were declared and paid by the Group. The Policy of the Group is to declare dividends of between four and five times cover. The Board of Directors recommended on 29 May 2012 that a dividend of 2.25 cents per share be declared for the financial period ended 31 March 2012. The dividend was paid on 20 July 2012. This dividend payment is to be approved by the shareholders at the annual general meeting to be held on 26 September 2012.

Borrowings

The borrowings of the Group are within the limits set by the articles of association.

Directorate and Appreciation

The Board of Directors are reflected on page 124. The Company is fortunate to have an energetic management team to lead the Group forward. The directors, management and staff of the various companies in the Group have all played a crucial role in the year under review. We would like to thank each individual and team for their contributions this year.

Details of appointments and resignations of directors and other officers in the year under review were as follows:

NAME	POSITION	APPOINTMENT	RESIGNATION	RETIRED
M Nashandi	Director			19 Aug 11
AL Bock	Director	19 Aug 11		
Dr T Aupindi	Director		15 Mar 12	
T Mberirua	Director		1 Apr 12	
J Bazuin	Company Secretary		23 Aug 11	
MA Gebhardt	Company Secretary	23 Aug 11		

Dex Financial Services (Pty) Ltd Acquisition/Vendor Shares

On 1 November 2007, the Group acquired all of the shares in Trustco Financial Services (Pty) Limited "TFS" (previously DexGroup Financial Services (Pty) Limited). In terms of the agreement the Group had to pay NAD20 million in cash upfront and the balance of a further NAD45 million by issuing a fixed number of shares. These shares have been issued from 2008 to 2010 based on pro rata net profit after tax of TFS in each year.

The purchase agreement perfected subsequently as TFS achieved its profit targets. At the time of perfection, DexGroup did not settle the overdraft facility of NAD19.4 million, which was a condition of the agreement. The vendor shares were reversed in the 2010 financial year as DexGroup did not settle the overdraft facility and the debt of DexGroup was impaired, as there was uncertainty regarding recoverability of the amount due to the Group by DexGroup.

Arbitration proceedings were instituted to collect the outstanding amounts and the hearing commenced on 1 November 2010. On 29 November 2010, the arbitrator between DexGroup versus Trustco Group International (Pty) Limited, incorporated in South Africa, ("Trustco Group International") and others, delivered his final award. In terms of the award, DexGroup remains liable to Trustco Group International to repay the overdraft facility of NAD19.4 million. Upon discharge of this obligation, DexGroup is entitled to the issue and transfer of ordinary shares ("vendor shares") in Trustco Group Holdings Limited and provision was made for the vendor shares to be issued.

The net debt due by the DexGroup, previously impaired, was reversed in the previous year, due to the award, of the arbitrator and new developments in the financial position of DexGroup. It is the opinion of the directors that DexGroup, as evidenced in their financial statements submitted to court is in the position to repay the amounts owing to Trustco Group International.

Going-Concern Concept

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2013. On the basis of the review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future and that it has continued to adopt the going concern basis in preparing the financial statements.

Remuneration of Group Managing Director

Mr van Rooyen has an employment contract with Trustco in terms of which his remuneration will be a bonus computed as follows:

- 0.25% of the turnover of the Group;
- 0.5% of the headline earnings of the Group; and
- 0.5% of the basic earnings of the Group.

The bonus allocation could be exercised by Mr van Rooyen in cash or shares. The shares would have been issued at par value (NAD0.23 cents per share) in terms of the agreement. This agreement was amended on request of Mr van Rooyen during the current financial year as the amount of shares to be issued could become very onerous on the company. The new agreement was only finalised after the reporting date. The salient terms of the new agreement with no share options are as follows:

A management fee payable to Next Investments (Pty) Ltd to be calculated as follows if certain performance parameters are met:

- 0.5% of the turnover of the Group;
- 1% of the headline earnings of the Group; and
- 1% of the basic earnings of the Group.

Mr van Rooyen waived any bonus he would have received during the 2011 financial year and no bonus was accrued.

Trustco Staff Share Incentive Scheme Trust (the Trust)

During January 2012 the Trust sold 23 266 630 shares for cash in the open market. No options were issued during the year under review.

SABC Legal Action

The arbitration process was finalised during the year under review and all funds awarded as damages plus interest were received during the year.

Trustco Mobile

The contract with Econet in Zimbabwe expired during February 2012. The Group has recognised revenue as per the limited data provided by Econet while the legal process to recover damages and outstanding royalties continues. No liability was raised in respect of the insurance premiums for the period 1 June 2011 to 17 February 2012 as the Group believes that it does not have a constructive obligation. In addition, no asset was raised as a result of the loss of income for the remainder of the contract period, subsequent to 30 September 2011. Legal procedings to recover all outstanding amounts due by Econet are ongoing.

Put Option

On 21 October 2011 the Group entered into an agreement with a long-time shareholder, The Renaissance Africa Master Fund ("the Fund"), to repurchase 10.5% of the issued share capital of the Company through the exercise of a put option by the Fund or the exercise of a call option by the Company ("the share repurchase"). All approvals were obtained at a general meeting of Trustco shareholders during January 2012. The Group has accounted for the transaction through the recognition of Treasury shares in equity and a concurrent liability for the settlement. At the time of reporting neither party had exercised any of their rights in terms of the agreement. The put option can be excercised at a strike price of NAD0.70 cents per share and the call option at a strike price of NAD1.10 per share.

Special Resolutions

The following were passed during the year:

- Resolved that the company is permitted to repurchase its own securities in terms of the Namibian Companies Act of 2004, as amended, and subject to the Listings Requirements of the JSE Limited and the Namibian Stock Exchange.
- That the Company approves the transaction in terms of which the Company, either directly or indirectly by means of one or more of its wholly-owned subsidiaries (the term wholly-owned subsidiaries having the meaning ascribed thereto in the Act), repurchase up to a maximum of the entire shareholding of Renaissance Africa Master Fund amounting to 74 331 921 ordinary shares in the issued-share capital of the Company in terms of sections 89 to 96 (to the extent applicable) of the Act, as amended, and in accordance with the Listings Requirements of the JSE Limited, the Listings Requirements of the NSX Limited, including but not limited to the working capital and solvency and liquidity requirements of the JSE Limited, the NSX Limited and the Act, and article 13.8 of the Company's articles of association, and that authority is hereby granted to the Board of Directors of the Company

to repurchase the shares as aforesaid and to the extent that the shares are repurchased by the Company itself to cancel such shares in accordance with the applicable provisions of Part 2 of the Act up to a maximum of 74 331 920 shares, which repurchase must furthermore be in accordance with the terms and conditions of either the put or call option provided for and recorded in the written Term Sheet Agreement entered into between, *inter alia,* the Company and Renaissance Africa Master Fund on or about 21 October 2011.

Restatement of Results

The annual financial statements for the 2011 financial year were subjected to a JSE Limited pro-active monitoring process which identified that the transaction between Trustco and DexGroup (Pty) Ltd ("the seller"), as disclosed per note 18 of the 2011 annual financial statements, would be more appropriately disclosed in compliance with IFRS if the vendor shares to be issued as a result of the purchase of Trustco Financial Services (Pty) Ltd ("TFS") from the seller, were not accounted for as a reduction of the receivable by DexGroup, but rather an adjustment as a result of a bargain purchase.

The restatement had no effect on the profits achieved for the 2010 and 2011 financial years but the restatement of these transactions in the respective periods did have an influence on the headline earnings per share. The financial statements have been prepared incorporating the restatements required and are disclosed in note 3.2 on page 82 .

Subsequent Events

Trustco Staff Share Incentive Scheme Trust (the Trust)

On 11 June 2012 the balance of 6 000 000 shares owned by the Trust were sold on the open market for cash and the Trust will be dissolved in terms of the shareholders resolution dated 4 July 2008.

Issued share capital

The company issued 30 000 000 ordinary shares on 10 July 2012. The shares were issued at par value of NAD0.23 cents per share and a premium of NAD0.82 cents. The shares were listed on the Namibian Stock Exchange and the JSE Limited in compliance Schedule 6 of the listing requirements and were issued in terms of the general authority of the directors of the company for cash.

The Year Ahead

The Board remains optimistic about the future and expects the organic growth to continue. Micro Insurance will remain an integral part of the Group's strategy to achieve continued growth through the launch of exciting new business initiatives into Africa (i.e. Trustco Mobile). Future growth will further be driven by Micro Finance and Education through new course offerings, the Lafrenz development project and strategic acquisitions, if market conditions permit.

The Company realises that it has a most important role to fulfil in the Namibian economy and is prepared to obtain sufficient investments to ensure that its services and products compare to the best in Africa. Substantial progress has been made in this regard through continued development of our core business.

The Group has set itself a great deal to accomplish in 2013. The economic environment affecting the business remains important for future performance and conditions will remain challenging. Trustco faces all the future challenges with considerable confidence. The foundations we have established during the past five years and the Group's well-positioned core business will provide a sound platform for building value for the future.

Replicating the Namibian business model in BRICS countries is a priority and acquisitions complementing the current business will be persued.

Holding Company's interest in subsidiaries:

	ISSUED SHARE CAPITAL		COMPANY'S INTEREST			
			% HELD		SHARES AT COST	
	2012 NAD	2011 NAD	**2012 %**	2011 %	**2012 NAD**	2011 NAD
Legal Shield Holdings (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Education (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Property Holdings (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Group International (Pty) Limited (Inc. in Republic of Namibia)	**100**	100	**100**	100	**68 549 357**	68 549 357
Trustco Corporate Management Services (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Capital (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Media (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Tourism Holdings (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Business Development (Pty) Limited	**100**	100	**100**	100	**100**	100
Trustco Mobile Mauritius	**100**	100	**100**	100	**100**	100
Trustco Group International (Pty) Limited (Inc. in Republic of South Africa)	**100**	100	**100**	100	**100**	100
					68 550 357	68 550 357

The aggregate contribution made by the subsidiaries in the Group amounted to NAD230.5 million (2011: NAD202.5 million) and the Company contributed a loss NAD9 million (2011: loss of NAD12.8 million) to Group earnings.

Analysis of Shareholders

	SHARE-HOLDERS	SHARES	SHARE-HOLDERS	SHARES
Range of shareholders				
1 – 499	21	6 367	0.66	0.00
500 – 999 shares	1 233	622 320	38.59	0.08
1 000 – 1 999 shares	712	884 884	22.28	0.12
2 000 – 2 999 shares	240	554 815	7.51	0.07
3 000 – 3 999 shares	98	313 172	3.07	0.04
4 000 – 4 999 shares	43	186 598	1.35	0.02
5 000 – 9 999 shares	308	1 904 349	9.64	0.25
10 000 shares and above	540	702 669 585	16.90	99.42
	3 195	707 142 090	100.00	100.00
Category				
Corporate bodies	53	108 488 349	1.66	15.34
Nominee companies	3	103 261 394	0.09	14.60
Private individuals	3 077	467 002 101	96.31	66.04
Trusts	62	28 390 246	1.94	4.02
	3 195	707 142 090	100.00	100.00
Public shareholders	3 026	300 726 395	94.71	42.53
Non-public shareholders	169	406 415 695	5.29	57.47
Directors	14	397 294 776	0.44	56.18
Associates	2	54 561	0.06	0.01
Employees with restricted trading terms	152	3 066 358	4.76	0.43
Employee share trust	1	6 000 000	0.03	0.85
	3 195	707 142 090	100.00	100.00

LARGE SHAREHOLDERS – MORE THAN 1% OF SHARE CAPITAL	NUMBER OF SHARES	% OF SHARES
Mr Q van Rooyen*	392 554 120	55.51
Renaissance Africa Master Fund	74 331 920	10.51
Snowball Wealth (Pty) Ltd	27 000 000	3.82
Renaissance Investments Management	23 000 000	3.25
Standard Bank Namibia Nominees	21 875 000	3.09
SBSA ITF Re: CM Institutional	10 477 260	1.48
Manhattan Financial	10 306 811	1.46
Mr Leo Chih Hao Chou	10 000 000	1.41
New York Citibank N.A	9 487 830	1.34
Africa Fund Ltd Standard Chartered	7 054 474	1.00
	586 087 415	82.87

* Q van Rooyen is a director as well as a major shareholder

GROUP FINANCIAL STATEMENTS

2012

Consolidated Statement of Financial Position

at 31 March 2012

	Notes	Group 2012 NAD'000	Group Restated 2011 NAD'000	Group Restated 2010 NAD'000	Company 2012 NAD'000	Company 2011 NAD'000	Company 2010 NAD'000
ASSETS							
Non-current assets							
Property, plant and equipment	4	**160 502**	129 697	139 366	**–**	–	–
Investment property	5	**317 990**	232 829	143 233	**–**	–	–
Intangible assets	6	**261 478**	240 922	194 718	**–**	–	–
Investment in subsidiaries	7	**–**	–	–	**68 550**	68 550	68 550
Deferred income tax assets	8	**73 136**	62 096	50 855	**–**	–	–
Educational loans advanced	9	**150 115**	120 266	106 840	**–**	–	–
Other loans advanced	10	**24 566**	24 164	37 163	**–**	–	–
Finance lease receivable	11	**–**	457	872	**–**	–	–
Amounts due by related parties	12	**–**	–	–	**301 602**	286 734	215 826
Total non-current assets		**987 787**	810 431	673 047	**370 152**	355 284	284 376
Current assets							
Assets at fair value through profit and loss	13	**–**	25 699	18 274	**–**	–	–
Short-term portion of educational loans advanced	9	**99 804**	87 473	71 463	**–**	–	–
Short-term portion of other loans advanced	10	**804**	833	908	**–**	–	–
Short-term portion of finance lease receivable	11	**457**	419	387	**–**	–	–
Inventories	14	**12 623**	16 541	18 677	**–**	–	–
Trade and other receivables	15	**317 425**	197 500	46 549	**33**	–	–
Current income tax assets	41.2	**189**	766	752	**–**	–	–
Cash and cash equivalents	16	**101 000**	82 685	91 047	**36**	10	4
Total current assets		**532 302**	411 916	248 057	**69**	10	4
Total assets		**1 520 089**	1 222 347	921 104	**370 221**	355 294	284 380
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	17	**162 645**	162 645	162 645	**162 645**	162 645	162 645
Deemed treasury shares	18	**(3 840)**	(18 731)	(18 731)	**(3 840)**	(18 731)	(18 731)
Vendor shares	19	**14 976**	14 976	–	**14 976**	14 976	–
Contingency reserves	20	**2 970**	2 361	1 902	**–**	–	–
Put options	21	**(52 832)**	–	–	**(52 832)**	–	–
Revaluation reserves	22	**16 806**	15 414	16 098	**–**	–	–
Distributable reserves		**772 580**	556 116	355 230	**148 118**	131 473	122 172
Attributable to equity holders of the parent		**913 305**	732 781	517 144	**269 067**	290 363	266 086
Total capital and reserves		**913 305**	732 781	517 144	**269 067**	290 363	266 086
Non-current liabilities							
Long-term liabilities	23	**211 931**	151 435	111 090	**–**	–	–
Other liabilities	24	**257**	334	3 150	**–**	–	–
Deferred income tax liabilities	8	**31 148**	27 592	18 583	**–**	–	–
Policyholders' liability under insurance contracts	25	**10 684**	8 307	4 899	**–**	–	–
Amounts due to related parties	12	**–**	–	20 834	**44 542**	61 077	15 657
Total non-current liabilities		**254 020**	187 668	158 556	**44 542**	61 077	15 657
Current liabilities							
Current portion of long-term liabilities	23	**34 117**	55 288	15 367	**–**	–	–
Current portion of other liabilities	24	**2 622**	3 127	1 645	**–**	–	–
Amounts due to related parties	12	**1 413**	8 826	–	**–**	–	–
Trade and other payables	26	**256 323**	167 262	187 572	**54 789**	2 488	2 169
Technical provisions	27	**17 917**	18 428	17 189	**–**	–	–
Current income tax liabilities	41.2	**28 603**	7 778	2 005	**1 330**	1 344	468
Bank overdraft	28	**11 769**	41 189	21 626	**493**	22	–
Total current liabilities		**352 764**	301 898	245 404	**56 612**	3 854	2 637
Total equity and liabilities		**1 520 089**	1 222 347	921 104	**370 221**	355 294	284 380

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2012

		Group		Company	
	Notes	**2012 NAD'000**	Restated 2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Insurance premium revenue	31	**126 302**	111 520	**–**	–
Revenue	31	**587 002**	475 498	**3 600**	5 600
Total revenue		**713 304**	587 018	**3 600**	5 600
Cost of sales	32	**(320 368)**	(265 144)	**–**	–
Gross profit		**392 936**	321 874	**3 600**	5 600
Investment income	37	**24 509**	29 306	**52 617**	29 075
Fair value gains and losses on investment properties		**97 101**	63 514	**–**	–
Other income		**4 823**	61 634	**–**	–
Gain on bargain purchase		**–**	3 510	**–**	–
Insurance benefits and claims	33	**(18 872)**	(21 405)	**–**	–
Transfer to policyholder liabilities	25	**(2 377)**	(3 408)	**–**	–
Change in unearned premium provision	31	**(492)**	(629)	**–**	–
Administration expenses		**(202 743)**	(208 303)	**(7 635)**	(11 273)
Finance costs	38	**(30 092)**	(22 139)	**(3 711)**	(2 133)
Profit before taxation	34	**264 793**	223 954	**44 871**	21 269
Taxation	39	**(24 969)**	(12 441)	**(1 707)**	(1 361)
Profit for the year		**239 824**	211 513	**43 164**	19 908
Other comprehensive income		**1 392**	(684)	**–**	–
Revaluation of property, plant and equipment net of deferred tax		**1 392**	(684)	**–**	–
Total comprehensive income for the period		**241 216**	210 829	**43 164**	19 908
Earnings per shares:					
Basic earnings per share (cents)	40	**35.08**	31.23		
Diluted earnings per share (cents)	40	**34.84**	31.01		

Statement of Changes in Equity

for the year ended 31 March 2012

	Share capital NAD'000	Deemed treasury shares NAD'000	Vendor shares NAD'000	Contingency reserve NAD'000	Put options NAD'000	Revaluation reserve NAD'000	Distributable Reserves NAD'000	Total NAD'000
Group								
Balance at 1 April 2010	162 645	(18 731)	–	1 902	–	16 098	355 230	517 144
Previously reported	162 645	(18 731)	–	1 902	–	16 098	316 731	478 645
Effect of changes in accounting policy	–	–	–	–	–	–	38 499	38 499
Transfer to contingency reserve	–	–	–	459	–	–	(459)	–
Vendor shares movement	–	–	14 976	–	–	–	–	14 976
Net income/(expense) recognised directly in equity	162 645	(18 731)	14 976	2 361	–	16 098	354 771	532 120
Total comprehensive income for the period	–	–	–	–	–	(684)	211 513	210 829
Previously reported	–	–	–	–	–	(684)	189 771	189 087
Effect of changes in accounting policy	–	–	–	–	–	–	21 742	21 742
Total recognised income and expenses for 2011	162 645	(18 731)	14 976	2 361	–	15 414	566 284	742 949
Dividends for the period	–	–	–	–	–	–	(10 168)	(10 168)
Balance at 31 March 2011	**162 645**	**(18 731)**	**14 976**	**2 361**	**–**	**15 414**	**556 116**	**732 781**
Balance at 1 April 2011	**162 645**	**(18 731)**	**14 976**	**2 361**	**–**	**15 414**	**556 116**	**732 781**
Transfer to contingency reserve	**–**	**–**	**–**	**609**	**–**	**–**	**(609)**	**–**
Put option issued	**–**	**–**	**–**	**–**	**(52 832)**	**–**	**–**	**(52 832)**
Sale of deemed treasury shares	**–**	**14 891**	**–**	**–**	**–**	**–**	**3 076**	**17 967**
Net income/(expense) recognised directly in equity	**162 645**	**(3 840)**	**14 976**	**2 970**	**(52 832)**	**15 414**	**558 583**	**697 916**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**1 392**	**239 824**	**241 216**
Total recognised income and expenses for 2012	**162 645**	**(3 840)**	**14 976**	**2 970**	**(52 832)**	**16 806**	**798 407**	**939 132**
Dividends for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(25 827)**	**(25 827)**
Balance at 31 March 2012	**162 645**	**(3 840)**	**14 976**	**2 970**	**(52 832)**	**16 806**	**772 580**	**913 305**
Notes:	17	18	19	20	21	22		
Dividends declared per share (cents)						40	3.75	1.50
Dividends paid per share (cents)						40	3.75	1.50

	Share capital NAD'000	Deemed treasury shares NAD'000	Vendor shares NAD'000	Put options NAD'000	Distributable reserves NAD'000	Total NAD'000
Company						
Balance at 1 April 2010	162 645	(18 731)	–	–	122 172	266 086
Vendor shares movement	–	–	14 976	–	–	14 976
Net income/(expense) recognised directly in equity	162 645	(18 731)	14 976	–	122 172	281 062
Total comprehensive income for the period	–	–	–	–	19 908	19 908
Total recognised income and expenses for 2011	162 645	(18 731)	14 976	–	142 080	300 970
Dividends for the period	–	–	–	–	(10 607)	(10 607)
Balance at 31 March 2011	162 645	(18 731)	14 976	–	131 473	290 363
Balance at 1 March 2012	**162 645**	**(18 731)**	**14 976**	**–**	**131 473**	**290 363**
Sale of deemed treasury shares	**–**	**14 891**	**–**	**–**	**–**	**14 891**
Put option issued	**–**	**–**	**–**	**(52 832)**	**–**	**(52 832)**
Net income/(expense) recognised directly in equity	**162 645**	**(3 840)**	**14 976**	**(52 832)**	**131 473**	**252 422**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**43 164**	**43 164**
Total recognised income and expenses for 2012	**162 645**	**(3 840)**	**14 976**	**(52 832)**	**174 637**	**295 586**
Dividends for the period	**–**	**–**	**–**	**–**	**(26 519)**	**(26 519)**
Balance at 31 March 2012	**162 645**	**(3 840)**	**14 976**	**(52 832)**	**148 118**	**269 067**
Notes:	17	18	19	21		

Consolidated Statement of Cash Flows

for the year ended 31 March 2012

		Group		Company	
		2012	2011	**2012**	2011
	Notes	**NAD'000**	NAD'000	**NAD'000**	NAD'000
Cash flow from operating activities					
Cash generated by operations before working capital changes	41.1	**178 114**	185 378	**(4 035)**	9 303
Changes in working capital	41.1	**(78 977)**	(169 343)	**(564)**	319
Interest received	37	**24 509**	29 306	**12 767**	12 575
Dividends received	37	**–**	–	**39 850**	16 500
Finance costs	38	**(30 092)**	(22 139)	**(3 711)**	(2 133)
Net educational loans advanced	9	**(42 180)**	(29 436)	**–**	–
Taxation paid	41.2	**(12 848)**	(5 517)	**(1 721)**	(485)
Net cash flow from operating activities		**38 526**	(11 751)	**42 586**	36 079
Cash flow from investing activities					
Additions to property, plant and equipment	4	**(12 095)**	(13 128)	**–**	–
Additions to investment property	5	**(1 604)**	(6 411)	**–**	–
Additions to intangible assets	6	**(24 081)**	(39 700)	**–**	–
Acquisition of subsidiary, net of cash acquired	41.4	**–**	(7 254)	**–**	–
Acquisition of business, net of cash acquired	41.5	**–**	(3 315)	**–**	–
Additions to assets at fair value through profit and loss		**(4 223)**	(7 425)	**–**	–
Proceeds on sale of assets at fair value through profit and loss		**32 300**	–	**–**	–
Proceeds on sale of property, plant and equipment		**1 160**	895	**–**	–
Proceeds on sale of investment properties		**17 400**	–	**–**	–
Net cash flow from investing activities		**8 857**	(76 338)	**–**	–
Cash flow from financing activities					
Proceeds on the sale of deemed treasury shares		**17 967**	–	**14 891**	–
Proceeds from long term liabilities		**13 830**	80 266	**–**	–
Repayment of related party loans		**(7 413)**	(12 008)	**(31 403)**	(25 488)
Decrease in policy holder under insurance contracts		**2 377**	3 408	**–**	–
Dividends paid		**(25 827)**	(10 168)	**(26 519)**	(10 607)
Repayment of other liabilities		**(582)**	(1 334)	**–**	–
Net cash flow from financing activities		**352**	60 164	**(43 031)**	(36 095)
Net change in cash and cash equivalents		**47 735**	(27 925)	**(445)**	(16)
Cash and cash equivalents at the beginning of the year	41.3	**41 496**	69 421	**(12)**	4
Cash and cash equivalents at the end of the year	41.3	**89 231**	41 496	**(457)**	(12)

Notes to the Consolidated Annual Financial Statements

for the year ended 31 March 2012

1. Accounting policies

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia, 2004. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period except for those policies disclosed below.

New and revised IFRS's affecting the reported financial performance and/or financial position.

STANDARD AND SUBJECT OF AMENDMENT	DETAILS
• IAS 12 Deferred Tax – Recovery of Underlying Assets	The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 (Investment Property) are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. Refer to note 3.1.

New and revised IFRSs applied with no material effect on the consolidated financial statements.

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

STANDARD AND SUBJECT OF AMENDMENT	DETAILS
• IFRS 1, First-Time Adoption of International Financial Reporting Standards	Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009.
	Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8.
	Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost.
	Amendment permits the use of carrying amount under the previous GAAP as deemed cost for operations subject to rate regulation.
• IFRS 3, Business Combinations	Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.
	Clarification on the measurement of non-controlling interests.
	Additional guidance provided on unreplaced and voluntarily replaced share-based payment awards.
• IFRS 7, Financial Instruments: Disclosures	Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.
• IAS 1, Presentation of Financial Statements	Clarification of statement of movements in equity.

STANDARD AND SUBJECT OF AMENDMENT	DETAILS
• IAS 21, The Effects of Changes in Foreign Exchange Rates	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).
• IAS 24, Related Party Disclosures	Simplification of the disclosure requirements for government-related entities.
	Clarification of the definition of a related party.
• IAS 27, Consolidated and Separate Financial Statements	Transition requirements for amendments arising as a result of IAS 27: Consolidated and Separate Financial Statements.
	Consequential amendments resulting from the issue of IFRS 10, 11 and 12.
• IAS 28, Investments in Associates	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).
• IAS 31, Interests in Joint Ventures	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).
• IAS 34, Interim Financial Reporting	Clarification of disclosure requirements around significant events and transactions including financial instruments.
• IFRIC 13, Customer Loyalty Programmes	Clarification on the intended meaning of the term “fair value” in respect of award credits.

1.1 Significant judgements

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of non-depreciable assets based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group and the Company recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group and the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group and the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

1. Accounting policies (continued)

1.1 Significant judgements (continued)

Trade receivables and loans and receivables

The Group and the Company assess their trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group and the Company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that some assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group and the Company review and test the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors such as foreign exchange rates, inflation rates and interest rates.

Contingent provisions on business combinations

Contingencies recognised in the current year required estimates and judgements.

Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

i. Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii. Recent prices of similar properties in less active markets, with adjustment to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii. Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply or administrative process of the Group.

Properties that are held to earn rentals or for capital appreciation are classified as investment properties and properties that the Group occupy are classified as property, plant and equipment. The Group considers each property separately in making its judgement.

Inventory of real estate

Inventory of real estate is measured at the lower of cost and net realisable value. Cost of inventory includes the direct costs of acquiring the inventory (including purchase taxes and prepaid lease fees), materials, employee benefits, work performed by subcontractors and credit costs to be capitalised. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The inventory of real estate is presented at cost (including development and preparation expenses). The cost of the real estate may not exceed the net realisable value. The net realisable value represents an estimate of the selling price in the ordinary course of business of the industrial project expected to be constructed on the real estate less an estimate of the cost of constructing the residential project and less an estimate of the cost required to execute the sale.

In a transition from inventory to investment property, which is measured at fair value, any difference between the fair value of the real estate on that date and its prior carrying value in the books is recorded directly to the statement of comprehensive income.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

1. Accounting policies (continued)

1.2 Basis of consolidation (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. The consideration the aquirer transfers in exchange for the aquiree includes any asset or liability resulting from a contingent consideration arrangement. The aquirer shall recognise the aquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the aquiree. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration and the relevant share acquired of the carrying value of net assets of the subsidiary.

1.3 Foreign currency

1.3.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates (the functional currency). The Group financial statements are presented in Namibian dollar, which is the functional and presentation currency of the parent company and the presentation currency of the Group.

1.3.2 Translation of foreign operations

The financial statements of all Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities are translated at rates of exchange ruling at the reporting date;
- specific transactions in equity are translated at rates of exchange ruling at the transaction dates;
- income and expenditure and cash flow items are translated at weighted average exchange rates for the period; and
- foreign exchange translation differences are recognised as other comprehensive income.

An entity may have a monetary item that is receivable from or payable to a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

1.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's external reportable segments reflect the internal reporting structure of the Group, which is the basis on which resource allocation decisions are made by management in attainment of strategic objectives.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets used by a segment principally include property, plant and equipment, investments, inventories, cash balances and receivables, net of allowances.

Segmental liabilities

All operating liabilities of a segment principally include accounts payable, technical liabilities and external interest-bearing borrowings.

1.5 *Property, plant and equipment*

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the Group and the Company; and
- The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Day-to-day repairs and maintenance are not capitalised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Land and buildings and aircraft are carried at revalued amounts, being the fair value at date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Increases in the carrying amounts of land and buildings and aircraft arising on revaluation are credited to revaluation and other reserves in shareholder's equity. Decreases that off-set previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from revaluation and other reserves to retained earnings.

ITEM	AVERAGE USEFUL LIFE
Land	Indefinite
Buildings	50 years
Machinery and equipment	6 – 15 years
Motor vehicles	8 years
Office equipment and furniture	6 – 8 years
Computer equipment and software	3 – 5 years
Aircraft	
• Engine	1 500 – 5 000 flight hours
• Airframe	18 000 – 20 000 flight hours
• Avionics and equipment	10 years

1. Accounting policies (continued)

1.5 Property, plant and equipment (continued)

The residual value and the useful life of each asset is reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The carrying amounts of property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

1.6 Investment property

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by companies within the Group. Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at fair value.

Fair value is based on valuation performed by appointed independent registered valuer(s) taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in fair values are recorded in the income statement as investment properties fair value adjustment.

On disposal of an investment property, or when it is permanently withdrawn from use and future economic benefits no longer are expected from the property concerned, it shall be derecognised. The difference between the net disposal proceeds and the carrying value is recognised in the income statement in the period of the retirement or disposal.

Transfer to or from investment property will be made when there is a change in use of the property. The commencement of owner-occupation for the property would result in a transfer of the investment property to property, plant and equipment. On the other hand, the end of owner-occupation of a property would result in a transfer from property, plant and equipment to investment property.

If a owner-occupied property became an investment property that will be carried at fair value, the revaluation surplus of the owner-occupied property, included in revaluation reserve account would be transferred to accumulated profits.

For a transfer from investment property which is carried at fair value to owner-occupied property, the fair value of the property at the date of change in use would be treated as deemed cost of the property for subsequent accounting purposes.

1.7 Intangible assets

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Internally – generated mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Finite assets

The carrying amount of intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as infinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

ITEM	USEFUL LIFE
Computer software	2 to 10 years
Trademarks, licences and patents	10 to 25 years
Insurance Book	5 years

Infinite life

The carrying amount of intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Where intangible assets are considered to have an infinite life, impairment tests are performed at least annually.

An intangible asset is regarded as having an infinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis intangible assets acquired separately.

1.8 *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is initially measured at cost.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any losses are taken to profit or loss with no reversals.

The excess of the Group and the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally-generated goodwill is not recognised as an asset.

1.9 *Investments in subsidiaries*

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Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1. Accounting policies (continued)

1.10 Financial instruments

Initial recognition

The Group and the Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

All financial instruments are recognised at fair value taking into account direct attributable transaction cost as defined.

Financial assets and financial liabilities are recognised on the Group and the Company's statements of financial position when the Group and the Company becomes parties to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group and the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently carried at amortised cost using the effective-interest method. These financial assets are included under current assets unless it matures later than 12 months after financial year-end. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loans and receivables' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate applicable to the relevant loans and receivables. The carrying amount will be reduced and the loss recognised in the statement of comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit and loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purposes of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value measurement hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

1.11 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- The parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- Is not a business combination; and
- At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, to the extent that it is probable that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused Secondary Tax on Companies credits (applicable in the Republic of South Africa) to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused Secondary Tax on Companies credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1. Accounting policies (continued)

1.11 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, directly in equity, or
- A business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.12 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out ("FIFO") basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar nature and use to the entity.

The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

1.13 Impairment of assets

The Group and the Company assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group and the Company estimate the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group and the Company also:

- Test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- Test goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- Then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessor

The Group and the Company recognises finance lease receivables on the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group and the Company's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of comprehensive income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. There are no other employee benefits, expenses or obligations that are incurred apart from short-term ones.

1. Accounting policies (continued)

1.16 Provisions and contingencies

Provisions are recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision; and
- The amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.17 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at reporting date. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value-added tax.

Insurance premium revenue

Insurance premiums for short term and life insurance policies are accounted for when receivable and in the period during which the risk originates, net after a provision for unearned premiums relating to risk periods that extend to the following year.

Broker commission and fees (administration, premium handling and claims administration)

Brokerage and other revenue are recorded on the effective commencement or renewal dates of the related policies. Commission on the sale of an insurance contract is earned at the inception of the policy, as the insurance has been arranged and placed. However, provision is made where commission is refundable in the event of policy cancellation in line with estimated cancellations. Where certain annual policies are issued, the revenue is recognised proportionally over the cover period of that contract.

Only commission income and other fees is included in revenue (not the value of premiums handled).

Tuition fees

Tuition fees are recognised by the stage of completion of the service to be provided under each contract hence the appropriate portion of the tuition fees received from distance education is deferred.

Property sales

Sales are recorded upon the transfer of significant risks and rewards of ownership of the property and the amount of revenue can be measured reliably.

Interest received on financial assets (includes interest received on micro-finance loan book)

Interest income on financial assets that are classified as loans and receivables are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees receivable that are an integral part of the instrument's yield, premiums or discounts on issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Rental income

Rental income arising from operating leases is recognised on a straight-line basis over the lease terms on ongoing leases.

Dividends received

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

1.18 *Cost of sales*

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

1. Accounting policies (continued)

1.19 *Borrowing costs* (continued)

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred;
- Borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 *Translation of foreign currencies*

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss. Cash flows arising from transactions in a foreign currency are recorded in Namibian Dollars by applying to the foreign currency amount the exchange rate between the Namibian Dollars and the foreign currency at the date of the cash flow.

1.21 *Insurance contracts*

Classification of contracts

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The following typical types of contracts issued by the Group are classified as insurance contracts:

- A policy which provides legal cover in event of litigation against or in favour of policyholders;
- A policy which provides lump sum benefits and costs recoveries for death;
- A policy which provides salary cover;
- A policy which provides medical insurance cover; and
- A policy which provides all of the above cover.

Valuation and recognition

Principles of valuation and profit recognition

Liabilities in respect of insurance contracts are valued according to the requirements of the professional guidance notes ("PGNs") issued by the Actuarial Society of South Africa (ASSA). Of particular relevance to the insurance liability calculations, are the following actuarial guidance notes:

- PGN102: Life Offices – HIV/AIDS
- PGN103: Report by statutory actuary in financial statements
- PGN104: Life Offices – Valuation of Long-Term Insurers
- PGN105: Recommended AIDS extra mortality bases

Valuation

The assets and liabilities of Trustco Life Limited have been calculated in accordance with PGN103 and PGN104. The Financial Soundness Valuation (FSV) as stipulated in PGN104, was valued using a gross premium method.

The liability has been based on cash flow projections, on a per policy basis. The assets were stated at the balances per the financial statements. The valuation of the policy holders' liability was conducted on a basis consistent with the valuation of the assets. The liability is based on best-estimate assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued and updated on an annual basis at reporting date to reflect current expectations.

Recognition

Premiums

Premiums are recognised in the period during which the risk originates. Credit insurance premiums are recognised in the period during which they become due and payable. Premiums received in advance are included in insurance liabilities.

Claims

Full provision is made for the estimated cost of claims notified but not settled at reporting date. Provision is also made for the expected cost of claims incurred but not intimated at reporting date. Provision for the full expected cost of claims over the period of the insured risk relating to credit insurance are made in the same period during which the credit insurance premiums are recognised.

Each notified claim is assessed on a separate, case-by-case basis with due regard to specific circumstances, information available from the insured and past experience with similar claims. The Group employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes Value Added Tax.

Expenses for the acquisition of insurance contracts

Expenses for the acquisition of insurance contracts consists of commission and marketing management costs paid by the Group upon the acquisition of new and additional insurance business. These costs are expensed in full in the financial period during which the new policies are acquired.

Liability adequacy test

At each reporting date, liability adequacy tests are required to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future premiums, claims, and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Since the insurance policy liabilities are calculated in terms of the financial soundness valuation (FSV) basis as described in PGN104, which meets the minimum requirements of the liability adequacy test, it is not necessary to perform an additional liability adequacy test.

Incurred but not reported claims (short-term business)

Incurred but not reported claims are calculated as a percentage of premiums earned. Different percentages are applied by class of business.

Policyholder liability under insurance contract (long-term business)

Long-term insurance liabilities are valued according to the requirements of the Namibian Long-term Insurance Act (1998) and in accordance with professional guide notes (PGNs) issued by the Actuarial Society of South Africa (ASSA).

Unearned premium reserve

Provision in respect of premiums written in the current year relating to future periods, is determined for all business on actual monies received in advanced.

1. Accounting policies (continued)

1.21 Insurance contracts (continued)

Contingency reserve

The Group raises a contingency reserve of 10% of written premiums in accordance with Namibian generally accepted insurance industry practice. The contingency reserve is transferred directly from distributable reserves to contingency reserves, and is reflected as a movement in the statement of changes in equity.

1.22 Solvency margin

The solvency margin is a measurement of the financial strength of a short-term insurer. It represents the shareholders' funds, expressed as a percentage of net premium income. This method of measurement is done in accordance with section 20 of the Namibian Short-term Insurance Act of 1998.

1.23 Events after reporting date

Recognised amounts in the annual financial statements are adjusted to reflect events arising after the reporting date that proved evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are disclosed by way of a note.

2. Statements and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 1, First-time Adoption of International Financial Reporting Standards (Amendments requires replacement of "fixed dates" for certain exceptions with "the date of transition to IFRSs") – effective for annual periods beginning on or after 1 July 2011;

IFRS 1, First-time Adoption of International Financial Reporting Standards (Amendments requires additional exemption for entities ceasing to suffer from severe hyperinflation) – effective for annual periods beginning on or after 1 July 2011;

IFRS 1, First-time Adoption of International Financial Reporting Standards (Amendments for government loan with a below-market rate of interest when transitioning to IFRSs) – effective for annual periods beginning on or after 1 January 2013;

IFRS 1, First-time Adoption of International Financial Reporting Standards (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (repeat application, borrowing costs)) – effective for annual periods on or after 1 January 2013;

IFRS 7, Financial Instruments: Disclosures (Amendments enhancing disclosures about transfers of financial assets) – effective for annual periods beginning on or after 1 July 2011;

IFRS 7, Financial Instruments: Disclosures (Amendments related to the offsetting of assets and liabilities) – effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods;

IFRS 7, Financial Instruments: Disclosures (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures) – effective for annual periods beginning on or after 1 January 2015;

IFRS 9, Financial Instruments (Original issue (Classification and measurement of financial assets)) – effective for annual periods beginning on or after 1 January 2013 (Effective date subsequently deferred, see below);

IFRS 9, Financial Instruments (Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements) – effective for annual periods beginning on or after 1 January 2013 (Effective date subsequently deferred, see below);

IFRS 9, Financial Instruments (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures) – effective for annual periods beginning on or after 1 January 2015;

IFRS 10, Consolidated Financial Statements (New standard that replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess) – effective for annual periods beginning on or after 1 January 2013;

IFRS 11 Joint Arrangements (New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities) – effective for annual periods beginning on or after 1 January 2013;

IFRS 12 Disclosure of Interests in Other Entities (New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles) – effective for annual periods beginning on or after 1 January 2013;

IFRS 13 Fair Value Measurement, New guidance on fair value measurement and disclosure requirements – effective for annual periods beginning on or after 1 January 2013;

IAS 1, Presentation of Financial Statements (New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.) – effective for annual periods beginning on or after 1 July 2012;

IAS 1, Presentation of Financial Statements (Ammendments resulting from annual improvements 2009-2011 cycle (comparitive information)) – effective for annual periods beginning on or after 1 July 2012;

IAS 16, Property, Plant and Equipment (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (servicing equipment)) – effective for annual periods on or after 1 January 2013;

IAS 19, Employee Benefits (Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans) – effective for annual periods beginning on or after 1 January 2013;

IAS 27 Consolidated and Separate Financial Statements, Consequential amendments resulting from the issue of IFRS 10, 11 and 12 – effective for annual periods beginning on or after 1 January 2013;

IAS 28 Investments in Associates, Consequential amendments resulting from the issue of IFRS 10, 11 and 12 – effective for annual periods beginning on or after 1 January 2013;

IAS 32, Financial Instruments: Presentation (Amendments relating to the offsetting of assets and liabilities) – effective for annual periods on or after 1 January 2014;

IAS 32, Financial Instruments: Presentation (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (tax effect of equity distributions)) – effective for annual periods on or after 1 January 2013; and

IAS 34, Interim Financial Reporting (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (interim reporting of segment assets)) – effective for annual periods on or after 1 January 2013.

The Group does not envisage the adoption of these standards and interpretations until such time that they become applicable to the Group's operations.

The Board does not anticipate that the above standards and interpretations will have a material effect on the Group's annual financial statements.

3. Accounting policies, change in accounting estimates and errors

3.1 Change in accounting policy

During the year, the Group changed its accounting policy with respect to measurement of deferred tax assets and deferred tax liabilities to reflect the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendment, investment properties measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. Prior to this change in policy, the Group provided deferred tax on all assets based on recovery through usage.

The impact of this change in accounting policy on the consolidated financial statements is primarily to comply with the International Financial Reporting Standards and better present the Group's results. The impact on each line item of the primary financial statements since the Group's adoption of IFRS is shown in the following table:

	As reported		Adjustments		Restated	
	2011 NAD'000	2010 NAD'000	2011 NAD'000	2010 NAD'000	2011 NAD'000	2010 NAD'000
Consolidated statement of comprehensive income						
• Taxation	(34 183)	(23 954)	21 742	31 595	(12 441)	7 641
• Profit for the financial year	189 771	137 544	21 742	31 595	211 513	169 139
Earnings, headline earnings and dividends per share						
• Basic earnings	189 771	137 544	21 742	31 595	211 513	169 139
• Basic earnings per share (cents)	28.02	20.31	3.21	4.66	31.23	24.97
Consolidated balance sheet						
• Distributable reserves	495 875	316 731	60 241	38 499	556 116	355 230
• Deferred tax liability	87 833	57 082	(60 241)	(38 499)	27 592	18 583

3.2 Correction of Prior-Period Errors

The JSE Limited pro-active monitoring process identified that the transaction between Trustco and DexGroup (Pty) Ltd ("the seller"), as disclosed per note 18 of the 2011 annual financial statements, would be more appropriately disclosed in compliance with IFRS if the vendor shares to be issued as a result of the purchase of Trustco Financial Services (Pty) Ltd ("TFS") from the seller, was not accounted for as a reduction of the receivable by DexGroup, but rather an adjustment as a result of a bargain purchase.

The transaction originated when Trustco acquired the subsidiary TFS during the 2008 financial year from the seller for ZAR65 million, payable by ZAR20 million in cash and the balance of ZAR45 million by the issue of Trustco shares based on both profit targets to be achieved by TFS and contractual obligations to be met. All the required profit targets were achieved and the purchase contract matured during financial year 2010 when the last profit targets were achieved. At the time of maturity, the seller was indebted to Trustco for various amounts and acting on legal advice the Group off-set its liability to issue shares against the debt of the seller to the Group.

Although this had no effect on the profits achieved for financial years 2011 and 2010, the restatement of these transactions in the respective periods had an influence on the headline earnings per share as disclosed below:

	As reported		Adjustments		Restated	
	2011 NAD'000	2010 NAD'000	2011 NAD'000	2010 NAD'000	2011 NAD'000	2010 NAD'000
Earnings, headline earnings and dividends per share						
• Other income	65 144	23 754	(3 510)	(14 976)	61 634	8 778
• Gain on bargain purchase	–	–	3 510	14 976	3 510	14 976
• Diluted earnings	131 940	85 332	14 976	(14 976)	146 916	70 356
• Headline earnings per share (cents)	19.48	12.60	2.21	(2.21)	21.69	10.39

4. Property, plant and equipment

Group	2012 Cost NAD'000	2012 Accumulated depreciation NAD'000	2012 Carrying amount NAD'000	2011 Cost NAD'000	2011 Accumulated depreciation NAD'000	2011 Carrying amount NAD'000	2010 Cost NAD'000	2010 Accumulated depreciation NAD'000	2010 Carrying amount NAD'000
Land and buildings	**79 022**	**(166)**	**78 856**	72 498	(24)	72 474	66 750	(2)	66 748
Computer equipment and software	**32 773**	**(24 804)**	**7 969**	41 735	(30 535)	11 200	43 001	(25 993)	17 008
Machinery and equipment	**9 145**	**(6 419)**	**2 726**	8 344	(5 389)	2 955	7 972	(4 273)	3 699
Motor vehicles	**16 366**	**(3 549)**	**12 817**	15 277	(2 856)	12 421	13 656	(2 410)	11 246
Aircraft	**71 148**	**(16 271)**	**54 877**	47 890	(19 902)	27 988	53 788	(15 388)	38 400
Office equipment and furniture	**7 729**	**(4 472)**	**3 257**	6 578	(3 919)	2 659	5 756	(3 491)	2 265
	216 183	**(55 681)**	**160 502**	192 322	(62 625)	129 697	190 923	(51 557)	139 366
The following capitalised leased assets are included in property, plant and equipment:									
Motor vehicles (carrying value)			**5 320**			8 518			7 419

4. Property, plant and equipment (continued)

The carrying amount of property, plant and equipment can be reconciled as follows:

2012	Land and Buildings NAD'000	Computer equipment and software NAD'000	Machinery and equipment NAD'000	Motor vehicles NAD'000	Aircraft NAD'000	Office equipment and furniture NAD'000	Total NAD'000
Carrying amount at the beginning of the year	**72 474**	**11 200**	**2 955**	**12 421**	**27 988**	**2 659**	**129 697**
Additions	**305**	**3 894**	**836**	**2 619**	**2 987**	**1 454**	**12 095**
Non cash additions	**–**	**–**	**–**	**–**	**27 802**	**–**	**27 802**
Transfer from investment properties	**910**	**–**	**–**	**–**	**–**	**–**	**910**
Revaluations	**5 309**	**–**	**–**	**–**	**(3 200)**	**–**	**2 109**
Depreciation and impairment losses	**(142)**	**(2 620)**	**(1 032)**	**(1 263)**	**(700)**	**(538)**	**(6 295)**
Transfers to intangible assets	**–**	**(4 499)**	**–**	**–**	**–**	**–**	**(4 499)**
Disposals	**–**	**(6)**	**(33)**	**(960)**	**–**	**(318)**	**(1 317)**
Carrying amount at the end of the year	**78 856**	**7 969**	**2 726**	**12 817**	**54 877**	**3 257**	**160 502**
2011							
Carrying amount at the beginning of the year	66 748	17 008	3 699	11 246	38 400	2 265	139 366
Additions	339	7 685	373	3 475	479	777	13 128
Transfer from investment properties	1 317	–	–	–	–	–	1 317
Acquired through business combinations	–	133	–	72	–	56	261
Revaluations	4 081	–	–	–	(7 123)	–	(3 042)
Depreciation	(11)	(13 373)	(1 116)	(1 067)	(3 768)	(439)	(19 774)
Disposals	–	(253)	(1)	(1 305)	–	–	(1 559)
Carrying amount at the end of the year	72 474	11 200	2 955	12 421	27 988	2 659	129 697

If property, plant and equipment which are recognised on the revaluation model were stated on the historical cost basis, the carrying amounts would be as follows:

	Land and buildings NAD'000	Machinery and equipment NAD'000	Aircraft NAD'000	Total NAD'000
2012	**57 274**	**2 205**	**56 936**	**106 926**
2011	56 201	2 434	24 732	83 367

The Group's aeroplanes were valued by R Irons of ExecuJet Aviation Group during March 2012 using methods detailed in the International Recognised Blue Book for aircraft valuations. Neither R Irons nor ExecuJet Aviation Group are connected to the company. R Irons has recent experience in aeroplanes being valued.

Properties are stated at fair value, which has been determined based on valuations performed by Gert Hamman Property Valuers CC and A de Beer during March 2012, in accordance with International Valuation Standards. Gert Hamman Property Valuers CC and A de Beer are not connected to the Group, are qualified property valuators and have recent experience in location and category of the property being valued. Commercial properties were valued by using the income capitalisation method. This method involves the determining of the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property. The expected income of the property will be determined by the comparison of the market rentals of similar properties.

Certain property, plant and equipment are encumbered as stated in notes 23 and 24.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the Company.

5. Investment property

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	2012 NAD'000	2011 NAD'000	2010 NAD'000
Balance at the beginning of the year	**232 829**	143 233	33 753	**–**	–	–
Additions	**1 604**	6 411	200	**–**	–	–
Non cash additions	**319**					
Reclassification from inventory	**–**	–	13 255	**–**	–	–
Transfer (to)/from property, plant and equipment	**(910)**	(1 317)	7 764	**–**	–	–
Disposals	**(12 953)**	–	–	**–**	–	–
Acquired through business combination	**–**	20 988	–	**–**	–	–
Fair value adjustments	**97 101**	63 514	88 261	**–**	–	–
Balance at the end of the year	**317 990**	232 829	143 233	**–**	–	–
The following amounts, included in the statement of comprehensive income, relate to these properties:						
Rental income	**1 856**	2 196	1 631	**–**	–	–
Direct operating expenses: income generating properties	**279**	9	132	**–**	–	–

Investment properties are stated at fair value on 31 March 2012, which has been determined based on valuations performed by Gert Hamman Property Valuers CC and A de Beer, in accordance with International Valuation Standards. Gert Hamman Property Valuers CC and A de Beer are not connected to the Group, are qualified property valuators and have recent experience in location and category of the investment property being valued. The valuations were based on the direct sales comparison method, the income capitalisation method and the current market conditions.

Certain investment properties as described above has been mortgaged as security for liabilities described in note 23. A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the Company.

6. Intangible assets

Group	2012 Cost NAD'000	2012 Accumulated amortisation and impairment NAD'000	2012 Carrying amount NAD'000	2011 Cost NAD'000	2011 Accumulated amortisation and impairment NAD'000	2011 Carrying amount NAD'000	2010 Cost NAD'000	2010 Accumulated amortisation and impairment NAD'000	2010 Carrying amount NAD'000
Computer software – Finite life	**19 226**	**(4 144)**	**15 082**	4 090	(1 370)	2 720	1 782	(1 037)	745
Computer software – Indefinite life	**202 906**	**–**	**202 906**	191 447	–	191 447	179 989	–	179 989
Trademarks, licences and patents	**46 021**	**(8 172)**	**37 849**	44 916	(6 185)	38 731	18 982	(5 551)	13 431
Insurance Book	**6 194**	**(553)**	**5 641**	8 577	(553)	8 024	553	–	553
	274 347	**(12 869)**	**261 478**	249 030	(8 108)	240 922	201 306	(6 588)	194 718

The carrying amount of intangible assets can be reconciled as follows:

	Computer software finite life NAD'000	Computer software infinite life NAD'000	Trademarks, licences and patents NAD'000	Insurance book NAD'000	Total NAD'000
2012					
Carrying amount at the beginning of the year	**2 720**	**191 447**	**38 731**	**8 024**	**240 922**
Additions	**11 517**	**11 459**	**1 105**	**–**	**24 081**
Transfer from property, plant and equipment	**4 499**	**–**	**–**	**–**	**4 499**
Disposals	**(880)**	**–**	**–**	**–**	**(880)**
Revaluations	**–**	**–**	**–**	**(2 383)**	**(2 383)**
Amortisation	**(2 774)**	**–**	**(1 987)**	**–**	**(4 761)**
Carrying amount at the end of the year	**15 082**	**202 906**	**37 849**	**5 641**	**261 478**
2011					
Carrying amount at the beginning of the year	745	179 989	13 431	553	194 718
Additions	2 308	11 458	25 934	–	39 700
Acquired through business combination	–	–	–	8 024	8 024
Amortisation and impairment losses	(333)	–	(634)	(553)	(1 520)
Carrying amount at the end of the year	2 720	191 447	38 731	8 024	240 922

6. Intangible assets (continued)

Computer software consists of items which have both infinite useful lives as well as items with finite useful lives. Amortisation is not provided for on items with infinite useful lives. Computer software with infinite useful lives consists of TrustCollect (previously DexCollect) and i-Edge (previously E-Sure) which is the core of the insurance business of Trustco Financial Services (Pty) Limited. There is no foreseeable limit to the period over which TrustCollect and i-Edge are expected to generate net cash inflows. This software is tested for impairment annually. All other items are amortised on a straight-line basis over their useful lives.

The Institute of Open Learning (IOL) and Legal Shield trademarks, which are included under trademarks, licences and patents, are considered to have a finite life of 25 years.

The Trustco Mobile patent, which is included under trademarks, licences and patents, and which was acquired in the 2011 financial year is considered to have a finite life of 10 years.

The insurance book was acquired in the 2011 financial year through a business combination and was considered to have a finite life of five years.

Impairment testing of intangibles

TrustCollect and i-Edge are tested annually for impairment based on the present value of expected future cash flow premium collection and administration.

An industry norm of 1.5%, which include a risk factor of premiums collected is used to calculate the income attributable to the Company.

Due to the risk factor included in the industry norm, a risk free rate of 4.3% was used to discuss the future cash flows.

Projected future growth in the premiums collected was estimated at 15% per annum.

7. Investment in subsidiaries

	Company 2012 NAD	2011 NAD
Unlisted shares at cost		
Legal Shield Holdings (Pty) Limited	**100**	100
Trustco Education (Pty) Limited	**100**	100
Trustco Media (Pty) Limited	**100**	100
Trustco Capital (Pty) Limited	**100**	100
Trustco Corporate Management Services (Pty) Limited	**100**	100
Trustco Business Development (Pty) Limited	**100**	100
Trustco Tourism Holdings (Pty) Limited	**100**	100
Trustco Group International (Pty) Limited (incorporated in Republic of South Africa)	**100**	100
Trustco Group International (Pty) Limited (incorporated in Republic of Namibia)	**68 549 357**	68 549 357
Trustco Property Holdings (Pty) Limited	**100**	100
Trustco Mobile Mauritius	**100**	100
	68 550 357	68 550 357

All subsidiaries are 100% held

8. Deferred taxation

2012	Group Opening balance NAD'000	Group Movement for the year NAD'000	Group Closing balance NAD'000	Company Opening balance NAD'000	Company Movement for the year NAD'000	Company Closing balance NAD'000
Property, plant and equipment	**(13 479)**	**(6 423)**	**(19 902)**	**–**	**–**	**–**
Land	**(18)**	**1**	**(17)**	**–**	**–**	**–**
Investment properties	**(1 699)**	**517**	**(1 182)**	**–**	**–**	**–**
Intangible assets	**(1 355)**	**(658)**	**(2 013)**	**–**	**–**	**–**
Finance lease (assets)/liability	**1 616**	**(666)**	**950**	**–**	**–**	**–**
Prepayment	**(1 002)**	**314**	**(688)**	**–**	**–**	**–**
Provision for doubtful debts	**3 088**	**271**	**3 359**	**–**	**–**	**–**
Income received in advance	**(6 893)**	**10 227**	**3 334**	**–**	**–**	**–**
Provision for leave and bonuses	**476**	**65**	**541**	**–**	**–**	**–**
Deferred tax on assessed loss	**53 770**	**3 836**	**57 606**	**–**	**–**	**–**
	34 504	**7 484**	**41 988**	**–**	**–**	**–**

8. Deferred taxation (continued)

2011	Group Opening balance NAD'000	Group Movement for the year NAD'000	Group Closing balance NAD'000	Company Opening balance NAD'000	Company Movement for the year NAD'000	Company Closing balance NAD'000
Property, plant and equipment	(21 747)	8 268	(13 479)	–	–	–
Land	(18)	–	(18)	–	–	–
Investment properties	(1 373)	(326)	(1 699)	–	–	–
Intangible assets	(5 075)	3 720	(1 355)	–	–	–
Finance lease (assets)/liability	1 907	(291)	1 616	–	–	–
Prepayment	(1 639)	637	(1 002)	–	–	–
Provision for doubtful debts	24	3 064	3 088	–	–	–
Income received in advance	3 852	(10 745)	(6 893)	–	–	–
Provision for leave and bonuses	439	37	476	–	–	–
Deferred tax on assessed loss	55 902	(2 132)	53 770	–	–	–
	32 272	2 232	34 504	–	–	–

	Group 2012 NAD'000	Group 2011 NAD'000	Group 2010 NAD'000	Company 2012 NAD'000	Company 2011 NAD'000	Company 2010 NAD'000
Non-current assets	**73 136**	62 096	50 855	**–**	–	–
Non-current liabilities	**(31 148)**	(27 592)	(18 583)	**–**	–	–
	41 988	34 504	32 272	**–**	–	–

Deferred tax assets and liabilities are only off-set when the income tax relates to the same legal entity or fiscal authority or they intend to settle the assets and liabilities on a net basis.

The realisation of deferred tax assets on assessed losses is dependent on the generation of future taxable profits. The Group believe that assessed losses will be utilised through the generation of future taxable income.

9. Educational loans

	Group 2012 NAD'000	Group 2011 NAD'000	Group 2010 NAD'000	Company 2012 NAD'000	Company 2011 NAD'000	Company 2010 NAD'000
Educational loans advanced at the beginning of the year	**225 601**	192 648	137 727	**–**	–	–
Impairment of loans at the beginning of the year	**(17 862)**	(14 345)	(4 700)	**–**	–	–
Opening balance	**207 739**	178 303	133 027	**–**	–	–
	42 180	29 436	45 276	**–**	–	–
Loans advanced (including transaction costs)	**154 279**	119 467	120 887	**–**	–	–
Payments received	**(113 825)**	(86 514)	(65 220)	**–**	–	–
Amounts written off as uncollectible	**–**	–	(746)	**–**	–	–
Decrease/(increase) in impairment	**1 726**	(3 517)	(9 645)	**–**	–	–
Closing balance	**249 919**	207 739	178 303	**–**	–	–
Consisting of:						
Educational loans advanced at the end of the year	**266 055**	225 601	192 648	**–**	–	–
Impairment of loans at the end of the year	**(16 136)**	(17 862)	(14 345)	**–**	–	–
Closing balance	**249 919**	207 739	178 303	**–**	–	–
Less: short-term portion	**(99 804)**	(87 473)	(71 463)	**–**	–	–
Long-term portion	**150 115**	120 266	106 840	**–**	–	–
Reconciliation of impairment						
Opening balance	**17 862**	14 345	4 700	**–**	–	–
Provision for impairment utilised during the year	**(1 726)**	3 517	9 645	**–**	–	–
Closing balance	**16 136**	17 862	14 345	**–**	–	–

The balance of educational loans that are overdue but not impaired amounted to NAD5 839 015 (2011: NAD7 278 136). Overdue but not impaired is defined as payments that are outstanding for more than one month but not longer than three months. A provision for impairment is made on all loans with payments outstanding longer than three months. These loans bear interest at rates ranging between 1.75% (only staff loans) and 19.5% (2011: 1.75% and 19.5%), are unsecured and repayable over periods between 12 to 60 months.

The educational loan book serves as security for the facilities of ABSA and IFC, refer to note 23.

10. Other loans advanced

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Other loans	**31 437**	31 348	32 312	**–**	–	–
Provision for bad debts	**(11 909)**	(11 909)	(73)	**–**	–	–
Carrying amount - other loans	**19 528**	19 439	32 239	**–**	–	–
Non-current receivables	**5 842**	5 558	5 832	**–**	–	–
Total other loans advanced	**25 370**	24 997	38 071	**–**	–	–
Less: short-term portion	**(804)**	(833)	(908)	**–**	–	–
	24 566	24 164	37 163	**–**	–	–
Reconciliation of provision for bad debts						
Opening balance	**(11 909)**	(73)	–	**–**	–	–
Increase in provision for bad debts	**–**	(11 836)	(73)	**–**	–	–
Closing balance	**(11 909)**	(11 909)	(73)	**–**	–	–

The non-current receivable originated from the 2009 year when the group acquired the minority interest in Printas (Pty) Limited. The agreement includes an amount of damages that the seller has to pay to the Group for the cancellation of the printing contract of NAD10 million. The Group agreed to lend this amount to the seller interest free and repayable over 10 years in equal payments of NAD1 million. The loan was fair valued by discounting it at 10% per annum over a period of 10 years.

Other loans originated from the sale of non-core business divisions to various parties and the sale of Lafrenz industrial property as currently disclosed under work in progress (note 14). The purchasers borrowed funds from Trustco Capital (Pty) Limited, a subsidiary in the Group at interest rates ranging between 8% and 10%, repayable over an average of 216 (2011: 228) monthly instalments of NAD81 565 (2011: NAD81 565). Personal surety was also obtained from respective buyers where deemed necessary. The Group raised a provision for bad debts in the prior financial year amounting to NAD11.8 million on loans from the sale of the non-core business sold during the 2010 financial year. Legal proceedings have been instituted against the relevant parties.

These loans are classified as "loans and receivables" for IAS 39 Financial Instruments: Recognition and Measurement purposes. The carrying amount approximates the fair value.

11. Finance lease receivable

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Minimum lease payments						
Within one year	**500**	500	500	**–**	–	–
In the second to fifth years inclusive	**–**	500	1 000	**–**	–	–
	500	1 000	1 500	**–**	–	–
Less: unearned finance income	**(43)**	(124)	(241)	**–**	–	–
	457	876	1 259	**–**	–	–
Present value of minimum lease payments						
Within one year	**457**	419	387	**–**	–	–
In the second to fifth years inclusive	**–**	457	872	**–**	–	–
	457	876	1 259	**–**	–	–

11. Finance lease receivable (continued)

The finance lease bears interest at a rate linked to the variable bond rate of Namibia and is unsecured. The average effective interest rate is approximately 7.5% (2011: 7.5%) per annum. Assets leased under finance leases do not have any residual values. The finance lease is repayable in five annual instalments of NAD500 000 each, with a single instalment remaining.

12. Amounts (due to)/due by related parties

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Subsidiaries of the Company						
Webbiz (Pty) Limited	**–**	–	–	**(30)**	(30)	(30)
Institute for Open Learning (Pty) Limited	**–**	–	–	**3 621**	625	1 125
Trustco Insurance Limited	**–**	–	–	**(3 709)**	(3 469)	331
Trustco Newspapers (Pty) Limited	**–**	–	–	**5 000**	5 000	5 000
Trustco Corporate Management Services (Pty) Limited	**–**	–	–	**–**	–	–
Trustco Property Holdings (Pty) Limited	**–**	–	–	**–**	–	–
Trustco Financial Services (Pty) Limited	**–**	–	–	**604**	–	–
Trustco Education (Pty) Limited	**–**	–	–	**20 000**	20 000	20 000
Trustco Media (Pty) Limited	**–**	–	–	**322**	–	–
Legal Shield Holdings (Pty) Limited	**–**	–	–	**(7 325)**	(10 325)	(11 625)
Trustco Mobile (Pty) Limited	**–**	–	–	**(6 128)**	(6 128)	–
Trustco Fleet Management Services (Pty) Limited*	**–**	–	–	**2 656**	2 520	2 253
Trustco Group International (Pty) Limited (incorporated in Republic of Namibia)*	**–**	–	–	**102 209**	104 014	58 959
Trustco Group International (Pty) Limited (incorporated in Republic of South Africa)*	**–**	–	–	**39 646**	39 646	23 274
Trustco Finance (Pty) Limited*	**–**	–	–	**(16 522)**	(36 684)	793
Trustco Capital (Pty) Limited*	**–**	–	–	**127 544**	114 929	104 091
Other related parties						
Trustco Staff Share Incentive Scheme Trust	**–**	–	–	**(10 828)**	(4 441)	(4 002)
Next Investments (Pty) Limited	**(1 413)**	(8 826)	(20 834)	**–**	–	–
	(1 413)	(8 826)	(20 834)	**257 060**	225 657	200 169
Non-current assets	**–**	–	–	**301 602**	286 734	215 826
Current assets	**–**	–	–	**–**	–	–
Non-current liabilities	**–**	–	(20 834)	**(44 542)**	(61 077)	(15 657)
Current liabilities	**(1 413)**	(8 826)	–	**–**	–	–
	(1 413)	(8 826)	(20 834)	**257 060**	225 657	200 169

The loan from the Trustco Staff Share Incentive Scheme Trust is secured by the shares held by it in Trustco Group Holdings Limited and bears no interest. Refer note 18.

* The loans to subsidiary companies are unsecured and do not have fixed repayment terms. Loans bear interest between 6% and 9.75% per annum.

The loan from Next Investments (Pty) Limited is unsecured, bears interest at 9.75% (Namibian prime rate) per annum. The loan is repayable in the next twelve months. The sole shareholder of Next Investments (Pty) Limited is Q van Rooyen.

Other loans to subsidiary companies are unsecured, interest-free and do not have fixed repayment terms.

13. Assets at fair value through profit and loss

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Opening balance	**25 699**	18 274	10 035	**–**	–	–
Additions	**4 223**	7 425	8 239	**–**	–	–
Interest earned	**2 378**	–	–	**–**	–	–
Redemption of investment	**(32 300)**	–	–	**–**	–	–
Investments in balanced funds with no specific date of maturity	**–**	25 699	18 274	**–**	–	–
Current portion	**–**	25 699	18 274	**–**	–	–

These investments were held at Momentum and Liberty Life. These investments formed part of a structured finance transaction and served as security for certain liabilities as stated in note 23. The investment managers had a non-restrictive mandate to manage these investments. Average monthly payments of NAD572 462 were made (2011: NAD548 127). The minimum value of these investments were guaranteed to not be lower than the capital invested.

14. Inventories

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Work in progress	**9 011**	13 877	17 117	**–**	–	–
Finished goods	**3 556**	2 646	1 560	**–**	–	–
Non-stock and consumables	**56**	18	–	**–**	–	–
	12 623	16 541	18 677	**–**	–	–

No inventories have been required to be written down to net realisable value during the year under review.

Work in progress of NAD9.01 million (2011: NAD13.88 million) relates to Lafrenz industrial land, Windhoek. The Group is in the process of selling industrial erven.

The Lafrenz land classified under work in progress above has been mortgaged as security for the liability described in note 23.

15. Trade and other receivables

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Trade receivables	**54 466**	42 434	11 807	**–**	–	–
Property sales receivables	**218 001**	59 067	8 788	**–**	–	–
Less: impairment of receivables	**(349)**	(349)	(210)	**–**	–	–
	272 118	101 152	20 385	**–**	–	–
Prepayments	**3 350**	3 625	4 983	**33**	–	–
SABC legal award receivable	**–**	54 193	–	**–**	–	–
State: other taxes receivable	**8 337**	1 934	1 684	**–**	–	–
Other receivables	**33 620**	36 596	19 497	**–**	–	–
	317 425	197 500	46 549	**33**	–	–
Movement in impairment						
Opening balance	**349**	210	571	**–**	–	–
Amounts written off	**–**	–	(554)	**–**	–	–
Impairment losses provided for	**–**	139	193	**–**	–	–
Closing balance	**349**	349	210	**–**	–	–

15. Trade and other receivables (continued)

No trade and other receivables have been pledged as collateral for liabilities or contingent liabilities.

As of 31 March 2012, trade receivables of NAD4.2 million (2010: NAD3.8 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables are as follows:

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Up to three months	**1 662**	1 589	1 065	**–**	–	–
Three to six months	**1 240**	266	354	**–**	–	–
Older than six months	**33 831**	1 960	1 262	**–**	–	–
	36 733	3 815	2 681	**–**	–	–

The other classes within trade and other receivables do not contain assets that should have been impaired. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Group does not hold any collateral as security.

All receivables not recoverable, have been impaired.

Included in receivables "Older than six months" is an amount of NAD 32.5 million that relates to royalties due by Econet. The contract with Econet in Zimbabwe expired during February 2012. The Group recognised royalties in terms of the contract for the year, except for period from 1 June 2011 to 31 October 2011, as Econet provided only partial data, instead of Trustco having full access to all relevant data. Where no data was available, no royalties were recognised. Trustco instituted legal action against Econet to recover all outstanding royalties. No liability was raised in respect of the insurance premiums for the period from 1 June 2011 to 17 February 2012, as the Group believes that they do not have a constructive obligation. In addition, no asset was raised as a result of the loss of income for the remainder of the contract period subsequent to 31 October 2011. Legal proceedings to recover all outstanding amounts due by Econet are ongoing. The directors are confident that the amount due is fully recoverable.

16. Cash and cash equivalents

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Cash at bank and on hand	**100 841**	82 538	91 047	**36**	10	4
Short-term bank deposits	**159**	147	–	**–**	–	–
	101 000	82 685	91 047	**36**	10	4

17. Share capital

	Number of shares '000	Share capital NAD'000	Total NAD'000
Authorised			
At 31 March 2012: 2 500 000 000 ordinary par value shares of NAD 0.23	**2 500 000**	**575 000**	**575 000**
At 31 March 2011: 2 500 000 000 ordinary par value shares of NAD 0.23	2 500 000	575 000	575 000
At 31 March 2010: 2 500 000 000 ordinary par value shares of NAD 0.23	2 500 000	575 000	575 000
Issued and fully paid			
Balance as at 31 March 2012	**707 142**	**162 645**	**162 645**
Balance as at 31 March 2011	707 142	162 645	162 645
Balance as at 31 March 2010	707 142	162 645	162 645

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting.

18. Deemed treasury shares

	Number of shares			Group			Company		
	2012	2011	2010	**2012 NAD'000**	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Opening balance	**29 266 630**	29 266 630	29 901 800	**18 731**	18 731	19 137	**18 731**	18 731	19 137
Sale of deemed treasury shares	**(23 266 630)**	–	(635 170)	**(14 891)**	–	(406)	**(14 891)**	–	(406)
	6 000 000	29 266 630	29 266 630	**3 840**	18 731	18 731	**3 840**	18 731	18 731

During the 2007 financial year 70 251 800 (14 050 360 before share split) shares were purchased from Q van Rooyen by the Trustco Staff Share Incentive Scheme Trust ("the Trust"). The Trust borrowed the funds from the Company. The loan is interest free and shall be repaid from amounts received by the Trust. The purpose of the purchase was to facilitate the Staff Share Incentive Scheme that was approved at the annual general meeting on 15 August 2007. The Trust is controlled by two trustees, all of whom are directors of the Company. For accounting purposes, the Trust is treated as a special purpose entity that was consolidated into the Group and Company's financial statements. The shares held by the Trust are therefore treated as deemed treasury shares for consolidation and company purposes. The Group and the Company have management control over the Trust.

The Trust sold 23 266 630 shares during January 2012. The balance of 6 000 000 shares were sold on 11 June 2012 and the Trust will be dissolved in terms of the shareholders resolution dated 4 July 2008. No options were issued during the financial year.

19. Vendor shares

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Balance at the beginning of the year	**14 976**	–	14 976	**14 976**	–	14 976
Vendor shares movement	**–**	14 976	–	**–**	14 976	–
Fulfilment of agreement	**–**	–	(14 976)	**–**	–	(14 976)
Balance at the end of the year	**14 976**	14 976	–	**14 976**	14 976	–

On 1 November 2007 the Group acquired all of the shares in Trustco Financial Services (Pty) Limited "TFS" (previously DexGroup Financial Services (Pty) Limited). In terms of the agreement the Group had to pay NAD20 million in cash upfront and the balance of and a further NAD45 million by issuing a fixed number of shares. These shares have been issued from 2008 to 2010 based on pro rata net profit after tax of TFS in each year.

The purchase agreement perfected subsequently as TFS achieved its profit targets. At the time of perfection, DexGroup did not settle the overdraft facility of NAD 19.4 million, which was a condition of the agreement. The vendor shares were reversed in 2010 financial year as DexGroup did not settle the overdraft facility and the debt of DexGroup was impaired as there was uncertainty regarding recoverability of the amount due to the Group by DexGroup.

Arbitration proceedings were instituted to collect the outstanding amounts and the hearing commenced on 1 November 2010. On 29 November 2010, the arbitrator between DexGroup versus Trustco Group International (Pty) Limited, incorporated in South Africa, ("Trustco Group International") and others, delivered his final award. In terms of the award, DexGroup remains liable to Trustco Group International to repay the overdraft facility of NAD19.4 million. Upon discharge of this obligation, DexGroup is entitled to the issue and transfer of ordinary shares ("vendor shares") in Trustco Group Holdings Limited and the provision for vendor shared was raised in 2011.

19. Vendor shares (continued)

The net debt due by DexGroup, previously impaired, was reversed in the 2011 year, due to the award of the arbitrator and new developments in the financial position of DexGroup. It is the opinion of the directors that DexGroup is now in the position to repay the amount owed to Trustco Group International.

20. Contingency reserves

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Policy holders' contingency reserve						
Balance at the beginning of the year	**2 361**	1 902	726	**–**	–	–
Increase in reserve	**609**	459	1 176	**–**	–	–
Balance at the end of the year	**2 970**	2 361	1 902	**–**	–	–

The Group raises a contingency reserve of 10% of written premiums in accordance with generally accepted insurance industry practice. The contingency reserve is transferred directly from distributable reserves to contingency reserves, and is reflected as a movement in the statement of changes in equity.

21. Put options

	Number of shares			Group			Company		
	2012	2011	2010	**2012 NAD'000**	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Opening balance	**–**	–	–	**–**	–	–	**–**	–	–
Issue of share options	**74 331 920**	–	–	**52 832**	–	–	**52 832**	–	–
Closing balance	**74 331 920**	–	–	**52 832**	–	–	**52 832**	–	–

On 21 October 2011 the Group entered into an agreement with a long time shareholder, The Renaissance Africa Master Fund ("the Fund"), to repurchase 10.5% of the issued share capital of the Company through the exercise of a put option by the Fund or the exercise of a call option by the Company ("the share repurchase"). All approvals were obtained at a general meeting of Trustco shareholders during January 2012. The Group has accounted for the transaction through the recognition of put option in equity and a concurrent liability for the settlement. At time of reporting neither party has exercised any of their rights in terms of the agreement. The put option can be excercised at a strike price of NAD70 cents per share and the call option at a strike price of NAD1.10 per share.

22. Revaluation reserves

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Balance at the beginning of the year	**15 414**	16 098	16 851	**–**	–	–
Revaluation of property, plant and equipment net of deferred tax	**1 392**	(684)	(753)	**–**	–	–
Balance at the end of the year	**16 806**	15 414	16 098	**–**	–	–

23. Long-term liabilities

	Group			Company		
	2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
Secured						
Term loans	**127 880**	109 151	34 500	**–**	–	–
Mortgage loans	**81 646**	58 835	53 919	**–**	–	–
Liabilities under instalment sale agreements	**32 266**	34 892	33 106	**–**	–	–
Operating lease straight-lining liability	**1 256**	845	1 932	**–**	–	–
Claims float	**3 000**	3 000	3 000			
	246 048	206 723	126 457	**–**	–	–
Current portion included under current liabilities	**(34 117)**	(55 288)	(15 367)	**–**	–	–
	211 931	151 435	111 090	**–**	–	–
Current liabilities	**34 117**	55 288	15 367	**–**	–	–
Non-current liabilities	**211 931**	151 435	111 090	**–**	–	–
	246 048	206 723	126 457	**–**	–	–

The term loans consists of:

- Term loan with Bank Windhoek Limited amounting to NAD13.0 million which is secured over work in progress and investment property with a carrying value of NAD257.6 million (2011: NAD175.5 million), repayable in 48 monthly instalments of NAD524 881 (2011: NAD524 881) including interest at prime lending rate (9.75%);
- Loan from the Development Bank of Namibia Limited amounting to NAD6.63 million which is repayable in 12 equal quarterly payments of NAD902 926 (2011: NAD902 926 million) that bears interest at prime lending rate (9.75%) less 3% per annum.
- Loan from International Finance Corporation (IFC) of NAD72.6 million repayable in 10 equal semi annual payments of NAD8.0 million from December 2012 bearing an average interest of 13.02%.
- Loan from ABSA Bank Limited amounting to NAD33.4 million which is repayable in 48 equal monthly instalment of NAD814 124 including interest of South African prime lending rate (9%) minus 1%.

The mortgage loans are secured over land and buildings and investment properties with carrying values of NAD78.9 million (2011: NAD72.4 million) and NAD55.1 million (2011: NAD49.3 million), respectively and repayable in monthly instalments of up to 19 years of NAD871 945 (2011: NAD788 095) including interest at home loan rates ranging between 7.00% and 10.75% (2011: 7.00% and 10.50%).

Liabilities under instalment sale agreements are payable over periods from one to five years at effective interest rates ranging from 8.00% to 12.00% (2011: 8.00% to 10.25%) per annum. These liabilities are repayable in monthly instalments of approximately NAD610 294 (2011: NAD475 021) and are secured over machinery and equipment and aircraft with a carrying amount of NAD67.3 million (2011: NAD39.3 million).

The following additional securities are in place for bank and mortgage loans:

- Share pledged by Q van Rooyen to serve as security for the Development Bank of Namibia loan (included under Term loans above)
- Unlimited surety by Q van Rooyen and C van Rooyen in favour of Bank Windhoek Limited.
- Unlimited surety by Q van Rooyen in favour of ABSA Bank Limited.
- Unlimited cession by Trustco Finance (Pty) Limited of the Trustco Finance Student Loan Book, to be shared *parri passu* with the IFC and ABSA.

24. Other liabilities

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Finance lease obligations						
Minimum lease payments due						
– within one year	**2 452**	2 905	3 173	**–**	–	–
– in second to fifth year inclusive	**766**	996	2 204	**–**	–	–
	3 218	3 901	5 377	**–**	–	–
Less: future finance charges	**(339)**	(440)	(582)	**–**	–	–
Present value of minimum lease payments	**2 879**	3 461	4 795	**–**	–	–
Present value of minimum lease payments due						
– within one year	**2 622**	3 127	1 645	**–**	–	–
– in second to fifth year inclusive	**257**	334	3 150	**–**	–	–
	2 879	3 461	4 795	**–**	–	–
Non-current liabilities	**257**	334	3 150	**–**	–	–
Current liabilities	**2 622**	3 127	1 645	**–**	–	–
	2 879	3 461	4 795	**–**	–	–

Liabilities under finance leases are repayable over periods from one to three years at an effective interest rate of 9.75% (2011: 9.75%) per annum. These liabilities are repayable in monthly instalments of approximately NAD424 526 (2011: NAD410 736) and are secured over motor vehicles with a carrying amount of NAD5.3 million (2011: NAD8.5 million).

25. Policy holder liability under insurance contracts

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Balance at the beginning of the year	**8 307**	4 899	2 472	**–**	–	–
Movement during the year	**2 377**	3 408	2 427	**–**	–	–
Balance at the end of the year	**10 684**	8 307	4 899	**–**	–	–

The reserving method is split into two methodologies namely: Prospective valuation and Retrospective valuation. Prospective valuation is used to compute the basic reserve and retrospective reserve calculation is used to compute claims incurred but not reported ("IBNR").

26. Trade and other payables

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Trade creditors	**29 823**	20 892	18 823	**46**	138	106
Income received in advance	**3 209**	3 205	5 427	**–**	–	–
Accrued expenses	**4 565**	7 102	16 011	**1 560**	1 430	475
State: other taxes due	**30 325**	14 790	5 895	**351**	396	538
Other payables	**8 432**	3 083	6 662	**–**	524	1 050
Put option liability	**52 832**	–	–	**52 832**	–	–
Insurance premiums due to insurers*	**103 583**	88 177	88 770	**–**	–	–
Amounts due to financial service providers*	**–**	8 715	23 455	**–**	–	–
External broker commission payable*	**3 965**	9 385	10 681	**–**	–	–
Administered claims fund*	**19 589**	11 913	11 848	**–**	–	–
	256 323	167 262	187 572	**54 789**	2 488	2 169

* These liabilities relate to amounts due by Trustco Financial Services (Pty) Limited ("TFS"), a wholly-owned subsidiary of the Group.

26. Trade and other payables (continued)

Insurance premiums due to insurers are in respect of premiums collected on behalf of insures. The amount represents premiums collected net of any fees due to the Group in terms of the service agreements in place with the insurers. Amounts due to financial service providers result from amounts administered on behalf of financial service providers and insurers. External broker commission payable represents commission due to financial services intermediaries as a result of premiums collected from insurees by TFS. Claims funds due to insurers relates to amounts due in respect of claims advanced from insurers to TFS, payable to the insured for claims approved by the insurer but not due. As per the requirement of the Short-term Insurance Act (Act 58 of 1998) of South Africa, as amended, certain guarantees are in place as disclosed per note 29. These liabilities form part of the micro insurance and technology solutions: South Africa. Refer to note 44 on segmental information.

27. Technical provisions

		Group			Company		
		2012 NAD'000	2011 NAD'000	2010 NAD'000	**2012 NAD'000**	2011 NAD'000	2010 NAD'000
27.1	***Provision for IBNR***						
	Balance at the beginning of the year	**2 448**	2 008	1 921	**–**	–	–
	Transfer from statement of comprehensive income	**243**	440	87	**–**	–	–
	Balance at the end of the year	**2 691**	2 448	2 008	**–**	–	–
27.2	***Provision for outstanding claims***						
	Long-term insurance contracts						
	Balance at the beginning of the year	**122**	82	36	**–**	–	–
	Transfer from statement of comprehensive income	**60**	40	46	**–**	–	–
	Balance at the end of the year	**182**	122	82	**–**	–	–
	Short-term insurance contracts						
	Balance at the beginning of the year	**7 895**	7 826	6 971	**–**	–	–
	Transfer (to)/from statement of comprehensive income	**(1 306)**	69	855	**–**	–	–
	Balance at the end of the year	**6 589**	7 895	7 826	**–**	–	–
	Total provision for outstanding claims	**6 771**	8 017	7 908	**–**	–	–
27.3	***Unearned premium reserve***						
	Long-term insurance contracts						
	Balance at the beginning of the year	**1 971**	1 432	1 371	**–**	–	–
	Transfer (to)/from statement of comprehensive income	**(115)**	539	61	**–**	–	–
	Balance at the end of the year	**1 856**	1 971	1 432	**–**	–	–
	Short-term insurance contracts						
	Balance at the beginning of the year	**5 992**	5 841	5 535	**–**	–	–
	Transfer from statement of comprehensive income	**607**	151	306	**–**	–	–
	Balance at the end of the year	**6 599**	5 992	5 841	**–**	–	–
	Total unearned premium reserve	**8 455**	7 963	7 273	**–**	–	–
	Total technical provisions	**17 917**	18 428	17 189	**–**	–	–

28. Bank overdraft

The Group's available banking facilities and the extent to which they have been used are as follows:

	Group			Company		
	2012	2011	2010	**2012**	2011	2010
	NAD'000	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Available	**17 500**	39 000	19 000	**–**	–	–
Utilised	**11 769**	41 189	21 626	**493**	22	–

These banking facilities are secured as follows:

- Limited suretyship for ZAR45 million by Trustco Group Holdings Limited.
- Limited suretyship for ZAR45 million by Trustco Group International (Pty) Limited.
- Limited suretyship for ZAR45 million by Trustco Financial Services (Pty) Limited.
- Cession of ABSA bank 32 day fixed deposit account.

29. Contingent liabilities and guarantees

Econet

The contract with Econet in Zimbabwe expired during February 2012. The Group has recognised revenue as per the limited data provided by Econet while the legal process to recover damages and outstanding royalties continues. No liability was raised in respect of the insurance premiums for the period 1 June 2011 to 17 February 2012 as the Group believe that they do not have a constructive obligation. In addition, no asset was raised as a result of the loss of income for the remainder of the contract period, subsequent to 30 September 2011.

Pending legal cases

The Group has other pending legal cases for which the total legal cost is estimated to be not more than NAD1 200 000 (2011: NAD890 000).

Guarantees

In terms of section 45 of the Short-term Insurance Act of South Africa, 1998, an entity must be in possession of an Intermediaries Guarantee Facility Limited (IGF) guarantee in order to collect short-term insurance premiums. An IGF guarantee to the amount of NAD90 million was taken out by Trustco Intermediary Solutions (Pty) Limited, an indirect subsidiary of the Company. IGF required that Trustco Intermediary Solutions (Pty) Limited obtains an underlying guarantee from an insurer. Trustco Intermediary Solutions (Pty) Limited obtained such guarantee from Constantia Insurance Company Limited (CICL) who placed the guarantee on the condition that the Company would issue a deed of surety and that Q van Rooyen cede 33 000 000 shares in the Company. The request is currently being attended to and until such time the 29 700 000 shares currently pledged serve as surety in terms of the previous surety arrangement. On these conditions CICL effected the placement of the guarantee.

30. Capital commitments

	Group		Company	
	2012	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000
Approved by directors but not contracted for:				
Property, plant and equipment	**73 500**	122 135	**–**	–

It is intended to finance this expenditure from existing borrowing facilities and from internally generated funds. No part of this expenditure has been contracted for at year-end.

31. Revenue

Revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.

	Group		Company	
	2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Major classes of revenue comprise:				
Insurance premium revenue	**126 302**	111 520	**–**	–
Broker commission and fees (administration, premium handling and claims administration)	**309 229**	263 123	**–**	–
Microfinance income (interest and fees received on loan book)	**44 561**	39 246	**–**	–
Tuition and other related fees	**70 005**	52 047	**–**	–
Rental income	**1 855**	2 222	**–**	–
Charter income	**9 471**	5 941	**–**	–
Advertising revenue	**4 773**	5 181	**–**	–
SMS revenue	**692**	3 351	**–**	–
Trustco Mobile	**29 076**	45 317	**–**	–
Property sales	**117 340**	59 070	**–**	–
Management fees	**–**	–	**3 600**	5 600
Total revenue	**713 304**	587 018	**3 600**	5 600
Insurance income can be analysed as follows:				
Long-term insurance contracts				
Gross premium written	**57 992**	50 864	**–**	–
Change in deferred income	**115**	(539)	**–**	–
	58 107	50 325	**–**	–
Short-term insurance contracts				
Gross premium written	**68 802**	61 285	**–**	–
Change in deferred income	**(607)**	(90)	**–**	–
	68 195	61 195	**–**	–
Total insurance income	**126 302**	111 520	**–**	–
Aggregate change in deferred income	**(492)**	(629)	**–**	–

32. Cost of sales

	Group		Company	
	2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Cost of goods sold	**42 046**	27 156	**–**	–
Cost of services rendered	**278 322**	237 988	**–**	–
	320 368	265 144	**–**	–

33. Claims and benefits paid on insurance contracts

	Group		Company	
	2012	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000
Long-term insurance contracts				
Death claims paid	**6 535**	4 733	**–**	–
Change in provision for outstanding claims	**59**	38	**–**	–
	6 594	4 771	**–**	–
Short-term insurance contracts				
Claims paid out	**13 341**	16 062	**–**	–
Change in provision for outstanding claims	**(1 063)**	572	**–**	–
	12 278	16 634	**–**	–
Total claims	**18 872**	21 405	**–**	–

34. Profit before taxation

	Group		Company	
	2012	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000
		Restated		
This is arrived at after taking into account the following:				
Included in other income is the following:				
Profit on disposal of investment properties	**4 447**	–	**–**	–
Gain on bargain purchase	**–**	3 510	**–**	–
Reversal of impairment relating to DexGroup (Pty) Limited	**–**	30 800	**–**	–
SABC award including costs	**–**	29 512	**–**	–
Included in administration expenses is the following:				
Depreciation, amortisation and impairment losses				
– Property, plant and equipment	**6 295**	19 774	**–**	–
– Intangible assets	**4 761**	1 520	**–**	–
Auditors' remuneration				
– Audit fees	**1 488**	1 582	**327**	97
– Other services	**–**	–	**–**	–
Bad debts written off	**–**	2 793	**–**	–
(Decrease)/Increase in the provision for doubtful debts relating to the microfinance student loan book	**(1 726)**	3 517	**–**	–
Impairment of loans and receivables	**–**	11 836	**–**	–
Loss on foreign exchange	**7**	17	**–**	–

35. Directors' emoluments

	Shareholding shares (direct) '000	Remuneration					
		Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Retirement and medical NAD'000	Other benefits NAD'000	Total NAD'000
2012							
Holding Company directors							
Executive directors							
Q van Rooyen *(Managing Director)*	392 554	–	–	–	–	–	–
FJ Abrahams *(Financial Director)*	843	–	748	366	51	1	1 166
AL Bock *(appointed 19 August 2011)*	–	–	1 261	–	–	1	1 262
	393 397	–	2 009	366	51	2	2 428
Non-executive directors							
M Nashandi *(retired 19 August 2011)*	15	49	–	–	–	–	49
W Geyser	–	128	–	–	–	–	128
T Mberirua *(resigned 1 April 2012)*	–	170	–	–	–	–	170
Dr T Aupindi *(resigned 15 March 2012)*	–	144	–	–	–	–	144
Adv. R Heathcote	–	168	–	–	–	–	168
V de Klerk	16	85	–	–	–	–	85
	31	744	–	–	–	–	744
Subsidiary company directors							
Executive directors							
J Jones	2 028	–	1 188	448	80	1	1 717
J van den Heever	620	–	845	284	47	1	1 177
Dr CJ Powell	669	–	873	348	67	1	1 289
A Lambert	61	–	500	83	29	1	613
I Barnard *(resigned 30 July 2012)*	–	–	1 192	–	–	–	1 192
J Wessels *(resigned 31 January 2012)*	–	–	1 818	–	368	1 042*	3 228
E Cockroft *(resigned 30 June 2012)*	–	–	615	–	30	–	645
E du Toit	–	–	548	–	67	–	615
E Janse van Rensburg	264	–	567	195	27	1	790
B du Plessis	50	–	844	–	84	–	928
D Caine	–	–	146	–	161	–	307
I Calitz *(appointed 29 March 2012)*	13	–	321	13	15	–	349
AJ Bornman *(appointed 28 March 2012)*	128	–	585	–	–	–	585
B Kandetu *(appointed 29 March 2012)*	–	–	255	–	13	–	268
SWA Castro Carballo *(resigned 31 January 2012)*	16	–	537	–	69	196*	802
	3 849	–	10 834	1 371	1 057	1 243	14 505
Total	397 277	744	12 843	1 737	1 108	1 245	17 677

* These payments relate to retrenchment and restructuring benefits received by directors when their employment contracts were terminated by mutual agreement.

Group managing director's emoluments

Mr van Rooyen had an employment contract with Trustco in terms where his remuneration be computed as follows:

- 0.25% of the turnover of the Group;
- 0.5% of the headline earnings of the Group; and
- 0.5% of the basic earnings of the Group.

The bonus allocation could be exercised by Q van Rooyen in cash or shares. The shares would have been issued at par value (NAD0.23 cents per share) in terms of the agreement. This agreement was amended on request of Q van Rooyen during the current financial year as the amount of shares to be issued could become very onerous on the company. The new agreement was only finalised after date of reporting. The salient terms of the new agreement with no share options are as follows:

- 0.50% of the turnover of the Group;
- 1.00% of the headline earnings of the Group; and
- 1.00% of the basic earnings of the Group.

Mr van Rooyen waived any bonus he would have received during the 2011 financial year and no bonus was accrued for Mr van Rooyen.

35. Directors' emoluments (continued)

Dealings by directors

Share transactions carried out by directors after year-end and the date of approval of the annual report were:

Name	Shares bought
• FJ Abrahams	200 000
• A L Bock	200 000
• J Jones	200 000
• J van den Heever	200 000
• Dr CJ Powell	200 000
• E Janse van Rensburg	200 000
	1 200 000

No expense allowance was paid to directors and no financial assistance was provided to directors.

	Shareholding shares (direct) '000	Remuneration Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Retirement and medical NAD'000	Other benefits NAD'000	Total NAD'000
2011							
Holding Company directors							
Executive directors							
Q van Rooyen *(Managing Director)*	392 554	–	–	–	–	–	–
FJ Abrahams *(Financial Director)*	686	–	709	165	–	9	883
GRI Walters *(resigned 30 September 2010)*	149	–	911	122	31	15	1 079
	393 389	–	1 620	287	31	24	1 962
Non-executive directors							
M Nashandi	15	84	–	–	–	–	84
W Geyser *(appointed 29 September 2010)*	–	62	–	–	–	–	62
T Mberirua *(appointed 29 September 2010)*	–	83	–	–	–	–	83
Dr T Aupindi *(appointed 29 September 2010)*	–	64	–	–	–	–	64
Adv. R Heathcote *(appointed 29 September 2010)*	–	57	–	–	–	–	57
V de Klerk	16	74	–	–	–	–	74
AH Toivo ya Toivo *(retired 29 September 2010)*	–	33	–	–	–	–	33
	31	457	–	–	–	–	457

	Shareholding shares (direct) '000	Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Retirement and medical NAD'000	Other benefits NAD'000	Total NAD'000
		Remuneration					
Subsidiary company directors							
Executive directors							
J Jones	1 775	–	1 058	247	–	13	1 318
C van Rooyen *(resigned 30 June 2010)*	–	–	100	–	–	–	100
J van den Heever	462	–	727	165	–	21	913
D Swindon *(resigned 8 September 2010)*	491	–	879	316	–	7	1 202
Dr CJ Powell	514	–	693	147	–	7	847
E Janse van Rensburg	79	–	218	–	–	–	218
NM Basson *(resigned 30 April 2011)*	22	–	421	22	–	13	456
A Lambert	48	–	434	44	–	57	535
T Nampolo *(resigned 8 September 2010)*	13	–	324	57	–	7	388
I Barnard	–	–	913	67	1	5	986
J Wessels	237	–	1 682	142	365	5	2 194
E Cockroft	–	–	522	14	15	4	555
E du Toit	–	–	478	28	62	5	573
B du Plessis	304	–	556	–	51	3	610
D Caine	–	–	714	69	146	5	934
SWA Castro Carballo	35	–	519	21	75	5	620
	3 980	–	10 238	1 339	715	157	12 449
Total	397 400	457	11 858	1 626	746	181	14 868

36. Staff costs

	Group		Company	
	2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Salaries and wages	**81 099**	63 622	**30**	4 458
Medical aid and employee fund contributions	**6 065**	2 406	**–**	–
	87 164	66 028	**30**	4 458

37. Investment revenue

	Group		Company	
	2012	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000
Interest received				
– Bank	**2 115**	1 037	**16**	5
– Related party loans	**–**	–	**12 751**	12 570
– External party loans	**22 305**	27 938	**–**	–
– Finance lease receivable	**81**	318	**–**	–
– Investments	**8**	13	**–**	–
	24 509	29 306	**12 767**	12 575
Dividends received	**–**	–	**39 850**	16 500
	24 509	29 306	**52 617**	29 075
Investment revenue earned on financial assets, analysed by category of asset, is as follows:				
Loans and receivables (including cash and bank balances)	**24 501**	29 293	**12 767**	12 575
Fair value through profit and loss	**8**	13	**–**	–
Available for sale financial assets	**–**	–	**39 850**	16 500
	24 509	29 306	**52 617**	29 075

38. Finance costs

	Group		Company	
	2012	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000
Interest paid				
– Bank overdraft	**6 146**	4 955	**2**	–
– Related party loans	**919**	1 483	**3 709**	–
– Long-term liabilities	**17 212**	9 273	**–**	2 133
– Finance leases	**6 188**	6 845	**–**	–
	30 465	22 556	**3 711**	2 133
Less: Amounts included in the cost of qualifying assets	**(373)**	(417)	**–**	–
	30 092	22 139	**3 711**	2 133
Finance costs on financial liabilities, analysed by category of liabilities, are as follows:				
Financial liabilities at fair value through profit or loss	**–**	–	**–**	–
Other financial liabilities measured at amortised cost using the effective interest method	**30 092**	22 139	**3 711**	2 133
	30 092	22 139	**3 711**	2 133

39. Taxation

		Group		Company	
		2012	2011	**2012**	2011
		NAD'000	NAD'000	**NAD'000**	NAD'000
39.1	*Income tax recognised in profit or loss*				
	Namibian – normal tax				
	Current tax expense in respect of the current year	**34 250**	11 276	**1 707**	1 361
	Deferred tax expense relating to origination and reversal of temporary differences	**648**	9 297	**–**	–
		34 898	20 573	**1 707**	1 361
	South African – normal tax				
	Current tax expense in respect of the current year	**–**	–	**–**	–
	Deferred tax expense relating to origination and reversal of temporary differences	**(9 929)**	(8 132)	**–**	–
		(9 929)	(8 132)	**–**	–
		24 969	12 441	**1 707**	1 361

Reconciliation of the tax expense

	Group				Company	
	South Africa		Namibia		Namibia	
		Restated		Restated		
	2012	2011	**2012**	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000	**NAD'000**	NAD'000
(Loss)/Profit before tax	**(2 897)**	4 082	**267 690**	219 872	**44 871**	21 269
Tax rate (%)	**28.0%**	28.0%	**34.0%**	34.0%	**34.0%**	34.%
Tax on profit before tax at applicable tax rate	**(811)**	1 143	**91 015**	74 757	**15 256**	7 232
Tax effect of income that is exempt from taxation	**–**	–	**(66 124)**	(45 652)	**(13 549)**	(5 871)
Disallowable expenditure	**–**	1 817	**9 800**	–	**–**	–
Movement in contingency reserve	**–**	–	**207**	55	**–**	–
Tax loss available for future set-off	**(9 118)**	(11 092)	**–**	(8 587)	**–**	–
Tax (debit)/credit to statement of comprehensive income	**(9 929)**	(8 132)	**34 898**	20 573	**1 707**	1 361

The Group has estimated tax losses of NAD217.7 million (2011: NAD203.2 million) available for set off against future taxable income. The Company has no tax loss available for future set off against taxable income.

Refer to note 8 on the realisation of accumulated assessed tax losses.

40. Earnings, headline earnings and dividends per share

	Group		Company	
	2012	2011	**2012**	2011
	NAD'000	NAD'000	**NAD'000**	NAD'000
		Restated		
Earnings for the purposes of basic earnings per share being the profit attributable to ordinary shareholders	**239 824**	211 513	**–**	–
Adjustments net of taxation:	**(101 284)**	(64 597)	**–**	–
(Profit)/loss on disposals of property, plant and equipment	**(156)**	664	**–**	–
Fair value adjustments on investment properties	**(97 196)**	(61 821)	**–**	–
Impairment of intangible assets	**–**	577	**–**	–
Impairment of property, plant and equipment	**700**	–	**–**	–
Profit on disposal of investment property	**(4 447)**	–	**–**	–
Gain on bargain purchase	**–**	(3 510)	**–**	–
Tax effect	**(185)**	(507)		
Headline earnings	**138 540**	146 916	**–**	–
Weighted number of ordinary shares for the purposes of basic earnings per share ('000)	**683 622**	677 240	**–**	–
Contingently issuable shares as a result of business combinations ('000)	**4 789**	4 789	**–**	–
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**688 411**	682 029	**–**	–
Basic earnings per share (cents)	**35.08**	31.23	**–**	–
Diluted earnings per share (cents)	**34.84**	31.01	**–**	–
Headline earnings per share (cents)	**20.27**	21.69	**–**	–
Diluted headline earnings per share (cents)	**20.12**	21.54	**–**	–
Dividends per share				
During the year under review normal dividends of 3.75 cents per share (2011: 1.50 cents) amounting to a total of NAD26.52 million (2011: NAD10.61 million) were declared and paid by the Company.	**3.75**	1.50		

41. Cash flow information

	Group 2012 NAD'000	Group 2011 NAD'000 Restated	Company 2012 NAD'000	Company 2011 NAD'000
41.1 Cash generated by operations				
Cash generated by operations before working capital changes	**178 114**	185 378	**(4 035)**	9 303
Profit on ordinary activities before taxation	**264 793**	223 954	**44 871**	21 269
Adjustments:				
– Depreciation and impairment losses	**6 295**	19 774	**–**	–
– Amortisation of intangible assets and impairment losses	**4 761**	1 520	**–**	–
– Investment income	**(24 509)**	(29 306)	**(52 617)**	(29 075)
– Finance costs	**30 092**	22 139	**3 711**	2 133
– (Profit)/Loss on disposal of property, plant and equipment	**(156)**	664	**–**	–
– Fair value adjustment on investment properties	**(97 101)**	(63 514)	**–**	–
– Gain on bargain purchase	**–**	(3 510)	**–**	14 976
– Finance lease assets	**419**	383	**–**	–
– Profit on disposal of investment property	**(4 447)**	–	**–**	–
– Other loans advanced	**(373)**	13 074	**–**	–
– Increase in technical provision	**(511)**	1 239	**–**	–
– Other non-cash items	**(1 149)**	(1 039)	**–**	–
Changes in working capital:	**(78 977)**	(169 343)	**(564)**	319
– Decrease/(increase) in inventories	**3 918**	2 136	**–**	–
– (Increase) in trade and other receivables	**(119 924)**	(150 951)	**(33)**	–
– Increase/(decrease) in trade and other payables	**37 029**	(20 528)	**(531)**	319
	99 137	16 035	**(4 599)**	9 622
41.2 Taxation paid				
Balance outstanding at the beginning of the year	**7 012**	1 253	**1 344**	468
– Current income tax assets	**(766)**	(752)	**–**	–
– Current income tax liabilities	**7 778**	2 005	**1 344**	468
Acquired through business combination	**–**	–	**–**	–
Expense for the year	**34 250**	11 276	**1 707**	1 361
Change in deferred tax	**–**	–	**–**	–
Balance outstanding at the end of the year	**(28 414)**	(7 012)	**(1 330)**	(1 344)
– Current income tax assets	**189**	766	**–**	–
– Current income tax liabilities	**(28 603)**	(7 778)	**(1 330)**	(1 344)
	12 848	5 517	**1 721**	485
41.3 Cash and cash equivalents				
Bank balances and cash deposits	**101 000**	82 685	**36**	10
Bank overdraft	**(11 769)**	(41 189)	**(493)**	(22)
	89 231	41 496	**(457)**	(12)

41. Cash flow information (continued)

41.4 Subsidiaries acquired

On 1 February 2011, the Group acquired all the shares of Northern Industrial Estates (Pty) Limited for a bargain price. The company owns only a vacant piece of land and had no other assets or liabilities. The purpose of the acquisition was to complement the existing property strategy of the Group. The Group acquired control through the purchase of 100% of the shares of the Company. The vacant land was valued by an independent valuator on the acquisition date at NAD20.99 million. The price negotiated between the Group and the previous owners was NAD7.3 million, which resulted in a gain.

At the time of purchase, submissions had been made to authorities for the subdivision of the land and plans were drawn up to provide municipal services and roads. The municipality had started construction of municipal services.

No significant revenue or profit were earned by the subsidiary as the acquisition was close to the end of financial year.

The fair value of assets acquired and liabilities assumed were as follows:

	Group		Company	
	2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Property, plant and equipment	–	20 988	–	–
Net assets	–	20 988	–	–
Gain on bargain purchase	–	(13 734)	–	–
Cash paid	–	7 254	–	–
Cash flow on acquisition				
Cash and cash equivalents	–	–	–	
Net cash acquired	–	–	–	
Paid in cash	–	(7 254)	–	
Cost of acquisition	–	(7 254)	–	–
Cash outflow on acquisition, net of cash acquired	–	(7 254)	–	–

41.5 Business acquired

The Group acquired Leader Underwriting Management (Pty) Limited for NAD3.3 million on 1 August 2010.

The fair value of assets acquired and liabilities assumed were as follows:

	Group 2012 NAD'000	Group 2011 NAD'000	Company 2012 NAD'000	Company 2011 NAD'000
Additions to property, plant and equipment	–	261	–	–
Additions to intangible assets	–	8 024	–	–
Provisions acquired	–	(218)	–	–
Net assets	–	8 067	–	–
Gain on bargain purchase	–	(4 752)	–	–
Cash paid	–	3 315	–	–
Cash flow on acquisition				
Cash and cash equivalents	–	–	–	–
Net cash acquired	–	–	–	–
Paid in cash	–	(3 315)	–	–
Cost of acquisition	–	(3 315)	–	–
	–	(3 315)	–	–

42. Solvency margin

	Group		Company	
	2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
Solvency margin of Trustco Insurance Limited	**25.2%**	21.7%		
The solvency margin represents shareholders' interest of NAD17.3 million (2011: NAD13.3 million) expressed as a percentage of net premium income of NAD68.2 million (2011: NAD61.2 million) for the year under review.				

43. Related parties

The Group is controlled by Mr Q van Rooyen who owns 55.51% of the Company's shares. Material related parties are disclosed in notes 7 and 35.

Other related parties are:

Subsidiaries

Trustco Property Holdings (Pty) Limited
Discuss Properties (Pty) Limited
November Properties (Pty) Limited
Erf 7179 (Pty) Limited
Trustco Corporate Management Services (Pty) Limited
Trustco Fleet Management Services (Pty) Limited
Trustco Administrative Support Services (Pty) Limited
Trustco Capital (Pty) Limited
Komada Holdings (Pty) Limited
Trustco Media (Pty) Limited
Trustco Mobile (Pty) Limited
Trustco Newspapers (Pty) Limited
Printas (Pty) Limited
Trustco Education (Pty) Limited
Institute for Open Learning (Pty) Limited
Trustco Finance (Pty) Limited
Trustco Insurance Holdings (Pty) Limited
Trustco Insurance Limited
Trustco Life Limited
Trustco Tourism Holdings (Pty) Limited
Trustco Restaurants (Pty) Limited
Trustco Accommodation (Pty) Limited
Trustco Air Services (Pty) Limited
Trustco Business Development (Pty) Limited
Webbiz (Pty) Limited
Winna Mariba 777 (Pty) Limited
Agricultural Export Company (Pty) Limited
Northern Industrial Estates (Pty) Limited
Trustco Mobile Mauritius
Trustco Estate Planners and Administrators (Pty) Limited
Trustco Group International (Pty) Limited (incorporated in Republic of Namibia)
Trustco Group International (Pty) Limited (incorporated in Republic of South Africa)
Trustco Financial Services (Pty) Limited
Trustco Intermediary Solutions (Pty) Limited
Trustco Corporate Solutions (Pty) Limited
Trustco Informatix (Pty) Limited
ICE Insurance Claims Exchange (Pty) Limited
New Adventure Brokers (Pty) Limited

Entities in which board members have significant influence

Next Investments (Pty) Limited
Northern Namibia Development Company (Pty) Limited
Namibia Medical Investments (Pty) Limited
Othinge Investments (Pty) Limited
Golf Properties (Pty) Limited
Foxtrot Properties (Pty) Limited

Other related entities

Trustco Staff Share Incentive Scheme Trust

43. Related parties (continued)

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following transactions were carried out with related parties:

			Group		Company	
			2012 NAD'000	2011 NAD'000	**2012 NAD'000**	2011 NAD'000
		Relationship				
43.1	*Charter income received*					
	Next Investments (Pty) Limited	Common director: Q van Rooyen	**69**	46	**–**	–
	Northern Namibia Development Company (Pty) Limited	Common director: Q van Rooyen	**282**	–	**–**	–
43.2	*Rent received*					
	Next Investments (Pty) Limited	Common director: Q van Rooyen	**640**	79	**–**	–
43.3	*Labour Consultancy*					
	Next Investments (Pty) Limited	Common director: Q van Rooyen	**–**	3	**–**	–
43.4	*Advertising income received*					
	Northern Namibia Development Company (Pty) Limited	Common director: Q van Rooyen	**10**	–	**–**	–
43.5	*Interest received*					
	Trustco Group International (Pty) Limited (inc. in Republic of South Africa)	Direct subsidiary	**–**	–	**–**	1 396
	Trustco Capital (Pty) Limited	Direct subsidiary	**–**	–	**12 615**	10 812
	Trustco Fleet Management Services (Pty) Limited	Indirect subsidiary	**–**	–	**136**	267
	Trustco Finance (Pty) Limited	Indirect subsidiary	**–**	–	**–**	95
43.6	*Management fees received*					
	Trustco Group International (Pty) Limited (inc. in Republic of Namibia)	Direct subsidiary	**–**	–	**3 600**	5 600
43.7	*Dividends received*					
	Trustco Insurance Holdings (Pty) Limited	Direct subsidiary	**–**	–	**39 848**	16 500
43.8	*Interest paid*					
	Next Investments (Pty) Limited	Common director: Q van Rooyen	**919**	1 483	**–**	–
43.9	*Facility fee*					
	Next Investments (Pty) Ltd	Common director: Q van Rooyen	**3 108**	2 766	**3 108**	2 766

Refer to note 35 for details on key management compensation.

Refer to note 12 for details of other related party amounts outstanding.

44. Segment results

Primary reporting format: Business segments

For management purposes, the Group is organised into seven business segments, namely: Micro Insurance and Technology – Namibia, Zimbabwe and South Africa; Microfinance and Education – Namibia; Property – Namibia and South Africa; and Head Office and Strategic Business – Namibia. The business segment results are as follows:

	Micro insurance and technology solutions			Micro-finance and education	Property		Head office and strategic business	
	Namibia	Zimbabwe	South Africa	Namibia	Namibia	South Africa	Namibia	Group
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
2012								
Segment revenue	–	29 076	309 229	114 566	122 471	425	89 043	664 810
Inter-segment revenue	–	–	–	–	(4 254)	–	(73 554)	(77 808)
	–	29 076	309 229	114 566	118 217	425	15 489	587 002
Insurance income	126 302	–	–	–	–	–	–	126 302
External revenue	126 302	29 076	309 229	114 566	118 217	425	15 489	713 304
Segment result	49 366	22 819	11 482	6 681	132 954	(4 450)	90 377	309 229
Inter-segment	14 025	–	–	22 855	(2 554)	1 396	(105 127)	(69 405)
Profit for the year	63 391	22 819	11 482	29 536	130 400	(3 054)	(14 750)	239 824
Segment assets	89 279	32 449	252 474	271 964	637 232	11 233	225 458	1 520 089
Segment liabilities	38 784	–	118 020	133 971	64 330	6 749	244 930	606 784
Capital expenditure	–	–	–	2 000	33 000	–	38 500	73 500
Depreciation and impairment losses	27	–	957	73	1	136	5 101	6 295
Amortisation of intangible assets	1 360	–	300	290	–	–	2 810	4 760

44. Segment results (continued)

	Micro insurance and technology solutions			Micro-finance and education	Property		Head office and strategic business	
	Namibia	Zimbabwe	South Africa	Namibia	Namibia	South Africa	Namibia	Group
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
2011 Restated								
Segment revenue	–	45 317	263 123	95 793	64 118	174	98 677	567 202
Inter-segment revenue	–	–	–	(4 500)	(4 169)	–	(83 035)	(91 704)
	–	45 317	263 123	91 293	59 949	174	15 642	475 498
Insurance income	111 520	–	–	–	–	–	–	111 520
External revenue	111 520	45 317	263 123	91 293	59 949	174	15 642	587 018
Segment result	25 764	23 910	16 342	11 324	94 858	(4 527)	54 514	222 185
Inter-segment	23 998	–	(58)	22 879	(3 954)	5 512	(59 049)	(10 672)
Profit for the year	49 762	23 910	16 284	34 203	90 904	985	(4 535)	211 513
Segment assets	59 631	15 167	216 843	220 824	169 163	13 275	527 444	1 222 347
Segment liabilities	30 638	–	128 804	105 566	63 028	7 219	154 312	489 567
Capital expenditure	–	–	–	–	2 500	–	86 012	88 512
Depreciation	20	–	569	65	1	88	19 031	19 774
Amortisation of intangible assets and impairment losses	319	–	333	290	–	–	578	1 520
2010 Restated								
Segment assets	38 222	–	199 107	193 547	88 551	11 425	390 252	921 104
Segment liabilities	28 219	–	129 116	28 152	60 299	7 334	189 339	442 459

Secondary reporting format: Geographical segments

The Company and its subsidiaries are situated in three geographical segments, namely: Namibia, Zimbabwe and South Africa. The geographical segment results are as follows:

	Namibia NAD'000	Zimbabwe NAD'000	South Africa NAD'000	Group NAD'000
2012				
External revenue	**374 574**	**29 076**	**309 654**	**713 304**
Segment assets	**1 223 933**	**32 449**	**263 707**	**1 520 089**
Capital expenditure	**73 500**	**–**	**–**	**73 500**
Segment liabilities	**482 016**	**–**	**124 769**	**606 785**
2011 Restated				
External revenue	278 404	45 317	263 297	587 018
Segment assets	977 062	15 167	230 118	1 222 347
Capital expenditure	88 512	–	–	88 512
Segment liabilities	353 544	–	136 023	489 567
2010 Restated				
Segment assets	721 997	–	199 107	921 104
Segment liabilities	313 343	–	129 116	442 459

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, loans and receivables, inventories, trade and other receivables and cash and cash equivalents.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (note 4), investment properties (note 5) and intangible assets (note 6), including additions resulting from acquisitions through business combinations (notes 4, 5, 6, 41.4 and 41.5).

45. Financial instruments

This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends paid to ordinary shareholders. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

45. Financial instruments (continued)

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 23 and 24, shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital, vendor shares and reserves as disclosed in notes 17, 19, 20 and 22 respectively.

There were no changes in the Group's approach to capital management during the year.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Categories of financial instruments

Categories and fair values of financial instruments

Group	Loans and receivables NAD'000	Fair value through profit or loss NAD'000	Amortised Cost NAD'000	Total carrying amount NAD'000	Fair value NAD'000
2012					
Financial assets					
Educational loans advanced	**249 919**	**–**	**–**	**249 919**	**249 919**
Other loans advanced	**25 370**	**–**	**–**	**25 370**	**25 370**
Finance lease receivable	**457**	**–**	**–**	**457**	**457**
Trade and other receivables	**317 425**	**–**	**–**	**317 425**	**317 425**
Cash and cash equivalents	**101 000**	**–**	**–**	**101 000**	**101 000**
	694 171	**–**	**–**	**694 171**	**694 171**
Financial liabilities					
Trade and other payables	**–**	**–**	**225 998**	**225 998**	**225 998**
Insurance liabilities	**–**	**–**	**28 601**	**28 601**	**28 601**
Borrowings	**–**	**–**	**248 927**	**248 927**	**248 927**
Bank overdrafts	**–**	**–**	**11 769**	**11 769**	**11 769**
Amounts due to related parties	**–**	**–**	**1 413**	**1 413**	**1 413**
	–	**–**	**516 708**	**516 708**	**516 708**
2011					
Financial assets					
Educational loans advanced	207 739	–	–	207 739	207 739
Assets at fair value through profit and loss	–	25 699	–	25 699	25 699
Other loans advanced	24 997	–	–	24 997	24 997
Finance lease receivable	876	–	–	876	876
Trade and other receivables	197 500	–	–	197 500	197 500
Cash and cash equivalents	82 685	–	–	82 685	82 685
	513 797	25 699	–	539 496	539 496
Financial liabilities					
Trade and other payables	–	–	152 472	152 472	152 472
Insurance liabilities	–	–	26 735	26 735	26 735
Borrowings	–	–	210 184	210 184	210 184
Bank overdrafts	–	–	41 189	41 189	41 189
Amounts due to related parties	–	–	8 826	8 826	8 826
	–	–	439 406	439 406	439 406

Company	Loans and receivables NAD'000	Fair value through profit or loss NAD'000	Amortised Cost NAD'000	Total carrying amount NAD'000	Fair value NAD'000
2012					
Financial assets					
Amounts due by related parties	**301 602**	**–**	**–**	**301 602**	**301 602**
Trade and other receivables	**33**	**–**	**–**	**33**	**33**
Cash and cash equivalents	**36**	**–**	**–**	**36**	**36**
	301 671	**–**	**–**	**301 671**	**301 671**
Financial liabilities					
Trade and other payables	**–**	**–**	**54 789**	**54 789**	**54 789**
Amounts due to related parties	**–**	**–**	**44 542**	**44 542**	**44 542**
Bank overdrafts	**–**	**–**	**493**	**493**	**493**
	–	**–**	**99 824**	**99 824**	**99 824**
Company					
2011					
Financial assets					
Amounts due by related parties	286 734	–	–	286 734	286 734
Cash and cash equivalents	10	–	–	10	10
	286 744	–	–	286 744	286 744
Financial liabilities					
Trade and other payables	–	–	2 488	2 488	2 488
Amounts due to related parties	–	–	61 077	61 077	61 077
Bank overdrafts	–	–	22	22	22
	–	–	63 587	63 587	63 587

Financial risk management objectives

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using financial instruments to hedge these risk exposures. The use of financial instruments is governed by the Group's policies approved by the Board of Directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

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

Foreign currency risk management

The Group is exposed to currency risk on royalties earned that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Namibian Dollar, South African Rand and US Dollar. The currencies in which these transactions are concluded are primarily denominated in US Dollars.

The Group manages its foreign currency risk through the use of FEC contracts. There were no outstanding FEC contracts at year-end.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

45. Financial instruments (continued)

Foreign currency risk sensitivity analysis

A 10% strengthening of Namibian Dollar at 31 March would have increased/(decreased) equity by NAD2.9 million (2011: (decreased)/increased by NAD2.2 million). The analysis assumes that all other variables would remain constant.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

Interest rate sensitivity analysis

The result of the sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating liabilities, the analysis is prepared assuming the liability outstanding at reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2012 would have decreased/increased by NAD347 000 (2011: decreased/increased by NAD22 000). This is mainly due to interest rates on variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on fair value of issued fixed rate debt and the cash flow exposure on the issued variable rate debt. The fair value of interest swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts of the Group outstanding as at the reporting date.

	Average contracted fixed interest rate			Notional principal amount			Fair value		
	2012	2011	2010	**2012**	2011	2010	**2012**	2011	2010
	%	%	%	**NAD'000**	NAD'000	NAD'000	**NAD'000**	NAD'000	NAD'000
Less than 1 year	–	10.31	10.90	–	58 400	63 600	–	(527)	(612)
1 to 2 years	–	–	10.31	–	–	58 400	–	–	(1 165)
				–	58 400	122 000	–	(527)	(1 777)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate is the prime of First National Bank of Namibia Limited. The Group will settle the difference between the fixed and floating interest rate on a net basis. The interest swap agreement matured on 18 April 2011.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest payments on the loans occur monthly and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

Equity price sensitivity analysis

The result of the sensitivity analysis below have been determined based on the exposure of the balance fund investments to equity price risks at the reporting date.

If equity had been 5% higher/lower, net profit for the year ended 31 March 2012 would have be affected by NADnil (2011: NAD1 284 950) if the unit price of the balanced fund investments fluctuated by 5%.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits, cash equivalents and receivables from customers.

Receivables from customers

The Group's exposure to credit risk is influenced mainly by the default risk of the industries. The demographics of the Group's customer base, including the individual characteristics of each customer and country in which customers operate, has less of an influence on credit risk. Trade receivables comprise a widespread customer base.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed on an ad hoc basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

More than half of the Group's customers have been transacting with the Group for over four years and losses have occurred infrequently. In monitoring credit risk, customers are grouped according to their credit characteristics including whether they are an individual or legal entity, whether they are a retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis.

Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an excellent credit rating.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of collateral obtained.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has build an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities and assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and assets based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

45. Financial instruments (continued)

Group: Liabilities	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
2012							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	–	225 998	–	–	–	–	225 998
– Technical provisions	–	17 917	–	–	–	–	17 917
– Policyholder liability under insurance contracts	–	10 684	–	–	–	–	10 684
Variable interest rate instruments							
– Term loans	7.00 – 11.00	36 886	36 633	28 028	25 769	52 328	179 644
– Mortgage loans	7.00 – 10.50	19 836	20 750	10 463	10 463	59 822	121 334
– Liabilities under instalment sale agreement	8.00 – 10.25	3 306	3 306	2 125	35 947	–	44 684
– Administered claims float	–	–	–	–	–	3 000	3 000
– Operating lease straight-lining liability	7.70 – 16.90	692	363	186	15	–	1 256
– Finance leases	9.75	2 452	766	–	–	–	3 218
– Bank overdraft	9.75	11 769	–	–	–	–	11 769
– Amounts due to related parties	9.75	1 413	–	–	–	–	1 413
		330 953	61 818	40 802	72 194	115 150	620 917

Group: Liabilities	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
2011							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	–	152 472	–	–	–	–	152 472
– Technical provisions	–	18 428	–	–	–	–	18 428
– Policyholder liability under insurance contracts	–	8 307	–	–	–	–	8 307
Variable interest rate instruments							
– Bank loans	7.00 – 9.75	17 910	17 910	17 910	14 761	51 612	120 103
– Mortgage loans	7.00 – 10.50	9 387	9 387	9 387	9 387	34 124	71 672
– Finance lease obligations	8.00 – 10.25	35 788	1 465	1 465	–	–	38 718
– Administered claims fund	–	–	–	–	–	3 000	3 000
– Finance leases	9.75	2 905	996	–	–	–	3 901
– Bank overdraft	9.75	45 205	–	–	–	–	45 205
– Amounts due to related parties	6.00 – 9.75	9 687	–	–	–	–	9 687
		300 089	29 758	28 762	24 148	88 736	471 493
2012							
Loans and receivables							
Non-interest bearing							
– Trade and other receivables	**–**	**309 088**	**–**	**–**	**–**	**–**	**309 088**
Variable interest rate instruments							
– Educational loans advanced	**1.75 – 19.5**	**95 475**	**74 089**	**53 027**	**28 967**	**14 497**	**266 055**
– Other loans advanced	**6.50 – 10.00**	**2 142**	**3 243**	**3 232**	**3 203**	**14 347**	**26 167**
– Amounts receivable under finance leases	**7.50**	**500**	**–**	**–**	**–**	**–**	**500**
– Cash and cash equivalents	**2.50**	**101 000**	**–**	**–**	**–**	**–**	**101 000**
		508 205	**77 332**	**56 259**	**32 170**	**28 844**	**702 810**

45. Financial instruments (continued)

Group: Liabilities	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
2011							
Loans and receivables							
Non-interest bearing							
– Amounts due by related parties	–	–	–	–	–	–	–
– Trade and other receivables	–	195 566	–	–	–	–	195 566
Variable interest rate instruments							
– Educational loans advanced	20.00	83 048	63 777	43 508	23 656	11 308	225 297
– Other loans advanced	10.00	1 979	1 979	1 979	1 979	16 682	24 598
– Amounts receivable under finance leases	9.00	500	500	–	–	–	1 000
– Cash and cash equivalents	2.50	84 752	–	–	–	–	84 752
Fair value through profit and loss							
Fixed interest rate instruments							
– Investments in balanced funds	9.00	28 012	–	–	–	–	28 012
		393 857	66 256	45 487	25 635	27 990	559 225
Company: Liabilities							
2012							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	**–**	**54 438**	**–**	**–**	**–**	**–**	**54 438**
– Amounts due to related parties	**–**	**–**	**28 020**	**–**	**–**	**–**	**28 020**
Variable interest rate instruments							
– Amounts due to related parties	**9.75**	**–**	**16 522**	**–**	**–**	**–**	**16 522**
		54 438	**44 542**	**–**	**–**	**–**	**98 980**

Company: Liabilities	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
2011							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	–	2 092	–	–	–	–	2 092
– Amounts due to related parties	–	–	24 393	–	–	–	24 393
Variable interest rate instruments							
– Amounts due to related parties	6.00 – 9.75	–	40 261	–	–	–	40 261
		2 092	64 654	–	–	–	66 746
Company: Assets							
2012							
Loans and receivables							
Non-interest bearing							
– Amounts due by related parties	**–**	**–**	**29 547**	**–**	**–**	**–**	**29 547**
– Trade and other receivables	**–**	**33**	**–**	**–**	**–**	**–**	**33**
Variable interest rate instruments							
– Amounts due by related parties	**9.75**	**–**	**272 055**	**–**	**–**	**–**	**272 055**
– Cash and cash equivalents	**2.00**	**37**	**–**	**–**	**–**	**–**	**37**
		70	**301 602**	**–**	**–**	**–**	**301 672**
2011							
Loans and receivables							
Non-interest bearing							
– Amounts due by related parties	–	–	129 639	–	–	–	129 639
Variable interest rate instruments							
– Amounts due by related parties	9.25	–	169 474	–	–	–	169 474
– Cash and cash equivalents	2.00	10	–	–	–	–	10
		10	299 113	–	–	–	299 123

45. Financial instruments (continued)

Insurance risk and policies for mitigating insurance risk

The primary activity of the Group relates to the assumption of the risk of loss from events involving persons or organisations. Such risks may relate to legal, salary, funeral, medical, credit and other perils that may arise from an insured event. As such the Group is exposed to the uncertainty surrounding the timing, severity and frequency of claims under insurance contracts.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted. Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. The Group manages its insurance risk through underwriting limits, approval procedures for new clients, pricing guidelines, centralised management of risk and monitoring of emerging issues.

Concentrations of insurance risk and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration of risk by class of business. The Group is broadly represented across Namibia and exposures to risks are representative of the economic activity in the various regions. The Group has exposure to lines of insurance business as described in the previous paragraph.

Fair value estimation

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into Levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

Group: Assets	Level 1 NAD'000	Level 2 NAD'000	Level 3 NAD'000	Total carrying Amount
2012				
Fair value through profit and loss				
Investments in balanced fund	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**
2011				
Fair value through profit and loss				
Investments in balanced fund	25 699	–	–	25 699
	25 699	–	–	25 699
Group: Liabilities				
2012				
Other financial liabilities				
– Technical provisions	**–**	**–**	**17 917**	**17 917**
– Policyholder liability under insurance contracts	**–**	**–**	**10 684**	**10 684**
	–	**–**	**28 601**	**28 601**
2011				
Other financial liabilities				
– Technical provisions	–	–	18 428	18 428
– Policyholder liability under insurance contracts	–	–	8 307	8 307
	–	–	26 735	26 735

A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:

Group: Liabilities	2012 NAD'000	2011 NAD'000
Technical provisions		
Carrying value at the beginning of the year	**18 428**	17 189
Net fair value (loss)/gain on technical provisions	**(511)**	1 239
Carrying value at the end of the year	**17 917**	18 428
Policyholder liability under insurance contracts		
Carrying value at the beginning of the year	**8 307**	4 899
Net fair value (loss)/gain on policy liabilities	**2 377**	3 408
Carrying value at the end of the year	**10 684**	8 307

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market date where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as a present value of estimated future cash flows based on observable yield curves;
- The fair value of insurance technical liabilities is determined according to the requirements of the Namibian Long-term Insurance Act (1998) and in accordance with professional guide notes (PGNs) issued by the Actuarial Society of South Africa (ASSA);
- Technical liabilities are calculated as a percentage of premiums earned. Different percentages are applied by class of business; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

46. Events after reporting date

Trustco Staff share Incentive Scheme Trust (the Trust)

The balance of 6 000 000 shares owned by the Trust were sold on 11 June 2012 for cash in the open market and the Trust will be dissolved in terms of the shareholders resolution dated 4 July 2008. No options were issued during the year under review.

Issued share capital

The Company issued 30 000 000 ordinary shares on the 10th of July 2012. The shares were issued for cash at a par value of NAD23 cents and a premium of NAD82 cents per share. The shares were listed on the Namibian Stock Exchange and the JSE Limited in compliance Schedule 6 of the Listing Requirements.

47. Restatement of comparative figures

The restatement of the annual financial statements of the Group for financial years 2010 and 2011 is a result of a proactive monitoring process by the JSE requesting compliance with IFRS and the early adoption of IAS 12 by the Group.

Refer to note 3 for details of changes.

SHAREHOLDERS' DIARY	
Financial year-end	March
Reviewed results	May
Publication of annual report	August
Next annual general meeting	September
Interim report	November
Dividends	
– Recommended final dividend	2.25 cents

DIRECTORATE AND ADMINISTRATION

Directors

Executive

Q van Rooyen
(Managing Director)
J Jones (alternate to
Q van Rooyen)
FJ Abrahams
(Financial Director)
AL Bock

Non-executive

Adv. R Heathcote (Chairman)
W Geyser
V de Klerk
R Taljaard

Company Secretary
MA Gebhardt

Indicators

Company registration number:
2003/058

NSX share code: TUC

JSE share code: TTO

Contact details

Registered office:
Namibia

Trustco House
2 Keller Street
PO Box 11363
Windhoek
Namibia

Telephone:
+264 61 275 4000

Facsimile:
+264 61 275 4090

Registered office:
South Africa
Old Trafford 1
Isle of Houghton
11 Boundary Road
Houghton Estate
Johannesburg
2198, South Africa

Website:
http://www.tgi.na

Auditors

Auditors: Namibia

BDO – Namibia
Registered Accountants
and Auditors
Chartered Accountants
(Namibia)
61 Bismarck Street
Windhoek
Namibia

Auditors: South Africa

BDO – South Africa Inc.
Registered Auditors
Riverwalk Office Park
Building C
3rd Floor
41 Matroosberg Road
Ashlea Gardens
Pretoria, 0081
South Africa

Corporate partners

Transfer secretaries:
Namibia
Transfer Secretaries
(Pty) Limited
4 Robert Mugabe
Avenue
PO Box 2401
Windhoek
Namibia
Registration number:
93/713
Telephone:
+264 61 22 76 47
Facsimile:
+264 61 24 85 31

Transfer secretaries:
South Africa
Computershare Investor
Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001, South Africa
Registration number:
2004/003647/07
Telephone:
+27 11 370 7700
Facsimile:
+27 11 688 7716

Sponsors: Namibia
IJG Securities (Pty)
Limited
100 Robert Mugabe
Avenue
PO Box 186
Windhoek
Namibia
Registration number:
95/505

Sponsors: South Africa
Sasfin Capital
(a division of Sasfin Bank
Limited)
29 Scott Street, Waverley
Johannesburg, 2090
South Africa
Registration number:
1951/002280/06

Bankers: Namibia
Bank Windhoek Limited
First National Bank of
Namibia Limited
Standard Bank Namibia
Limited

Bankers: South Africa
ABSA
First National Bank of
South Africa Limited
Standard Bank of South
Africa Limited

NOTICE OF ANNUAL GENERAL MEETING

Trustco Group Holdings Limited (incorporated in Namibia)

(Registration number: 2003/058) ("the Company")

Shareholders are advised as to the following applicable dates;

Last date to trade to be eligible to vote:	Friday, 7 September 2012.
Record date to be eligible to vote:	Friday, 14 September 2012
Last date for lodging forms of proxy for South African shareholders:	Friday, 21 September 2012, 17:00.
Last date for lodging forms of proxy for all other shareholders:	Monday, 24 September 2012, 12:00.
Date of the AGM:	Wednesday, 26 September 2012, 12:00.

Notice is hereby given that the Annual General Meeting of the shareholders of the Company will be held in the Boardroom, 3rd Floor, Trustco House, 2 Keller Street, Windhoek on 26 September 2012 at 12:00 for the following business:

- to receive, consider and approve the audited annual financial statements for the year ended 31 March 2012;
- to consider all and any matters of the Company which, in terms of the Company's Articles of Association, do not constitute special business of the Company; and
- to consider and if deemed fit, to pass with or without modification, the following resolutions:

1. *Ordinary resolution number 1*

Adoption of the audited annual financial statements for the year ended 31 March 2012.

2. *Ordinary resolution number 2*

Approval of the remuneration of the non-executive directors for the year ended 31 March 2012.

	Share-holding	Remuneration					
	Shares (direct) '000	Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Retire-ment and medical NAD'000	Other benefits NAD'000	Total NAD'000
M Nashandi (retired 19 August 2011)	15	49	–	–	–	–	49
W Geyser	–	128	–	–	–	–	128
T Mberirua (resigned 1 April 2012)	–	170	–	–	–	–	170
Dr T Aupin di (resigned 15 March 2012)	–	144	–	–	–	–	144
Adv. R Heathcote	–	168	–	–	–	–	168
V de Klerk	16	85	–	–	–	–	85
Total	31	744	–	–	–	–	744

3. *Ordinary resolution number 3*

To consider the reappointment of Advocate Raymond Heathcote as a director who retires as a director in terms of the Company's articles of association and the King Code of Governance Principles for South Africa 2009 and being eligible, offers himself for re-election.

Brief CV of Advocate Heathcote:

Advocate Heathcote joined the Government Attorney in Namibia in 1991. He was admitted as an attorney of the High Court of Namibia towards the end of 1992. He acted as a Judge of the High Court of Namibia in 2005, 2007, 2009 and 2011 and several of his judgments have been reported in the Namibian Law Reports and South African Law Reports. During September 2009 he was honoured by being appointed Senior Counsel. Adv. Heathcote has served as the president of the Society of Advocates in Namibia.

4. *Ordinary resolution number 4*

To consider the reappointment of Winton John Geyser as a director and who retires as a director in terms of the Company's articles of association and the King Code of Governance Principles for South Africa 2009 and being eligible, offers himself for re-election.

Brief CV of Mr WJ Geyser:

Mr Geyser's wealth of experience commenced with the completion of his articles and qualification as a Chartered Accountant in the Republic of South Africa . Mr Geyser is a member of the South African Institute of Chartered Accountants. He held the position of Assistant Manager at the audit firm Deloitte, Haskins & Sells (now Deloitte) and later joined their Financial Management Services division where he provided accounting assistance, taxation and estate planning to a number of individuals and companies. Since then he has performed consultancy work for large Corporations and has held various senior positions such as Group Financial Manager at Fluid Holdings Limited, General Manager (Finance) with Agra Co-op Ltd and Financial Director of M Pupkewitz & Sons (Pty) Ltd. Mr Geyser currently holds the position of Group Managing Director of Epic Holdings (Pty) Ltd and various other directorships in Namibian Companies. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

5. *Ordinary resolution number 5*

To appoint Renier Jacobus Taljaard as a director.

Abridged CV of RJ Taljaard:

Mr Taljaard held senior executive positions at Swabou Insurance and Swabou Life, Nasria, Harvest Reinsurance Company, Trustco Insurance, Trustco Life and Prosperity Insurance. He started Swabou Insurance in 1990 and Swabou Life in 1992. He also started Harvest Reinsurance Company in 1997. He served on the Board of Trustco Insurance from 2000 – 2006. He served a one year contract in 2008/09 as Managing Director of both Trustco Insurance and Trustco Life.

He holds a BEcon degree, completed the Fellowship Diploma of the Insurance Institute of SA and the Associate Diploma of the Institute of Banks. He successfully completed the Management Development Diploma at the University of Stellenbosch and is registered as a Fellow member of the Insurance Institute of South Africa and Namibia.

6. *Ordinary resolution number 6*

BDO Namibia and BDO South Africa be reappointed as auditors of the Company as approved by the Audit and Risk Committee and authorise the directors to determine the remuneration of the auditors.

7. *Ordinary resolution number 7*

Approve the dividends paid by the Company as declared by the directors for the financial year ended 31 March 2012;

On 10 February 2012 1.75c per share was paid.

On 20 July 2012 2.25c per share was paid.

8. *Ordinary resolution number 8*

To approve by way of a non-binding advisory vote, the remuneration philosophy of the Company as set below;

"Remuneration philosophy

Trustco's philosophy is to ensure that employees are fairly rewarded for their individual value, merit, performance and contribution over a meaningful period to the overall operational and financial success of the Group.

The individuals Trustco employs are characterised by intellect and innovation, the ability to adapt to an ever-changing work environment and Trustco's unique culture which are crucial in our pursuit of excellence. Trustco aims to reward and provide a level of compensation which not only attracts and incentivises employees of the highest calibre, but also retains and motivate existing employees to reach their full potential. Trustco strives to inspire entrepreneurship and optimise performance by providing a working environment that stimulates extraordinary performance, characterised by passion and energy that results in a positive contribution to the success of the Group and ultimately the Namibian economy.

Remuneration packages are designed and administered to balance and align directors' and employees' interests in consideration with those of all stakeholders. Overall rewards are considered and determined within an effective risk management environment in line with short-term, medium-term and long-term successes and goals of the Group. Trustco also believes that including equity in our employees' compensation is the best way to align their interests with the long-term success of the Group.

The Group is committed to a balanced remuneration philosophy which consists of the following components:

- Individual performance related remuneration which positively influences and supports the creation of an exceedingly high performing organisation.
- Rewarding of sustained performance and exceeded performance expectations through extra – ordinary increases, bonuses, incentives and Company shares.
- Non-financial reward and recognition in the form of promotions and added responsibility.
- Providing a balanced mix of remuneration, including above industry average salaries, innovative benefits, short term cash incentives and profit sharing.
- Creating a competitive total remuneration opportunity which aids in competing for the best talent locally and abroad among companies with global operations and global consumers.
- Employee growth and development through performance management that is cemented in simplicity and transparency.
- Unparalleled working environment where performance is rewarded.
- Ownership and drive to perform with share based incentive and retention schemes.

The Group recognises that lasting growth is what ultimately builds shareholder value and therefore our remuneration philosophy is used as a management tool, that when aligned with an effective communication plan is designed to support, reinforce, and align our values, business strategy, operational & financial needs with a goal of growth, profitability and ultimately the creation of wealth to all involved in the Group."

9. *Special resolution number 1*

General Authority to issue shares for cash

Resolved that in terms of the Listing Requirements of the JSE Limited ("JSE") and any other stock exchange the Company is listed on and the Namibian Companies Act, Act 28 of 2004 , the mandate given to the directors of the Company in terms of a general authority to issue shares for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

1 The general authority be valid until the Company's next Annual General Meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);

2 The allotment and issue of the shares must be made to public shareholders as defined in the Listing Requirements of the JSE and not to related parties;

3 The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

4 The number of shares issued for cash in aggregate in any one financial year shall not exceed 15% (fifteen percent) of the Company's issued ordinary share capital. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;

5 The maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities or any other price agreed to by the JSE; and

6 After the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the shares and the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share), or any other announcements that may be required in such regard in terms of the Listing Requirements of the JSE which may be applicable from time to time.

In terms of the Listing Requirements of the JSE and the Namibian Companies Act, Act 24 of 2008, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting.

10. Special Resolution number 2.

General Authority to Repurchase shares:

Resolved in terms of the Articles of Association of the Company (or one or more of its wholly-owned subsidiaries) and section 89 of the Namibian Companies Act, No. 28 2004 that the directors of the Company be authorised, by way of a general authority to acquire the Company's own shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Listings Requirements of the JSE Limited ("JSE") and any other stock exchange the Company is listed subject to the following terms and conditions:

1 any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;

2 at any point in time, the Company may only appoint one agent to effect any repurchases on its behalf;

3 the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this general resolution or 20% of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;

4 repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was effected;

5 repurchases may not be undertaken by the Company or any of its wholly owned subsidiaries during a prohibited period as defined in the Listings Requirements of the JSE unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

6 after the Company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company shall publish an announcement containing full details of such repurchase;

7 the Company may not enter the market to proceed with the repurchase of its shares until the Company's Designated Advisor has confirmed the adequacy of the Company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE; and

8 the board of directors have passed a resolution authorising the repurchase and that the Company has passed the solvency and liquidity test contained in section 4 of the Companies Act, and that since the test was done, there have been no material changes to the financial position of the Company.

The effect of the general resolution and the reason there for is to extend the general authority given to the directors of the Company or any subsidiary of the Company in terms of the Companies Act, Act 24 of 2008 Act and the JSE Listings Requirements for the acquisition by the Company or its subsidiaries of the Company's securities which authority shall be used at the directors' discretion during the course of the period authorised.

In accordance with the Listings Requirements of the JSE Limited, the directors record that:

The directors are of the opinion that the shares are currently undervalued and would utilise the renewed general authority to repurchase securities to serve shareholders' interests, as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors, after considering the effect of the maximum number of securities which may be repurchased pursuant to the general authority, are of the opinion that for a period of 12 months after the date of the general repurchase:

- the Company and the Group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the Company and of the Group will be in excess of the liabilities of the Company and the Group; the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited Group annual financial statements;
- the share capital and reserves of the Company and of the Group are adequate for ordinary purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business.

In terms of the Namibian Companies Act 28 of 2004 and the JSE Listing Requirements, a special resolution must be approved by 75% of the voting rights exercised in respect of such special resolution, provided that such voting rights are entitled to be exercised in respect of such special resolution.

Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements:

The following additional information, is provided in terms of the JSE Listing Requirements for purposes of the special resolution:

Directors of the Company

Quinton van Rooyen
Johannes Jones (Alternate to Quinton van Rooyen)
Floors Jacobus Abrahams
Adrian Lee Bock
Winton John Geyser
Raymond Heatchote
Veronica Cecilia de Klerk
Renier Jacobus Taljaard

Major shareholders as at 31 March 2012

Large shareholders – more than 1% of share capital	
Q van Rooyen*	55.51%
Renaissance Africa Master Fund	10.51%
Snowball Wealth (Pty) Ltd	3.82%
Renaissance Investments Management	3.25%
Standard Bank Namibia Nominees	3.09%
SBSA ITF Re: CM Institutional	1.48%
Manhattan Financial	1.46%
Mr Leo Chih Hao Chou	1.41%
New York Citibank N.A	1.34%
Africa Fund Ltd Standard Chartered	1.00%

* Q van Rooyen is a director as well as a major shareholder.

Directors' interest in the Company's shares as at 31 March 2012

Executive Directors	
Mr Q van Rooyen (Managing Director)	392 554 120
Mr J Jones (Alternate to Quinton van Rooyen)	2 027 619
Mr FJ Abrahams (Financial Director)	842 781
Mr AL Bock (appointed 19 August 2011)	NIL
Non-executive Directors	
Mr WJ Geyser	NIL
Adv. R Heatchote	NIL
Ms VC de Klerk	16 000
Mr RJ Taljaard (appointed 5 July 2012)	NIL

Company's share capital

The total issued share capital of the Company as at 31 March 2012 was NAD162.6 million comprising of 707 142 090 shares with a par value of 23c each.

Directors' responsibility statement

The directors, whose names are given on above, collectively and individually accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned special resolution contains all the information required by the JSE.

Material change

Other than the facts and developments reported on in the Annual Report of 31 March 2012, there have been no material changes in the financial or trading position of the Company or its subsidiaries since the Company's financial year end and the signature date of the Annual Report.

Litigation statement

Other than as disclosed or accounted for in the Annual Report of 31 March 2012, the directors are not aware of any, legal or arbitration proceedings, including any proceedings that are pending or threatened against the Company of which the Company is aware which may have or have had in the recent past, being at least the previous 12 months from date of this annual report, a material effect on the financial position of the Company and its subsidiaries.

Voting will be performed by way of a poll so that each shareholder present or represented by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them.

Equity securities held by a share trust or scheme will not have their votes at the Annual General Meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Unlisted securities (if applicable) and shares held as treasury shares may not vote.

By order of the Board

FORM OF PROXY

TRUSTCO GROUP HOLDINGS LTD

Registration number 2003/058

I/We

being member/s of Trustco Group Holdings Limited and holding shares entitling me/us to ____________ votes (1 vote per share) do hereby appoint:

of or failing him/her,

of or failing him/her,

of or failing him/her,

the chairman of the meeting as my proxy to vote for me/us on my/our behalf at the annual general meeting to be held at 3rd floor, boardroom, Trustco House, 2 Keller Street, Windhoek on 26 September 2012, or any adjournment thereof.

Mark with an X whichever is appropriate. Unless otherwise directed, the proxy will vote or abstain as he/she deems fit in respect of the member's total holdings. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the Company. Kindly complete and return the form to the Transfer Secretaries, PO Box 2401, Windhoek by 12:00 on 24 September 2012 or Computershare Investor Services Ground Floor, 70 Marshall Street, Johannesburg, 2001. South African Shareholders must kindly complete and return the form to the Transfer Secretary, Computershare Investor Services Ground Floor, 70 Marshall Street, Johannesburg, 2001 by 17:00 on Friday, 21 September 2012.

I/We desire to vote as follows:	**For**	**Against**	**Abstain**
Ordinary resolution number 1 Adoption of the annual financial statements for the year-ended 31 March 2012			
Ordinary resolution number 2 Approval of the remuneration of the non-executive directors for the year-end 31 March 2012			
Ordinary resolution number 3 To re-appoint Advocate R Heathcote as director			
Ordinary resolution number 4 To re-appoint Mr W Geyser as director			
Ordinary resolution number 5 To appoint Mr R Taljaard as director			
Ordinary resolution number 6 To re-appoint BDO – Namibia and BDO – South Africa as external auditors			
Ordinary resolution number 7 To approve the dividends paid by the Company as declared by the directors for the financial year ended 31 March 2012			
Ordinary resolution number 8 To approve by way of a non-binding advisory vote, the remuneration philosophy of the Company			
Special resolution number 1 General authority to issue shares for cash			
Special resolution number 2 General authority to repurchase shares			

Signed at on this day of 2012

Address: Signature

Proxies

Any Trustco shareholders entitled to vote at the general meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of Trustco.

NOTES TO THE PROXY