CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of 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 group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity 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, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements 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 (NSX) and Johannesburg (JSE) Stock Exchanges.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 group's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 8 to 68, which have been prepared on the going concern basis, were approved by the board on 24 June 2016 and were signed on their behalf by:

ADV. R HEATHCOTE
Chairman of the board

Q VAN ROOYEN
Group managing director

Windhoek
24 June 2016

TRUSTCO GROUP HOLDINGS LTD
(Registration number 2003/058)

Annual Financial Statements for the year ended 31 March 2016

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

I, A Bruyns, being the Company Secretary of Trustco Group Holdings Ltd, certify that the company has, for the year under review, lodged all returns 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.

A BRUYNS
Company Secretary

Windhoek
24 June 2016

REPORT OF THE INDEPENDENT AUDITOR 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 pages 8 to 68, which comprise the statements of financial position as at 31 March 2016, 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 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. 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 2016, 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.

BDO South Africa Inc.

BDO SOUTH AFRICA INCORPORATED
DIRECTOR: JAPIE SCHOEMAN
REGISTERED AUDITOR

24 June 2016
22 Wellington Road
Parktown
Johannesburg
2193
South Africa

REPORT OF THE INDEPENDENT AUDITOR 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 pages 8 to 68, which comprise the statements of financial position as at 31 March 2016, 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 controls relevant to the preparation and fair presentation of the annual financial stamens that are free from material misstatements, whether due to fraud or error; selecting 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 2016, 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 the manner required by the Companies Act of Namibia.

BDO

BDO (NAMIBIA)
REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (NAMIBIA)
PER: JSW DE VOS
PARTNER

24 June 2016
Windhoek

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Trustco Group Holdings Ltd and the group for the year ended 31 March 2016.

1. Financial results

The financial results of the company and group for the year under review are reflected in the annual financial statements set out on page 8 onwards. The consolidated statement of comprehensive income is set out on page 9,

Net profit after tax for the year ended 31 March 2016 was NAD419,798 million (2015: NAD303,238 million).

2. Shareholders' value

Based on the results, shareholders value for 2016 is NAD2.2 billion (2015: NAD1.6 billion). The directors are confident that this value will show growth for the foreseeable future and beyond.

3. Dividends

During the year under review dividends of 7.4 cents per share (2015: 5.75 cents) amounting to a total of NAD49.40 million (2015: NAD45.18 million) were declared and paid by the group. The directors of Trustco (the board) are pleased to announce that the board has passed a resolution on 22 June 2016 to pay a dividend of 5 cents per share for the financial year ended 31 March 2016.

The following information is provided to shareholders in respect of dividend tax:

- The dividend has been declared from income reserves;
- Shareholders are advised that Namibian non-resident shareholders' tax (NRST) of 20% on the declared dividend will be applicable to all shareholders with addresses outside Namibia (unless any specific rules relating to double tax treaties apply);
- The NRST rate for South African residents is 15% resulting in a net dividend of 4.25 cents per share (South African dividend withholding tax is not applicable to Namibian dividends);
- Trustco Group Holdings Ltd's Namibian income tax reference number is 3356338-01-1;
- The number of shares in issue at the date of declaration is 772 142 090.

The salient dates for the payment of this dividend are set out below:

- Last day to trade cum dividend (Namibian register) Friday, 22 July 2016
- Last day to trade cum dividend (South African register) Tuesday, 26 July 2016
- Trading ex dividend (Namibian register) Monday, 25 July 2016
- Trading ex dividend (South African register) Wednesday, 27 July 2016
- Record Date (Namibian and South African register) Friday, 29 July 2016
- Payment Date (Namibian and South African register) Monday, 22 August 2016

Share certificates may not be dematerialised or rematerialised between Monday, 25 July 2016 and Friday, 29 July 2016 both days included. The dividend is declared in Namibia Dollars and payable in currencies of the Republics of South Africa and Namibia which are pegged 1:1.

4. Borrowings

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

5. Directorate and appreciation

The board of directors is reflected in the integrated annual report. 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.

6. Going concern concept

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2017. 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.

7. Remuneration of group managing director and deputy group managing director

Next Investments (Pty) Ltd ('Next') has a management contract with Trustco in terms of which a management fee is paid quarterly as follows:

- 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 Quinton van Rooyen, the group managing director, is the sole shareholder of Next. QZ van Rooyen, the deputy group managing director is remunerated by Next.

If targets are not met, the management fee is halved, whilst, if growth exceeds inflation plus 5%, then the management charge is doubled. Inflation in Namibia was recorded at a 6.5% year-on-year growth on 31 March 2016.

The managing director has also pledged certain assets as personal surety for various agreements entered into by the group. The company pays the managing director a guarantee fee of 2% per annum on the market value of sureties issued. The fee is calculated quarterly.

8. Special resolutions

A general authority was given to the board to repurchase shares in the company subject to the Companies Act requirements. This authority was given in terms of a special resolution passed at the AGM held on 24 September 2015.

9. Treasury shares

The group sold 61.7 million (2015: 15.2 million) of shares held by the long-term insurer into the market. The proceeds of the sale were reinvested into other investment projects in the insurance segment.

10. Holding company's interest in subsidiaries

	Issued share capital		% held		Company's interest Shares at cost	
	2016 NAD	2015 NAD	2016 %	2015 %	2016 NAD	2015 NAD
Legal Shield Holdings (Pty) Ltd	100	100	100	100	931,450,543	931,450,543
Trustco Bank Namibia	100,000,000	100,000,000	100	100	47,000,000	47,000,000
Trustco Business Development (Pty) Ltd	100	100	100	100	100	100
Trustco Corporate Management Services (Pty) Ltd	100	100	100	100	100	100
Trustco Education (Pty) Ltd	100	100	100	100	100	100
Trustco Group International (Pty) Ltd (Inc. in Republic of South Africa)	100	100	100	100	100	100
Trustco Mobile Mauritius	100	100	100	100	100	100
					978,451,043	**978,451,043**

The aggregate contribution made by the subsidiaries in the group amounted to NAD485.6 million (2015: NAD 352.6 million) and the company contributed a loss NAD 65.8 million (2015: loss of NAD 49.4 million) to group earnings.

11. Directorate

Jan Jones, the deputy group managing director and alternate director to Quinton van Rooyen resigned on 16 March 2016, QZ van Rooyen and SW Pienaar were appointed alternate directors to Quinton van Rooyen and Ryan McDougall respectively. On 15 June 2016, SW Pienaar resigned.

12. Subsequent events

On 20 April 2016, Trustco Group Holdings Ltd received NAD217,5 million from funds managed by ResponsAbility AG for the purposes of growing the group's lending business.

13. Huso transaction

As at the date of publication of these financials an outstanding condition precedent relating to the issuance of a mining license delayed the group from concluding the acquistion.

14. The year ahead

The board of directors are excited and impressed by a positive set of results, in this financial year, which has sent a strong positive signal to the group's stakeholders. The members of the board continue to stand behind management as the continued growth and success of the group demonstrates a robust and promising business strategy.

15. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the group.

TRUSTCO GROUP HOLDINGS LTD
(Registration number 2003/058)

Annual Financial Statements for the year ended 31 March 2016

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

		Group		Company	
Figures in Namibia Dollar thousand	**Notes**	**2016**	**2015**	**2016**	**2015**
ASSETS					
Cash and cash equivalents	2	99,835	118,700	58,244	2,228
Advances	3	1,184,063	806,965	-	-
Trade and other receivables	4	765,949	574,390	17,696	6,585
Current tax assets	32	7,496	12,982	1,002	1,002
Amounts due by related parties	5	-	-	1,061,794	841,750
Inventories	6	327,619	323,917	-	-
Property, plant and equipment	7	459,335	269,329	-	-
Investment property	8	816,180	708,835	-	-
Intangible assets	9	209,849	197,623	-	-
Investments in subsidiaries	10	-	-	978,451	978,451
Deferred tax assets	11	143,675	146,359	37,131	15,053
TOTAL ASSETS		**4,014,001**	**3,159,100**	**2,154,318**	**1,845,069**
EQUITY AND LIABILITIES					
Liabilities					
Bank overdraft	2	17,249	15,020	-	441
Borrowings	12	1,104,695	1,045,641	285,587	294,546
Trade and other payables	13	215,806	78,891	81,540	25,348
Current tax liabilities	32	10,257	7,945	-	-
Insurance contract liabilities	14	75,365	63,719	-	-
Amounts due to related parties	5	30,368	527	219,574	210,616
Other liabilities	15	42,038	92,750	-	-
Deferred tax liabilities	11	329,159	304,441	-	-
Total Liabilities		**1,824,937**	**1,608,934**	**586,701**	**530,951**
Capital and reserves					
Share capital	16	177,595	177,595	177,595	177,595
Share premium	16	46,300	46,300	46,300	46,300
Deemed treasury shares	17	-	(57,043)	-	(1,861)
Shares for vendors	18	14,976	14,976	14,976	14,976
Contingency reserves	19	2,683	2,250	-	-
Revaluation reserves	20	77,258	52,083	-	-
Foreign currency translation reserve		(7,635)	(5,936)	-	-
Retained income		1,877,887	1,319,941	1,328,746	1,077,108
Total capital and reserves		**2,189,064**	**1,550,166**	**1,567,617**	**1,314,118**
Total Equity and Liabilities		**4,014,001**	**3,159,100**	**2,154,318**	**1,845,069**

TRUSTCO GROUP HOLDINGS LTD
(Registration number 2003/058)

Annual Financial Statements for the year ended 31 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
Figures in Namibia Dollar thousand	**Notes**	**2016**	**2015**	**2016**	**2015**
Revenue	23	1,150,286	1,017,073	7,385	4,670
Cost of sales		(272,818)	(204,614)	-	-
Gross profit		**877,468**	**812,459**	**7,385**	**4,670**
Investment income	27	153,167	136,127	383,806	41,418
Operating expenses		(400,587)	(404,079)	(80,254)	(65,226)
Insurance benefits and claims	24	(45,895)	(42,616)	-	-
Finance costs	28	(134,279)	(105,496)	(38,240)	(29,258)
Profit (loss) before taxation	**25**	**449,874**	**396,395**	**272,697**	**(48,396)**
Taxation	29	(30,076)	(93,157)	22,078	18,532
Profit (loss) for the year		**419,798**	**303,238**	**294,775**	**(29,864)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains and losses on revaluation of property plant and equipment		35,539	23,523	-	-
Income tax relating to items that will not be reclassified		(9,725)	(1,122)	-	-
Total items that will not be reclassified to profit or loss		25,814	22,401	-	-
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		(2,498)	(5,103)	-	-
Income tax relating to items that may be reclassified		799	1,242	-	-
Total items that may be reclassified to profit or loss		(1,699)	(3,861)	-	-
Other comprehensive income for the year net of taxation		**24,115**	**18,540**	**-**	**-**
Total comprehensive income (loss) for the year		**443,913**	**321,778**	**294,775**	**(29,864)**
Earnings per share					
Basic earnings per share (c)	30	55.37	43.59		
Diluted earnings per share (c)	30	55.02	43.29		

TRUSTCO GROUP HOLDINGS LTD
(Registration number 2003/058)

Annual Financial Statements for the year ended 31 March 2016

STATEMENT OF CHANGES IN EQUITY

Figures in Namibia Dollar thousand	Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Share for vendors	Contingency reserve	Deemed treasury shares	Retained income	Total equity
Group									
Balance at 01 April 2014	**177,595**	**46,300**	**(2,075)**	**30,641**	**14,976**	**2,983**	**(69,026)**	**1,022,961**	**1,224,355**
Profit for the year	-	-	-	-	-	-	-	303,238	303,238
Other comprehensive income	-	-	(3,861)	22,401	-	-	-	-	18,540
Total comprehensive income for the year	-	-	(3,861)	22,401	-	-	-	303,238	321,778
Transfer between reserves	-	-	-	(959)	-	-	-	959	-
Deemed treasury shares sold	-	-	-	-	-	-	13,844	32,867	46,711
Transfer from contingency reserve	-	-	-	-	-	(733)	-	733	-
Deemed treasury shares purchased	-	-	-	-	-	-	(1,861)	-	(1,861)
Dividends	-	-	-	-	-	-	-	(40,817)	(40,817)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(959)	-	(733)	11,983	(6,258)	4,033
Balance at 01 April 2015	**177,595**	**46,300**	**(5,936)**	**52,083**	**14,976**	**2,250**	**(57,043)**	**1,319,941**	**1,550,166**
Profit for the year	-	-	-	-	-	-	-	419,798	419,798
Other comprehensive income	-	-	(1,699)	25,814	-	-	-	-	24,115
Total comprehensive income for the year	-	-	(1,699)	25,814	-	-	-	419,798	443,913
Transfer between reserves -	-	-	-	(639)	-	433	-	206	-
Deemed treasury shares sold	-	-	-	-	-	-	57,043	187,342	244,385
Dividends	-	-	-	-	-	-	-	(49,400)	(49,400)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(639)	-	433	57,043	138,148	194,985
Balance at 31 March 2016	**177,595**	**46,300**	**(7,635)**	**77,258**	**14,976**	**2,683**	**-**	**1,877,887**	**2,189,064**
Notes	16	16		20	18	19			

Figures in Namibia Dollar thousand	Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Share for vendors	Contingency reserve	Deemed treasury shares	Retained income	Total equity
Company									
Balance at 01 April 2014	177,595	46,300	-	-	14,976	-	-	218,843	457,714
Loss for the year	-	-	-	-	-	-	-	(29,864)	(29,864)
Total comprehensive Loss for the year	-	-	-	-	-	-	-	(29,864)	(29,864)
Deemed treasury shares purchased	-	-	-	-	-	-	(1,861)	-	(1,861)
Common control transaction effect	-	-	-	-	-	-	-	933,312	933,312
Dividends	-	-	-	-	-	-	-	(45,183)	(45,183)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	-	(1,861)	888,129	886,268
Balance at 01 April 2015	177,595	46,300	-	-	14,976	-	(1,861)	1,077,108	1,314,118
Profit for the year	-	-	-	-	-	-	-	294,775	294,775
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	294,775	294,775
Deemed treasury shares sold	-	-	-	-	-	-	1,861	6,263	8,124
Dividends	-	-	-	-	-	-	-	(49,400)	(49,400)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	-	1,861	(43,137)	(41,276)
Balance at 31 March 2016	177,595	46,300	-	-	14,976	-	-	1,328,746	1,567,617
Notes	16	16		20	18	19			

STATEMENT OF CASH FLOWS

		Group		Company	
Figures in Namibia Dollar thousand	**Notes**	**2016**	**2015**	**2016**	**2015**
Cash flows from operating activities					
Cash generated by operations before working capital changes	31	507,432	448,057	(72,869)	(60,556)
Changes in working capital	31	(64,967)	(276,923)	45,081	(4,856)
Interest received	27	3,717	6,421	383,806	41,418
Finance costs	28	(134,279)	(105,496)	(34,699)	(29,258)
Net advances disbursed		(375,622)	(98,215)	-	-
Proceeds from funding liabilities for advances		76,252	220,000	-	-
Taxation paid	32	(7,810)	(25,014)	-	(1,856)
Net cash from operating activities		**4,723**	**168,830**	**321,319**	**(55,108)**
Cash flows from investing activities					
Additions to property, plant and equipment	7	(126,846)	(8,598)	-	-
Proceeds from property, plant and equipment	7	8,164	10,103	-	-
Additions to investment property	8	(526)	(13,321)	-	-
Proceeds from investment property	8	3,500	2,170	-	-
Additions to intangible assets	9	(15,711)	(11,661)	-	-
Proceeds from intangible assets	9	2,917	-	-	-
Acquisition of subsidiary, net of cash acquired	33	(12,231)	13,319	-	-
Net cash from investing activities		**(140,733)**	**(7,988)**	**-**	**-**
Cash flows from financing activities					
Proceeds on sale of deemed treasury shares	17	244,384	47,611	8,124	-
Proceeds from borrowings		112,757	80,000	-	24,333
Repayment of borrowings		(141,051)	(153,740)	(12,500)	-
Repayment of other liabilities		(81,615)	(119,699)	-	-
Dividends paid		(49,400)	(40,817)	(49,400)	(45,183)
Proceeds from related party loans		29,841	-	68,689	86,920
Repayment of related party loans		-	(262)	(279,775)	(88,475)
Purchase of deemed treasury shares		-	(1,861)	-	-
Net cash from financing activities		**114,916**	**(188,768)**	**(264,862)**	**(22,405)**
Net change in cash and cash equivalents		(21,094)	(27,926)	56,457	(77,513)
Cash and cash equivalents at the beginning of the year		103,680	131,606	1,787	79,300
Cash and cash equivalents at the end of the year	**2**	**82,586**	**103,680**	**58,244**	**1,787**

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent estimates. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of certain property, plant and equipment investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

1.1 Accounting estimates

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

Estimation relates to uncertain future events and their effect on certain assets and liabilities accounted for in the consolidated annual financial statements.

IASB issued amendments to IAS 1 presentation of financial statements as part of the disclosure initiative. These amendents are designed to assist in preparing financial statements by applying subjective judgements and considerations to quantitative materiality in order to disclose relevant and useful information to users of the financial statements. The group has, through a consultative process, already applied various changes and improvemts to the current year's financials.

Critical accounting policies

The directors are satisfied that the critical accounting policies are appropriate to the group.

Critical accounting estimates applied the group's accounting policies

Estimates made in the application of IFRS that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Trade receivables and Loans and receivables

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

Impairment testing

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.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group and the company use a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. 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.

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. 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.

ACCOUNTING POLICIES CONTINUED

1.1 Accounting estimates (continued)

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 forecast 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 end of the reporting period could be impacted.

Intangibles

Impairment testing

The recoverable amounts of cash-generating units or 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 intangible 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. 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.

Distinction between investment properties and owner-occupied properties

Investment property is determined by the use within the group rather than the use by the individual company. In making its estimates, 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 estimates.

Distinction between investment properties and IFRS 3 business Combinations

The group has both recently and historically acquired shareholding in entities that hold investment property. The group primarily revises the appropriateness of treating the acquisition as a business combination and will not recognise the transaction in terms of IFRS 3 if the criteria are not met. The group will primarily determine whether or not the acquiree is presently conducting activities that may indicate that the purchase is a business combination.

Insurance liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance company, principally in respect of the insurance liabilities of the company.

Insurance liabilities include the provisions for unearned premiums, outstanding claims and incurred but not reported (IBNR) claims.

Process to determine significant assumptions

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above-average likelihood of being adequate to settle all its insurance obligations.

(i) Unearned premium provision

Unearned premiums represent the amount of income set aside by the company to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the reporting date.

The group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. Most of the group's insurance contracts have an even risk profile. Therefore, the unearned premium provision is released evenly over the period of insurance using a time proportion basis.

At each reporting date an assessment is made of whether the provisions for unearned premiums are adequate.

(ii) Outstanding claims

Outstanding claims represent the group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled.

Claims provision are determined based on previous claims experience, knowledge of events, the terms and conditions of relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The group employs employees experienced in claims handling and rigorously applies standardised policies and procedures to claims assessment.

While the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to amounts provided. The methods used to value these provisions, and the estimates made, are rereviewed regularly.

The provision for outstanding claims is initially estimated at a gross level.

(iii) Claims incurred but not reported (IBNR)

There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The IBNR provision relates to these events.

The claims provisions are subject to close scrutiny both within the group's business units and at a company level. In addition, for major classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims and unexpired periods of risk.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim.

The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates, particularly for the group's long tail lines of business. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account.

1.2 Basis of consolidation

Investments in subsidiaries

Company annual financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment, unless restructured in a common control transaction in which case subsidiaries are carried at fair value and not subsequently revalued.

ACCOUNTING POLICIES CONTINUED

1.2 Basis of consolidation (continued)

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. The changes to the presentation of the statement of comprehensive income have had no ancillary effect on the statement of financial position, statement of changes in equity or had an effect on previously reported earnings or tax.

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.

Goodwill is measured as the excess of the sum of the consideration transferred 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 the liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as purchase gain.

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. Changes in fair value of the contingent consideration that qualify as measuring period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measuring period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the date of acquisition) and 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.

Common control transactions

As IFRS does not specifically govern the accounting treatment of common control transactions, guidance was sought by investigating the treatment of similar transactions in other jurisdictions. Guidance was obtained from US GAAP, specifically FRS 6.

For group reorganizations where the ultimate shareholder remains the same, ‘merger accounting’ is applied in accounting for the reorganization, the following is applicable:

- The results and cash flows of the combining entities is brought into the financial statements of the combined entity from the beginning of the period in which the combination occurred comparative information is similarly adjusted on the same basis.
- The difference between the net carrying value of assets transferred and liabilities assumed less the fair value of any consideration given is recognised in equity.
- Merger expenses are recognised in profit or loss.

1.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognized for goodwill is not reversed is subsequent periods.

1.4 Translation of foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Namibia Dollar which is the group functional and presentation currency.

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
- all resulting foreign exchange translation differences are recognised in 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 and results in loss of control, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

1.5 Segmental reporting

The reportable segments of the group have been identified based on the nature of businesses. This basis is representative of the internal structure for management reporting purposes. Information is also supplied for the various geographies in which the group operates.

Operating segments are components of the group that engage in separate business activities and about which separate financial information is available that is evaluated regularly by the chief operating decision-maker (group executive committee). The group executive committee decides how to allocate resources and assesses performance of operating segments. Segment accounting policies are the same as the accounting policies as applied to the group.

The executive committee (exco) reports on the following product lines namely: insurance, banking & finance and investments.

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.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out 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.

Inventory acquired through business combinations is measured at its fair value at the date of acquisition.

The cost of inventories comprises of all 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. Costs incurred in installation of roads and infrastucture, arising from progress billings from contracts, are initially recognised in work-in-progress, until such time as the assets are available to use, as evidenced by engineering approval certificates.

ACCOUNTING POLICIES CONTINUED

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.

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 profit and loss.

1.7 Property, plant and equipment

Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset. 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 de- recognised. Day-to-day repairs and maintenance are recognised as expenses in profit or loss.

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

Land, buildings and aircrafts 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, buildings and aircrafts arising on revaluation are recognised in other comprehensive income. and accumulated in the revaluation reserve in equity. Decreases that off-set previous increases of the same asset and 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	3 - 5 years
Aircraft	
• Engine	1 500 - 3 500 flight hours
• Airframe	18 000 - 20 000 flight hours
• Avionics and equipment	10 years

The residual value, useful life and depreciation method of each asset are 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 is depreciated separately.

The depreciation charge for each year 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.

1.8 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 reporting date. Changes in fair values are recognised in profit or loss in the statement of comprehensive income 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 as profit or loss 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.

The group transfers properties out of investment property when development to put property in a position to sell commences.

When a transfer from property, plant and equipment to investment properties is done, any revaluation to adjust fair values at transfer date is recognised in other comprehensive income.

1.9 Intangible assets

Intangible assets are initially recognised at cost.

Internally generated activities

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Internally generated goodwill is not recognised.

An intangible asset arising from development (or from the development phase of an internal project) is recognised as an asset when, it has met the recognition criteria of the standard. The group chooses to recognise development costs relating to software development as an asset when the software is available for use in the business.

Finite 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.

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 - 10 years
Trademarks, licences and patents	10 - 25 years

The amortisation period, the residual value and the amortisation method for intangible assets are reviewed every year-end.

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.

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.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

ACCOUNTING POLICIES CONTINUED

1.10 Financial instruments (continued)

Derecognition

A financial liability is derecognised when and only when the liability is extinguished, that is when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognised in profit or loss.

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 initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently carried at amortised cost using the effective-interest method. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the affected loans and receivables' (e.g. trade receivable) 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. As soon as individual trade accounts receivable can no longer be collected in the normal way and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. The net carrying amount will be reduced through the use of an allowance account and the loss recognised in profit or loss. They are written off completely and the financial asset derecognised when they are deemed to be uncollectible because of bankruptcy or other forms of receivership of the debtors.

Other financial liabilities

These liabilities (including borrowings and trade and other payables) are recognised initially at fair value. Subsequently, they are stated at amortised cost using the effective-interest rate method.

Effective interest method

The effective-interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating interest expense and income over the relevant period. The effective-interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective-interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or liabilities, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

Deferred tax assets and liabilities

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, including the carry forward of unused tax losses, 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).

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 end of the reporting period.

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, to other comprehensive income, 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 in equity.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Operating leases are all other leases which are not classified as finance leases.

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 on the remaining balance of the liability.

1.13 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.

1.14 Revenue

Property sales revenue

Revenue from the sale of property is recognised to separately identifiable components of a single transaction in order to reflect the substance of the transaction.

- The property sale contracts can be split between sale of land and servicing of land.
- Revenue from the servicing portion of the contract is recognised on the basis of stage of completion.
- Revenue from the sale of land portion of the contract is recognised when all the constituent criteria for the sale of goods have been met.
- Where these are contruction contracts, revenue is recognised on the basis of stage of completion.

Advertising revenue

Advertising revenue is recognised when adverts are published.

ACCOUNTING POLICIES CONTINUED

1.14 Revenue (continued)

Tuition fees

Tuition fees are recognised by the stage of completion of the service to be provided under each contract.

Interest received on financial assets (includes interest received on student advances)

Interest income on financial assets that are classified as loans and receivables are determined using the effective interest rate method. 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.

Dividends received

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

1.15 Insurance contracts

(A) 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. All policyholder contracts that transfer significant insurance risk are classified as insurance contracts. Such contracts may also transfer financial risk. Trustco defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Financial risk is the risk of a possible future change in the value of an asset or financial instrument due to a change in the interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other measurable variable.

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

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

Long-term insurance operations

These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in PGN 104 (a mandatory guidance note issued by the Actuarial Society of South Africa that gives guidance on IAS making specific reference to the South African environment).

The statutory actuary reviews the calculation of the liabilities under long-term insurance contracts and investment contracts annually at the statement of financial position date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in South Africa and International Financial Reporting Standards as appropriate. The transfers to or from insurance liabilities are accounted for in the statement of comprehensive income and represent the increase or decrease in contract liabilities, including all necessary provisions and reserves.

The liabilities for investment contracts are set equal to the accumulated fair value of the underlying assets plus a non-unit reserve calculated in accordance with PGN 104. Any deficiency is immediately charged to profit and loss and a provision is raised for losses from the liability adequacy tests.

Investment contracts are initially and thereafter recognised at fair value, with changes in fair value being accounted for in the statement of comprehensive income. The premiums, benefit payments and investment earnings relating to these investment contracts have been excluded from the statement of comprehensive income and accounted for directly as movements in the liability.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant although this generally does not occur with the current investment contracts being written.

Short-term insurance operations

Contracts under which the short-term insurance operations accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary, are classified as insurance contracts.

(B) Insurance results

Long-term insurance operations

Profits or losses are determined in accordance with the guidance note on Financial Soundness Valuations (PGN 104) and International Financial Reporting Standards. The underlying philosophy of the Financial Soundness Valuation is to recognise profits over the term of each insurance contract. In the valuation of liabilities, provision is made for:

- The best estimate of future experience;
- Compulsory margins prescribed in PGN 104; and
- Discretionary margins determined to release profits to shareholders consistent with policy design and company policy.

Short-term insurance operations

The underwriting results are determined after making provisions for unearned premiums, outstanding claims, incurred but not reported claims, unexpired risk provision and such additional provisions as are considered necessary. The methods used to determine these provisions are as follows:

Premiums

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on the 365th basis for even risk business and other bases that best represent the unearned risk profile for uneven risk business.

Claims

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not, and an appropriate risk margin.

Adjustments to the amounts of claims provisions established in prior years, as a result of changes in estimates, are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material.

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) (IBNR)

IBNR reflects the total amount owed by the insurer to all valid claimants who have a covered loss but not yet reported this to the insurer. Claims are calculated as a percentage of premiums earned. Different percentages are applied by class of business.

Policyholders' liability under insurance contract (long-term business)

The liabilities under life insurance contracts are valued in terms of the Financial Soundness Valuation (FSV) basis containing a discounted cash flow valuation based on best estimates of future cash flows plus margins for adverse deviation as prescribed by SAP 104 issued by the Actuarial Society of South Africa and Namibian Long-term Insurance Act (1998). The operating surpluses or losses arising from life insurance contracts are determined by the annual valuation and are included in 'Insurance liabilities'. These surpluses or losses are arrived at after taking into account the movement within the policyholder liabilities.

ACCOUNTING POLICIES CONTINUED

1.15 Insurance contracts (continued)

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. This is calculated by multiplying premium with the ratio of outstanding term to the original term of the policies in force.

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 retained earnings to contingency reserves, and is reflected as a movement in the statement of changes in equity.

(C) Revenue recognition

Long-term insurance operations

Premiums and annuity considerations on insurance contracts are recognised when due in terms of the contract, other than group schemes. Premiums receivable in respect of group schemes that are due after the year-end date, are ignored. However where the operating ratios exceeds 100%, a deficiency reserve is established to offset any expected losses up until the next renewal date. Premiums are shown before deduction of commission. Premium income received in advance is included in trade and other payables. Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities.

Short-term insurance operations

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude value added tax. Premiums written include adjustments to premiums written in the prior accounting periods. The earned portion of the premium received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

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 Short- term Insurance Act of 1998.

1.16 Deemed treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "deemed treasury share" reserve). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

1.17 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 dealt with by way of a note.

Business combinations that occurred after reporting date but before the annual financial statements were approved by the Board of Directors are disclosed in accordance with IFRS 3.

1.18 Earnings per share

The group determines earnings per share and headline earnings per share as follows:

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2015 issued by the South African Institute of Chartered Accountants (SAICA).

Diluted headline earnings per share

Diluted headline earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2015 issued by the South African Institute of Chartered Accountants (SAICA).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
2. Cash and cash equivalents				
Bank balances	99,835	118,701	58,244	2,228
Bank overdraft	(17,249)	(15,020)	-	(441)
	82,586	**103,681**	**58,244**	**1,787**
Current assets	99,835	118,701	58,244	2,228
Current liabilities	(17,249)	(15,020)	-	(441)
	82,586	**103,681**	**58,244**	**1,787**
The group's available banking facilities and the extent to which they have been used are as follows:				
Available and utilised	17,249	15,020	-	441
	17,249	**15,020**	**-**	**441**

These banking facilities are secured as follows: Cession of covering mortgage bond over EPDC property to Bank Windhoek Ltd. There are no unutilised facilities as at 31 March 2016 (2015: Nil).

Included in cash and cash equivalents of the company are short term deposits of NAD56.0 million (2015: NAD NIL million) with Trustco Bank Namibia Ltd. The dividend declared by the directors will result in a NAD38.6 million payment after the publication of the results.

Figures in Namibia Dollar thousand	Group 2016	Group 2015
3. Advances		
Property advances	420,963	125,287
Student advances	721,810	630,805
Other loans advanced	41,290	50,873
	1,184,063	**806,965**
Current assets	199,102	199,062
Non-current assets	984,961	607,903
	1,184,063	**806,965**
Reconciliation of loans		
Advances at beginning of the year	851,879	735,572
Impairment of loans at beginning of the year	(44,914)	(35,640)
Opening balance	**806,965**	**699,932**
Movements		
Loans advanced (including transaction costs)	678,063	401,778
Acquisitions through business combinations	-	8,407
Payments received	(302,441)	(303,563)
Transfers from property debtors	-	35,236
Bad debts written off	(7,445)	(25,551)
Decrease/(increase) in impairment provision	8,921	(9,274)
	1,184,063	**806,965**
Consisting of:		
Advances at end of the year	1,220,056	851,879
Impairment of loans at end of the year	(35,993)	(44,914)
	1,184,063	**806,965**
Reconciliation of impairment		
Opening balance	44,914	35,640
(Decrease)/increase in provision for impairment for the year	(8,921)	9,274
Closing balance	**35,993**	**44,914**

	Group		Company	
Figures in Namibia Dollar thousand	**2016**	**2015**	**2016**	**2015**

Property advances

The purchasers of land sold by group are able to apply for a loan to finance the purchase price at interest rates range between 11.5% to 14.5% (2015: 10.25% – 13.25%), the average residential mortgage contracts are repayable over an average of 240 (2015: 240) monthly instalments of NAD 1,087 (2015: NAD1,034). NAD319 million of non-residental property loans are strutured as commercial finance and repayable in 3 instalments due in 18,24 and 36 months. These loans bears interest at 11.5%. Loans are secured by properties sold. Personal surety is also obtained from buyers where deemed necessary. None of the loans are past due or impaired.

Student advances

The balance of student advances that are overdue but not impaired amounted to NAD41.1 million (2015: NAD2.8 million). Overdue but not impaired category comprises loans with payments that are outstanding for more than one month but not longer than three months. A provision for impairment is made based on an estimation of a portfolio impairment and based on best practice in the finance industry of probability of default applied. These loans bear interest at 21.5% (2015: 20.0%), are unsecured and repayable over periods between 12 and 60 months. The carrying amounts approximate fair value.

The student advances serve as security for the facilities of ABSA, DEG, PROPARCO, AfDB and IFC, refer to note 12.

Other advances

Other advances include small business loans (unsecured), group lending schemes (unsecured), Mortgage loans (secured by title deed over immoveable property) and property advances (secured by property guarantees) in Trustco Bank Ltd. Interest rates range from 11.5% to 16.8% (2015: from 10% to 16%) repayable over an average of 192 (2015: 150) monthly instalments of NAD38 (2015: NAD23). A total amount of NAD1.9 million (2015: NAD3.1 million) has been withheld as security in respect of loans extended to customers. Total allowance for impairment of NAD2.6 million (2015: NAD1.79 million) is held for current loans of NAD41.19 million (2015: NAD48.30 million) and for loans past due but not impaired of NIL (2015: NAD0.30 million). A specific provision for loan impairment of NAD2.57 million (2015:NAD1.28 million) is held against amounts past due and impaired of NAD2.6 million (2015:NAD2.82 million).

All advances are classified as 'loans and receivables'.

	2016	2015
– past due but not impaired	41,142	2,822
– past due and impaired	35,374	36,960
– unimpaired	1,143,540	812,097
Total gross advances	**1,220,056**	**851,879**

4. Trade and other receivables

	Group 2016	Group 2015	Company 2016	Company 2015
Trade receivables	8,100	27,499	5,642	254
Property sales receivables	690,785	501,489	-	-
VAT	29,076	9,507	12,054	4,974
Other receivable	37,988	35,895	-	1,357
	765,949	**574,390**	**17,696**	**6,585**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand	Group 2016	Group 2015

4. Trade and other receivables (continued)

No trade receivables have been pledged as collateral for liabilities or contingent liabilities.
As at 31 March 2016, NAD313 million (2015: NAD 172 million) of property sales receivable relating to pre-sales of erven in Elisenheim are due to be received more than 12 months of the end of the financial year.

Current portion of trade and other receivables	452,954	401,673
Non-current	312, 995	172,717

As of 31 March 2016, trade and other receivables of NAD46.1 million (2015: NAD42.8 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 is as follows:

1 – 3 months	2,513	8,996
3 – 6 months	12,761	3,030
Older than 6 months	30, 800	30,800
	46,074	**42,826**

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.

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
5. Amounts (due to)/due by related parties				
Subsidiaries of the company				
Trustco Group International (Pty) Ltd	-	-	409, 634	16,495
Institute of Open Learning (Pty) Ltd*	-	-	109,354	129,316
Trustco Finance (Pty) Ltd	-	-	(36,303)	(3,305)
Trustco Capital (Pty) Ltd	-	-	13,335	70,965
Trustco Insurance Ltd	-	-	-	(55,902)
Trustco Life Ltd	-	-	-	34,053
Trustco Estate Planners & Administrators (Pty) Ltd	-	-	-	5
Trustco Mobile (Pty) Ltd	-	-	-	8,990
Trustco Newspapers(Pty) Ltd	-	-	-	18,163
Trustco Air Services (Pty) Ltd*	-	-	18,477	(5,905)
Trustco Fleet Management Services (Pty) Ltd	-	-	-	89,486
Printas (Pty) Ltd	-	-	-	(11,739)
Trustco Property Holdings (Pty) Ltd	-	-	435,035	70,444
Legal Shield Holdings (Pty) Ltd	-	-	(118,855)	(118,855)
Trustco Education (Pty) Ltd	-	-	34,369	34,357
Trustco Property Unit Trust Management Company (Pty) Ltd	-	-	-	(74)
Trustco Administrative Support Services (Pty) Ltd*	-	-	30,252	29,697
Trustco Media (Pty) Ltd*	-	-	7,582	1,016
Farm Herboths (Pty) Ltd	-	-	(1,350)	-
Trustco Financial Services (Pty) Ltd	-	-	-	321,651
Trustco Mobile Mauritius	-	-	3,756	3,696
Elisenheim Property Development Company (Pty) Ltd	-	-	(50,350)	13,417
Trustco Labour Consultants (Pty) Ltd	-	-	-	(240)
Other related parties				
Next Investments (Pty) Ltd	(30,368)	(527)	-	(1,882)
Trustco Staff Share Incentive Scheme Trust	-	-	(12,716)	(12,715)
	(30,368)	**(527)**	**842,220**	**631,134**

*These loans have been subordinated in favour of other external creditors, until such time as the borrowers' assets fairly valued exceed their liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

	Group		Company	
Figures in Namibia Dollar thousand	**2016**	**2015**	**2016**	**2015**
5. Amounts (due to)/due by related parties (continued)				
Non-current assets	-	-	1,061,794	748,061
Current assets	-	-	-	93,689
Non-current liabilities	-	-	(219,574)	(188,767)
Current liabilities	(30,368)	(527)	-	(21,849)
	(30,368)	**(527)**	**842,220**	**631,134**
Amounts included in cash and cash equivalents				
Short term deposits - Trustco Bank Namibia Ltd	-	-	55,995	-
Trade creditors - Trustco Insurance Ltd (refers to note 13)	-	-	(59,731)	-
Net inter-group exposure (refer to note 2)	**(30,368)**	**(527)**	**838,484**	**631,134**

The balance owing to Next Investments (Pty) Ltd is unsecured, bears interest at the Namibian prime lending rate of 10.50% p.a (2015: 9.25% p.a) and is repayable within the next 12 months.

Loans to/(from) related parties, all of which are with direct or indirect subsidiaries (Inc. in the Republic of Namibia) are unsecured, bear interest at rates that are determined by the directors from time to time (the rates at year-end were between 0% to 10% per annum) and have no fixed terms of repayment, other than not being repayable within the next 12 months.

The carrying amounts approximate fair value.

Figures in Namibia Dollar thousand	Group 2016	2015
6. Inventories		
Work in progress	320,177	316,136
Finished goods	7,442	7,781
	327,619	**323,917**

Work in progress of NAD320.2 million (2015: NAD316.1 million) relates to real estate. This real estate has been mortgaged as security for the liability described in note 12.

The cost of inventories recognised as an expense and included in cost of sales amounted to NAD103.4 million (2015: NAD96.3 million). During the period under review the group transferred a portion of investment property amounting to NAD17.9 million to inventory. No inventories were required to be written down to net realisable value during the year under review.

7. Property, plant and equipment

Group		2016			2015	
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land & buildings	130,573	(1,931)	128,642	119,793	(2,176)	117,617
Machinery & Equipment	31,570	(15,930)	15,640	4,588	(2,246)	2,342
Motor vehicles	64,622	(13,275)	51,347	31,735	(7,876)	23,859
Office equipment & furniture	13,039	(3,978)	9,061	9,232	(2,987)	6,245
Computer equipment & software	25,622	(18,068)	7,554	24,166	(14,168)	9,998
Aircraft	280,846	(33,755)	247,091	136,102	(26,834)	109,268
Total	**546,272**	**(86,937)**	**459,335**	**325,616**	**(56,287)**	**269,329**
The following capitalised leased assets are included in property, plant and equipment:						
Motor vehicles (carrying value)			**28,847**			**7,380**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2016

	Land & buildings	Machinery & equipment	Motor vehicles	Office equipment & furniture	Computer equipment	Aircraft	Total
Carrying amount at beginning of year	**117,617**	**2,342**	**23,859**	**6,245**	**9,998**	**109,268**	**269,329**
Additions	2,625	300	629	4,503	4,088	114,701	126,846
Additions through business combinations	-	12,679	10,539	782	-	-	24,000
Disposals	-	(3,371)	(4,144)	(333)	(95)	-	(7,953)
Transfers from investment property	3,366	-	-	-	-	-	3,366
Revaluations	5,494	-	-	-	-	29,881	35,375
Non-cash additions	-	6,337	24,566	-	-	-	30,903
Depreciation	(460)	(2,647)	(4,102)	(2,136)	(6,437)	(6,759)	(22,541)
Carrying amount at end of year	**128,642**	**15,640**	**51,347**	**9,061**	**7,554**	**247,091**	**459,335**

Reconciliation of property, plant and equipment - Group - 2015

	Land & buildings	Machinery & equipment	Motor vehicles	Office equipment & furniture	Computer equipment	Aircraft	Total
Carrying amount at beginning of year	94,127	1,935	18,199	13,260	11,494	64,096	203,111
Additions	1,382	905	191	942	5,178	-	8,598
Additions through business combinations	451	1,193	2,751	1,375	323	-	6,093
Disposals	-	(68)	(5,980)	(6,137)	(16)	-	(12,201)
Transfers from investment property	2,846	-	-	-	-	-	2,846
Revaluations	20,123	-	-	-	-	3,399	23,522
Non-cash additions	-	-	9,707	-	-	49,894	59,601
Depreciation	(1,312)	(1,623)	(1,009)	(3,195)	(6,981)	(8,121)	(22,241)
Carrying amount at end of year	**117,617**	**2,342**	**23,859**	**6,245**	**9,998**	**109,268**	**269,329**

Fair value of assets

On an annual basis, an independent valuation of the group's land and buildings and aircraft is performed by independent valuers to determine the fair value of these assets at the year. The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and shown in 'revaluation reserves' in shareholders equity.

Figures in Namibia Dollar thousand

Valuation techniques used to determine fair values

The aeroplanes were valued using methods detailed in the International Recognised Blue Book for aircraft valuations.

Properties were valued by using the income capitalisation method. This method involves the determining of the net income of the property that is capitalised at a rate sought by prudent investors to determine the fair value of the subject property. The expected income of the property is determined by the comparison of the market rentals of similar properties.

Aircraft

The group's aircraft were valued by ExecuJet Aviation Group and Lanseria Jet Centre during March 2016. Neither Lanseria Jet Centre nor ExecuJet Aviation Group are connected to the company, both valuators have recent experience in the valuation of aircraft.

ExecuJet Aviation Group and Lanseria Jet Centre utilise the valuation service of Aircraft Bluebook and Aircraft Value Reference System respectively which are the accepted source for aircraft valuations worldwide. Their valuation of the aircraft is based upon the current operating hour and cycle readings of the aircraft. These values reflect prices to purchase similar equipment in a similar condition at that date, based on all available data on such transactions in the market that would be used to replace these assets. Management has determined that these valuations materially represent fair value as at 31 March 2016.

Land and buildings

The properties fair value have been determined based on valuations performed by Gert Hamman Property Valuers CC and by disclosed bank valuation received from ABSA South Africa, during March 2016. Gert Hamman Property Valuers CC is not connected to the group, is a qualified property valuator and has recent experience in location and category of the property being valued.

The properties are valued at their highest and best use as commercial properties. Properties are valued using the income capitalisation method and include the following observable inputs:

- Rental fee of NAD130 to NAD 600 per square metre, depending on space being rented, and based on observed current market rentals;
- 15% expenses has been applied to gross income;
- 0% vacancy factor; and
- 8.5% capitalisation rate.

No impairment losses were recognised in profit or loss during the year.

Certain property, plant and equipment are encumbered as stated in note 12.

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

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	Aircraft	Total
2016	69,084	202,048	271,132
2015	66,919	94,106	161,025

8. Investment property

Reconciliation of investment property - Group - 2016

	Opening balance	Additions through business combinations	Disposals	Transfer to inventory	Transfer to property, plant and equipment	Fair value adjustments	Total
Investment property	708,835	526	(3,500)	(17,920)	(3,366)	131,605	816,180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

8. Investment property (continued)

Reconciliation of investment property - Group - 2015

	Opening balance	Additions	Additions through business combinations	Disposals	Transfer to property, plant and equipment	Fair value adjustments	Total
Investment property	537,330	13,321	60,000	(2,170)	(2,846)	103,200	708,835

Investment properties have 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 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.

Certain investment properties as described above have been mortgaged as security for liabilities described in note 12. A register containing the information required by paragraph 22(3) of Schedule 4 of the Namibian Companies Act is available for inspection at the registered office of the company.

Valuation techniques used to determine fair values

(i). Lafrenz

The valuations were based on the direct sales comparison method in combination with the Land Residual method.

The valuation on undeveloped commercial/industrial investment properties in Namibia is done by applying the direct sales comparison method in combination with the Land Residual valuation method and includes the following observable inputs:

- land selling prices between NAD222 to NAD600(2015: NAD200 and NAD550) per bulk square metre, depending on services installed and intended usage and based on recent comparable sales, a rate of NAD500 was used;
- 30% (2015: 30%) discount factor is applied to make provision for roads and public open spaces; per zoning obligations;
- a cost to establish bulk servicing of between 45% and 70% (2015: 45%); based on recent contracting cost, a cost of 45% was used;
- a market discount of 11.5% (2015: 10%) being th Namibian prime mortgage rate, was used to determine the sales to take into account the time required to dispose of the property.

(ii). Elisenheim development

The valuations were based on the direct sales comparison method in combination with the Land Residual method.

The valuation on undeveloped residential investment properties in Windhoek is done by applying the direct sales comparison method in combination with the Land Residual valuation method and includes the following observable inputs:

- land selling prices of NAD125 (2015: NAD220) per bulk square metre, based on recent comparable sales;
- 30% (2015: 45%) discount factor is applied to make provision for roads and public open spaces per zoning obligations;
- a cost to establish bulk servicing of 70% (2015: 70%); (The valuator has increased the cost of establishing bulk servicing above recent contracting quotes, given the topgraphy of the land, management does not consider this adjustment to be material to the entire combinded of the portfolio)
- a market discount of 11.5% (2015: 10%) being the Namibian prime mortgage rate was used to determine the sales to take into account the time required to dispose of the property.

(iii) Ondangwa

The valuations were based on the direct sales comparison method in combination with the Land Residual method.

The valuation on undeveloped residential investment properties in Ondangwa, is done by applying the direct sales comparison method and includes the following observable inputs:

- land selling prices between NAD60 to NAD420 (2015: NAD60 and NAD420) per bulk square metre, depending on services installed and intended usage; and based on recent comparable sales a rate of NAD85 was used
- a market discount of 11.5% (2015: 10%) being the Namibian prime mortgage rate was used to determine the sales to take into account the time required to dispose of the property.

(iv) Farm Herboths

The value of farmland in Farm Herboths was compared to recent sales of similar farming land and a rate of NAD18,000 (2015: NAD17,000) per hectare was used.

(v) Valuation used to determine fair value of developed rental properties

The valuation on developed income generating investment properties in Namibia and South Africa is done by applying the comparable sales method valuation model. This method involves comparing recent sales of similar properties and applying the same factors to the consideration of the value of the property under inspection property.

Refer to note 36 for the fair value hierarchy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

9. Intangible assets

Group	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost /Valuation	Accumulated amortisation	Carrying value
Trademarks, licenses and patents	63,067	(8,507)	54,560	39,153	(4,208)	34,945
Computer software - Finite life	185,421	(39,629)	145,792	184,884	(22,206)	162,678
Goodwill	9,497	-	9,497	-	-	-
Insurance book	-	-	-	525	(525)	-
Total	**257,985**	**(48,136)**	**209,849**	**224,562**	**(26,939)**	**197,623**

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers from debtors	Amortisation	Total
Trademarks, licenses and patents	34,945	10,601	-	-	13,775	(4,761)	54,560
Computer software Finite life	162,678	5,110	-	(2,917)	-	(19,079)	145,792
Goodwill	-	-	9,497	-	-	-	9,497
	197,623	**15,711**	**9,497**	**(2,917)**	**13,775**	**(23,840)**	**209,849**

Reconciliation of intangible assets - Group - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Trademarks, licenses and patents	35,733	3,420	-	(4,208)	34,945
Computer software - Finite life	176,658	8,241	(15)	(22,206)	162,678
Insurance book	525	-	-	(525)	-
	212,916	**11,661**	**(15)**	**(26,939)**	**197,623**

Computer software includes internally generated computer software and purchased software which is now deployed in systems across the group. Trademarks, licences and copyrights relate to educational course content, mobile technology and insurance patents, and propriety trademarks acquired.Remaining useful life of computer software is between 1 to 10 years and 1 to 23 years for trademarks, licences and patents.

The goodwill associated with Watermeyer Mining and Construction (Pty) Ltd arose when that business was acquired by the group in the 2016 financial year. The business continued to operate on a satisfactory basis. The directors have determined that no write down of goodwill is considered necessary. Contracts in progress at the end of the year will be completed without loss to the group.

Figures in Namibia Dollar thousand

10. Investment in subsidiaries

Company	Carrying amount 2016	Carrying amount 2015
Unlisted shares at cost		
Legal Shield Holdings (Pty) Ltd	931,451	931,451
Trustco Bank Namibia Ltd	47,000	47,000
Trustco Business Development (Pty) Ltd*	-	-
Trustco Education (Pty) Ltd*	-	-
Trustco Capital (Pty) Ltd*	-	-
Trustco Corporate Management Services (Pty) Ltd*	-	-
Trustco Group International (Pty) Ltd* (Inc in Republic of South Africa)	-	-
Trustco Mobile Mauritius*	-	-
	978,451	**978,451**

All subsidiaries are 100% held.

*The carrying amount of the subsidiary is NAD100.

11. Deferred tax assets and (liabilities)

2016	Opening balance	Group Movement for the year	Closing balance	Opening balance	Company Movement for the year	Closing balance
Property, plant and equipment	(28,973)	(41,756)	(70,729)	-	-	-
Land	(17)	-	(17)	-	-	-
Inventory	(32,157)	3,638	(28,519)	-	-	-
Investment properties	(16,361)	8,045	(8,316)	-	-	-
Intangible assets	(2,908)	(2,192)	(5,100)	-	-	-
Finance lease liability	2,422	4,744	7,166	-	-	-
Prepayment	(22,219)	20,413	(1,806)	(2,638)	1,054	(1,584)
Property debtors	(231,858)	(46,520)	(278,378)	-	-	-
Provision for doubtful debts	51	(2)	49	-	-	-
Income received in advance	1,875	16,863	18,738	-	-	-
Provision for leave and bonuses	638	462	1,100	-	-	-
Other	24,477	(24,477)	-	-	-	-
Foreign currency translation	2,923	799	3,722	-	-	-
Deferred tax on assessed loss	144,025	32,581	176,606	17,691	21,024	38,715
	(158,082)	**(27,402)**	**(185,484)**	**15,053**	**22,078**	**37,131**
2015						
Property, plant and equipment	(25,989)	(2,984)	(28,973)	-	-	-
Land	(17)	-	(17)	-	-	-
Inventory	(92,598)	60,441	(32,157)	-	-	-
Investment properties	(1,182)	(15,179)	(16,361)	-	-	-
Intangible assets	(3,101)	193	(2,908)	-	-	-
Finance lease liability	810	1,612	2,422	-	-	-
Prepayment	(6,265)	(15,954)	(22,219)	(3,479)	841	(2,638)
Property debtors	(93,638)	(138,220)	(231,858)	-	-	-
Provision for doubtful debts	4,539	(4,488)	51	-	-	-
Income received in advance	2,049	(174)	1,875	-	-	-
Provision for leave and bonuses	693	(55)	638	-	-	-
Other	2,470	22,007	24,477	-	-	-
Foreign currency translation	1,022	1,901	2,923	-	-	-
Deferred tax on assessed loss	111,260	32,765	144,025	-	17,691	17,691
	(99,947)	**(58,135)**	**(158,082)**	**(3,479)**	**18,532**	**15,053**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

	Group		Company	
Figures in Namibia Dollar thousand	**2016**	**2015**	**2016**	**2015**

11. Deferred tax assets and liabilities (continued)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(158,082)	(99,947)	15,053	(3,479)
Movements during the year in profit and loss	(14,474)	(74,025)	22,078	18,532
Movements for the year in other comprehensive income	(8,925)	(780)	-	-
Recognised in business combination	(4,003)	16,670	-	-
	(185,484)	**(158,082)**	**37,131**	**15,053**
Deferred tax assets	143,675	146,359	37,131	15,053
Deferred tax liabilities	(329,159)	(304,441)	-	-
	(185,484)	**(158,082)**	**37,131**	**15,053**

Deferred tax assets and liabilities are only offset when the tax relates to the same legal entity or fiscal authority or it is intended to settle the assets and liabilities on a net basis.

The group believes that assessed losses will be utilised through the generation of future taxable income. In South Africa, utilisation of the deferred tax asset has already begun, with entities where losses have continued their defered tax assets were reversed, the remaining assets now align with board approved budgets. The total deferred tax asset relating to assessed losses in all South African entities amounts to NAD13 million (2015: NAD42 million). Probable future income forecasts over a five year period from license fees from the use of software owned by the South African entities in the rest of the group are expected to fully utilize tax losses, relating to recognized assets.

In Namibia, the limited entities in an assessed loss position are expected to fully utilize these tax benefits through tax planning opportunities in the near future based on board approved budgets.

12. Borrowings

Held at amortised cost				
Term loans	484,927	549,510	-	-
Listed bonds	285,587	294,546	285,587	294,546
Asset backed financing arrangements	217,388	75,496	-	-
Mortgage bonds	116,793	126,089	-	-
	1,104,695	**1,045,641**	**285,587**	**294,546**
Long-term portion	818,463	912,657	160,587	294,546
Current-term portion	286,233	132,984	125,000	-
	1,104,695	**1,045,641**	**285,587**	**294,546**

Figures in Namibia Dollar thousand

The borrowings consist of :

	Year of loan value maturity	Loan value 2016	2015	Instalments paid per annum 2016	2015	Interest 2016 %	2015 %
Term loans	2016 - 2026	484,927	549,510	212,247	40,852	11.62	10.50
Bonds issued	2016 - 2019	285,587	294,546	35,787	-	11.31	10.11
Asset backed financing arrangements	2016 - 2021	217,388	75,496	65,121	8,379	11.50	10.00
Mortgage bonds	2016 - 2029	116,793	126,089	7,765	10,320	10.45	9.50
		1,104,695	**1,045,641**	**320,920**	**59,596**		

Approved domestic medium term note programme

As at 31 March, NAD700 million (2015: NAD 700 million) of a NAD1 billion JSE approved domestic medium term note programme was not yet issued. Bonds are presented net of transaction costs.

Asset backed financing arrangements

Asset backed financing arrangements are secured over aircraft with a carrying amount of NAD217.2 million (2015: NAD32.8 million). These arrangements are further backed by cession of shares by Quinton van Rooyen. These arrangements grant the group a facility to access a loan to finance a portion of the acquisition price of aircraft.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Security

The following securities are in place for term loans and mortgage loans:

- Shares pledge granted by Trustco Group Holdings Ltd and Trustco Education (Pty) Ltd in favour of IFC;
- Unlimited surety by Q van Rooyen and C van Rooyen in favour of Bank Windhoek Ltd;
- First cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Loan Book, to be shared pari passu with the IFC and ABSA;
- Second cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Loan Book, to be shared pari passu with the IFC, AfDB, ABSA, DEG and PROPARCO;
- Shares pledged by Q van Rooyen and C van Rooyen to serve as security Bank Windhoek Loan (included under term loans);
- Shares pledged by Q van Rooyen and C van Rooyen to serve as security Standard Bank Namibian loan;
- Shares pledged by Q van Rooyen and C van Rooyen to serve as security for an instalment sale facility from Inselberg;
- Limited surety by Q van Rooyen and C van Rooyen in favour of Standard Bank Namibia Ltd; and
- A mortgage bond over two undeveloped zoned industrial land portions to serve as security to ZAR200 million of the issued bond. The value of this investment property is currently NAD517.7 million.
- A portion of the term loans are settled on transfer of sold real estate inventory and is secured over work-in-progress with carrying value of NAD320.2 million (2015: NAD316.1 million), as well as a bond over investment properties with a value of NAD 146,8 million.
- The mortgage loans are secured over land and buildings and investment properties with carrying values of NAD129 million (2015: NAD112.5 million) and NAD58.25 million (2015: NAD54.4 million).
- The Company provided a guarantee and pledged and ceded its share in and loans to Trustco Air Services (Pty) Ltd for the full obligation under asset backed financing arrangements in favour of Inselberg Trust;
- The Company provided limited suretyship in favour of Standard Bank of Namibia;

Total value of security pledged by the managing director on which the group reimburses him for suretyship in accordance with his management fee agreement was NAD821.1 million (2015: NAD812.4 million).

Unutilised committed borrowings

As at 31 March, NAD217 million (2015: NAD 80 million) of borrowing facilities not yet fully utilised remain undrawn.

13. Trade and other payables	Group		Company	
	2016	2015	2016	2015
Trade payables	13,936	42,732	76,115	21,467
VAT	9,308	2,808	-	-
Other payables	192,562	33,351	5,425	3,881
	215,806	**78,891**	**81,540**	**25,348**

Included in Trade payables of the company are insurance premiums due to Trustco Insurance Ltd of NAD59.7 million (2015: nil). All trade and other payables are to be settled within 12 months.

Included in other payables is NAD95.4 million relating to invoices due on imported aircraft, which amounts remained unsettled whilst the group procured exchange controls and import approval via its agents.

14. Insurance contract liabilities

Short-term insurance contracts		
Provision for IBNR	2,577	2,404
Provision for outstanding claims	9,456	7,012
Unearned premium reserve	6,937	6,863
	18,970	**16,279**

Long-term insurance contracts		
Provision for outstanding claims	592	269
Unearned premium reserve	3,044	2,332
Policyholders' liability under insurance contracts	52,759	44,839
	56,395	**47,440**

Figures in Namibia Dollar thousand

Reconciliation of insurance contract liabilities - Group - 2016

	Opening balance	Movement	Total
Short-term insurance contract liabilities			
Provision for IBNR	2,404	173	2,577
Provision for outstanding claims	7,012	2,444	9,456
Unearned premium reserve	6,863	74	6,937
Long-term insurance contract liabilities			
Provision for outstanding claims	269	323	592
Unearned premium reserve	2,332	712	3,044
Policyholders' liability under insurance contracts	44,839	7,920	52,759
	63,719	**11,646**	**75,365**

Reconciliation of insurance contract liabilities - Group - 2015

	Opening balance	Movement	Total
Short-term insurance contract liabilities			
Provision for IBNR	3,333	(929)	2,404
Provision for outstanding claims	7,092	(80)	7,012
Unearned premium reserve	7,141	(278)	6,863
Long-term insurance contract liabilities			
Provision for outstanding claims	203	66	269
Unearned premium reserve	2,344	(12)	2,332
Policyholders' liability under insurance contracts	38,520	6,319	44,839
	58,633	**5,086**	**63,719**

Solvency margin		
Solvency margin of Trustco Insurance Ltd	37.1 %	37.5 %

The solvency margin represents shareholders' interest of NAD23.9 million (2015: NAD26.74 million) expressed as a percentage of net premium income of NAD64.4 million (2015: NAD71.3 million) for the year under review.

(i). Assumptions and estimates (Short-term insurance)

Provision for outstanding claims

Each reported claim is assessed separately on a case to case basis taking into account information available from the insured. The estimates are updated as and when new information becomes available.

The estimate for claims IBNR is calculated as a percentage of written premium. Different percentages are applied by class of business. IBNR is calculated as either one month's claims or 4/12ths of annual expected claims depending on the nature of the policy.

Unearned premium provision

Provision in respect of premiums written in the current year relating to future periods, is determined for all business on actual monies received in advance. This is calculated by multiplying premium by the ratio of outstanding term to the original term of the policies in force.

Long-term insurance

Process used to decide on long-term insurance assumptions

The business was divided up into homogeneous groupings and then each grouping was analysed. Best estimate assumptions were then derived based on these investigations. Where data was limited, industry information was used. Recent trends evident in the data were allowed for.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

14. Insurance contract liabilities (continued)

The value of insurance liabilities is based on best estimate assumptions of future experience plus compulsory margins as required in terms of PGN 104, plus additional discretionary margins determined by the statutory actuary. The compulsory margins are summarised as follows:

Assumption	Additional variables	Compulsory margin
Investment earnings	3.5% per annum (10% less 3% mismatch margin less 2.5% bank deposit margin less 1% expense charge (2015: 3%))	Investment earnings assumption was increased or decreased by 0.25% depending on which gives the higher liability
Expense Inflation	Expected inflation 6.76% (2015: 6.39%)	10% loading on the expense inflation assumption
Mortality	Assumption was increased by 20%; for credit life an additional 30% was added	Assumption was decreased by 7.5% for annuities and increased for all other classes morbidity
Lapses	As per actual incidents	Lapse rate assumptions were increased or decreased by 25% depending on which gives the higher liability
Surrenders	As per actual incidents	Surrender rate assumptions were increased or decreased by 10% depending on which gives the higher liability
Expenses	Life business has an additional 10% discretionary margin	Not applicable
Mortality due to AIDS	Additional mortality of 50% of Doyle II	Assumption was decreased by 7.5% for annuities

Negative reserves were eliminated on a policy-by-policy basis for all policies that had three or more premiums in arrears. The assumptions used for insurance contracts are as follows:

All the assumptions below are based on the most recent experience investigations in each country modified for expected trends. Generally experience investigations are carried out for all assumptions every year:

(i) Mortality
Adjusted standard assured lives and annuity tables were used to reflect the group's recent claims experience.

(ii) Morbidity
Disability and dread rates are based on standard morbidity tables and critical illness tables and where appropriate, adjusted to reflect the group's recent claims experience.

(iii) Medical and retrenchment
The incidence of medical and retrenchment claims is derived from the risk premium rates determined from annual investigations. The adjusted rates are intended to reflect future expected experience.

(iv) Withdrawal

The withdrawal assumptions are based on the most recent withdrawal investigations taking into account past as well as expected future trends. The withdrawal rates are calculated every year for each company/country, and by class and policy duration. Typically the rates are higher at early durations.

(v) Renewal expenses and inflation

A detailed expense investigation for each company/country was undertaken and the expenses were split by line of business and between new business and maintenance expenses.

The maintenance expenses were adjusted for expected inflation in the future and spread over the anticipated volumes of business over the next year to derive a per policy expense for each class. The expenses allocated to new business are expected to be covered by future new business written.

(vi) Tax

The interest and expense assumptions are net of any taxation payable based on the tax environment for each country and the tax position of the company.

Policyholders' liabilty under insurance contracts

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).

Process used to decide on assumptions

Assumptions used in the valuation of policyholder liabilities are set by reference to local guidelines and where applicable to the ASSA guidance.

Economic assumptions are set by reference to local economic conditions at the valuation date.

Changes in assumptions

There were no changes made to the assumptions used in the valuation of 2016 compared to the prior year.

Capital adequacy for life business

The solvency position determined in accordance with the Namibian Long-term Insurance Act, 1998, is summarised below: Actuarial calculation for the life business only:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

	2016	2015
14. Insurance contract liabilities (continued)		
Excess of assets over liabilities (NAD)	951,981	1,266,270
Minimum statutory requirement (NAD)	4,000	4,000
ASSA Capital adequacy benchmark* (NAD)	45,554	16,479
CAR ratio	2090%	7441%

* Note that the ASSA CAR is not a requirement of the Act, it is based on ASSA's SAP104.

Insurance risk

Long-term insurance operations

Insurance risk occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. This could also occur because of the frequency or severity of claims and benefits being greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate using statistical techniques.

The long-term insurance operations use appropriate base tables of standard mortality and morbidity which are modified to reflect the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Termination statistics to investigate the deviation of actual termination experience against assumptions are used. Statistical methods are used to determine appropriate rates. An allowance is then made for any trends in the data to arrive at the best estimate of future termination rates.

Short-term insurance operations

This operation underwrites risks that natural persons, corporates or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, engineering, marine, liability and aviation. As such the operation is exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected. Insurance events are by their nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods.

The operation underwrites primarily short-tailed risks, that is, insurance under which claims are typically settled within one year of the occurrence of the events giving rise to the claims. Risks that are long-tailed in nature represent an insignificant portion of the group's insurance portfolio. Therefore the group's exposure at any time to insurance contracts issued more than one year before is limited.

Capital adequacy and solvency risk

Long-term operations

The capital adequacy requirement is determined according to generally accepted actuarial principles in terms of the guidelines issued by the Actuarial Society of South Africa. It is an estimate of the minimum capital that will be required to meet fairly substantial deviations from the main assumptions affecting the group's business.

Short-term operations

The group submits quarterly and annual returns to the Namibian Financial Institutions Supervisory Authority that show the solvency position of its insurance operations. The group is required to maintain, at all times, a statutory surplus asset ratio and free assets after spreading limitations as defined in the Short-term Insurance Act, 1998 ('the Act'). The returns submitted by the company to the regulator showed that the company met the minimum capital requirements at the yearend date.

Underwriting risk

Long-term insurance operations

The statutory actuary reports annually on the actuarial soundness of the premium rates in use and the profitability of the business taking into consideration the reasonable benefit expectation of policyholders. All new rate tables are approved and authorised by the statutory actuary prior to being issued. Annual investigations into mortality and morbidity experience are conducted. All applications for risk cover in excess of specified limits are reviewed by experienced underwriters and evaluated against established standards. All risk-related liabilities in excess of specified monetary or impairment limits are reinsured.

Short-term insurance operations

The operation limits its exposure to insurance risk through setting a clearly defined underwriting strategy including limits, adopting appropriate risk assessment techniques and the reinsurance of risks that exceed its risk appetite. The underwriting strategy ensures diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aims to develop a sufficiently large population of risks to reduce the variability of the expected outcome. Ongoing review and analysis of underwriting information enables the group to monitor its risks and take timely corrective action.

Figures in Namibia Dollar thousand	Group 2016	2015

14. Insurance contract liabilities (continued)

Regulatory risks

Continuous legislation changes in the long-term and short-term environment may impact on the operational and financial structures within these businesses. The group has sufficient resources to address the impact of legislation timeously and efficiently.

During the development stage of any new product, rights and obligations of all parties are clearly defined in the contracts and documentation.

Financial risk

Long-term insurance operations

The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. Components of this financial risk are interest rate risk, equity price risk, currency risk, liquidity risk and credit risk. An investment committee sets policies and receives monthly and quarterly reports on compliance with investment policies.

The long-term insurance operations manage these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the ALM framework is to match assets to the liabilities arising from insurance and investment contracts by reference to the type and timing of benefits payable to policyholders.

Short-term insurance operations

The short-term operations are exposed to daily calls on their available cash resources from claims arising. Liabilities are matched by appropriate assets and the operations have significant liquid resources to cover their obligations.

15. Other liabilities

Lease liabilities	27,540	7,340
Vendors for acquisition	14,498	85,410
	42,038	**92,750**
Vendors for aquisitions		
Balance at beginning of year	85,410	209,604
Movement during the year	(70,912)	(124,194)
Balance at end of year	**14,498**	**85,410**
Current portion	14,498	85,410

A portion of the consideration for the purchase of Watermeyer Mining and Construction (Pty) Ltd was deferred. The purchase consideration is payable by the group in two instalments of NAD15 000 000, the first having been paid in July 2015 and the second instalment payable in July 2016. The balance is interest free.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
16. Share capital				
Authorised				
2,500,000,000 Ordinary shares of NAD0.23 each	575,000	575,000	575,000	575,000
Issued and fully paid				
Ordinary	177,595	177,595	177,595	177,595
Share premium	46,300	46,300	46,300	46,300
	223,895	**223,895**	**223,895**	**223,895**

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting. 772 142 090 shares were issued and outstanding on 31 March 2016; no shares were issued during 2016.

17. Deemed treasury shares

	Number of shares 2016 '000	Number of shares 2015 '000	Group 2016	Group 2015	Company 2016	Company 2015
Opening balance	61,734	75,906	57,043	69,026	1,861	-
Open market purchase of shares	-	1,052	-	1,861	-	1,861
Sale of deemed treasury shares	(61,734)	(15,224)	(57,043)	(13,844)	(1,861)	-
	-	**61,734**	**-**	**57,043**	**-**	**1,861**

Between March and August 2015, 61,734 million treasury shares were sold in the market at an average price of NAD4,03.

18. Shares for vendors

	Group 2016	Group 2015	Company 2016	Company 2015
Balance at beginning of 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) Ltd (TFS) previously DexGroup Financial Services (Pty) Ltd. In terms of the agreement, the group had to pay NAD20 million in cash upfront and a further NAD45 million by issuing a fixed number of shares. Shares were issued from 2008 to 2010 based on pro rata net profit after tax of TFS in each year. Total amount of shares not yet issued, contingent on conclusion of the purchase, is 4.922 million shares.

The purchase agreement was subsequently viewed as completed as TFS achieved its profit targets. At the time of conclusion however, DexGroup had not settled an overdraft facility of NAD19.4 million, which was a condition of the agreement. As a result, the liability for payment to the acquiree was not extinguished; and hence the shares for vendors, issuable once the purchase agreement is legally perfected, were not derecognised.

On 20 September 2013, DexGroup's appeal was dismissed by the Supreme Court of Appeal in South Africa. By 29 January 2014, DexGroup did not honour the order and an application for liquidation was filed. No penalty interest on overdue funds has been raised.

The group believes that the overdraft remains recoverable given historical representations made by Dex in various legal proceedings. The group's accounting policies require that this amount is not netted off against the outstanding receivables.

Figures in Namibia Dollar thousand	Group 2016	Group 2015
19. Contingency reserves		
Balance at beginning of year	2,250	2,983
Transfer to/(from) reserve	433	(733)
Balance at the end of the year	2,683	2,250
20. Revaluation reserve		
Balance at beginning of year	52,083	30,641
Revaluation of property, plant and equipment	35,539	23,523
Release of revaluation reserve to distributable reserve	(639)	(959)
Deferred tax on revaluation	(9,725)	(1,122)
	77,258	**52,083**

The revaluation reserve arises from the changes in fair value of property, plant and equipment are measured under the revaluation method. When the property, plant and equipment are sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015

21. Contingent liabilities and guarantees

21.1 City of Windhoek

The group has guaranteed the undertaking of bulk services on its real-estate inventory (Lafrenz) amounting to NAD0.66 million.

2.2 Pending legal cases

The group has pending legal cases for which the total legal costs are estimated to be not more than NAD20.0 million

(I) Real People

Amounts owing to Real People Ltd in connection with branch costs not properly transferred to Trustco are currently under dispute by the parties. The maximum potential settlement should the group be unsuccessful in defending its position is NAD10 million.

(II) Canon

The cancellation of certain service activities performed by Canon in the South African operations has given rise to a potential claim by Canon on the remaining period of contracts which are currently in dispute by Trustco and Real People Ltd. The maximum potential loss to the group is NAD10 million.

22. Capital commitments authorised capital expenditure

	Group 2016	Group 2015	Company 2016	Company 2015
Not yet contracted for but authorised by directors	60,057	361,422	-	-

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.

23. Revenue

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

	Group 2016	Group 2015	Company 2016	Company 2015
Insurance premium revenue	192,841	180,863	-	-
Property sales	620,901	502,127	-	-
Tuition and other related fees	155,532	136,080	-	-
Interest earned on student advances	142,575	119,180	-	-
Other revenue	38,437	78,823	7,385	4,670
Total revenue	**1,150,286**	**1,017,073**	**7,385**	**4,670**

During the year, the group recognised NAD56.4 million (2015: NAD39.9 million) of revenue on the construction of real estate based on completion certificates provided by the engineering consultant. All other property sales are recognised on the date of sale and when all conditions are met.

Insurance income can be analysed as follows:

	Group 2016	Group 2015
Long-term insurance contracts		
Gross premium written	122,354	108,360
Change in deferred income	(712)	12
	121,642	**108,372**
Short-term insurance contracts		
Gross premium written	71,373	72,231
Change in deferred income	(74)	260
	71,299	72,491
Total insurance income	**192,841**	**180,863**

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
24. Claims and benefits paid on insurance contracts				
Long-term insurance contracts				
Death claims paid	22,838	21,131		
Change in provision for outstanding claims	323	66		
Transfer to policyholders' liabilities	7,920	-		
	31,081	**21,197**		
Short-term insurance contracts				
Claims paid out	12,197	16,400		
Increase in provision for IBNR	173	(930)		
Transfer to policyholders' liabilities	-	6,319		
Change in unearned premiums	-	(290)		
Change in provision for outstanding claims	2,444	(80)		
	14,814	**21,419**		
Total claims	**45,895**	**42,616**		

25. Profit before taxation

Operating profit (loss) for the year is stated after accounting for the following:

	Group 2016	Group 2015	Company 2016	Company 2015
Employee costs	145,672	136,480	15,634	-
Profit on foreign exchange differences	6,978	8,640	-	-
Fair value gains on investment property	131,305	103,200	-	-
Depreciation - Property, plant and equipment	22,541	22,241	-	-
Amortisation - Intangible assets	23,840	26,939	-	-
Auditors' remuneration - Audit fees	5,652	2,283	793	-
(Profit)/Loss on disposal of property, plant and equipment	(221)	2,098	-	-
Impairment of loans and receivables and bad debts written off	7,445	25,828	-	-
(Decrease)/Increase in provision for doubtful debts relating to student advances	(8,921)	9,274	-	-
Gain on bargain purchase - Fides Bank Namibia Ltd	-	11,203	-	-
Gain on bargain purchase - Farm Herboths (Pty) Ltd	-	18,041	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

26. Directors' emoluments

2016	Number of shares '000	Market value of shares	Basic	Bonuses	Other benefits	Directors' fees	Total
Holding company directors							
Executive directors							
Q van Rooyen	392 554	1, 177, 662	-	-	-	-	-
FJ Abrahams	1,417	4,251	1,341	234	147	-	1,722
R McDougall	710	2,130	2,114	-	197	-	2,311
Non-executive directors							
W Geyser	40	120	-	-		312	312
Adv. R Heathcote	1,222	3,666	-	-		530	530
J Mahlangu	-	-	-	-	-	221	221
R Taljaard	18	54	-	-		287	287
Subsidiary company directors							
J Jones (resigned 16.03.16)	2 605	7,815	1,293	160	105	-	1,558
A Lambert	255	765	739	37	229	-	1,005
E Janse van Rensburg	797	2,391	1,202	-	136	-	1,338
B Kandetu (resigned 15.07.15)	-	-	121	-	3	-	124
I Calitz	141	423	523	19	160	-	702
QZ van Rooyen (appointed 16.03.16)	-	-	-	-	-	-	-
Non-executive directors of subsidiary boards							
W Geyser	-	-	-	-	-	464	464
R Taljaard	-	-	-	-	-	218	218
T Newton	-	-	-	-	-	262	262
NJ Tshitayi	-	-	-	-	-	124	124
S Similo	-	-	-	-	-	118	118
	399 759	**1,199,277**	**7,333**	**450**	**977**	**2,536**	**11,296**

No share transactions were carried out by directors after year-end and up to the date of approval of the annual financial statements.

*** Remuneration arrangement of Group Managing Director and Deputy CEO**

Refer to the directors' report for details of remuneration of the Group Managing Director, Q van Rooyen and QZ van Rooyen.

A surety fee is payable based on all surety pledged by the managing director for exposures in the group. The fee is calculated at 2% of all outstanding suretyships on a quarterly basis. At 31 March 2016, the value of surety pledged was NAD839.5 million (2015: NAD812.4 million).

During 2016, the company paid Next Investments (Pty) Ltd a management fee of NAD28.3 million (2015: NAD22 million) and surety fee of NAD 18.7 million (2015: NAD11.1 million).

For further details on payments made to and balances due to/from the Group Managing Director and the deputy Group Managing Director, by the group refer to notes 5 and 34 .

Figures in Namibia Dollar thousand

26. Directors' emoluments (continued)

2015	Number of shares '000	Market value of shares	Basic	Bonuses	Other benefits	Directors' fees	Total
Holding company Executive directors							
Q van Rooyen	392 554	1,216,917	-	-	-	-	-
FJ Abrahams	1,313	4,070	1,262	-	95	-	1,357
R McDougall	657	2,037	1,992	-	144	-	2,136
Non-executive directors							
W Geyser	8	25	-	-	-	235	235
Adv. R Heathcote	680	2,108	-	-	-	397	397
V de Klerk(resigned 01.09.14)	16	50	-	-	-	66	66
J Mahlangu	-	-	-	-	-	154	154
R Taljaard	6	19	-	-	-	179	179
Subsidiary companies Executive directors							
J Jones	2,861	8,869	1,293	-	98	-	1,391
A Lambert	228	707	710	138	47	-	895
E Janse van Rensburg	757	2,347	1,106	-	87	-	1,193
AJ Bornman (resigned 30.05.14)	-	-	79	-	-	-	79
B Kandetu	397	1,231	481	-	-	-	481
I Calitz	113	350	512	140	37	-	689
Non-executive directors							
W Geyser	-	-	-	-	-	451	451
R Taljaard	-	-	-	-	-	221	221
T Newton (appointed 22.08.14)	-	-	-	-	-	135	135
NJ Tshitayi (appointed 22.08.14)	-	-	-	-	-	43	43
S Similo (appointed 19.11.14)	-	-	-	-	-	13	13
	399 759	**1,238,730**	**7,435**	**278**	**508**	**1,894**	**10,115**

Dealings by directors

The following directors were awarded cash-settled bonuses, which required a subsequent share investment subject to a trading restriction until 2019.

	2016	2015
J Jones	-	350
E Janse van Rensburg	-	350
FJ Abrahams	-	350
R McDougall	-	350
	-	**1,400**

No financial assistance was provided to directors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

	Group		Company	
Figures in Namibia Dollar thousand	**2016**	**2015**	**2016**	**2015**
27. Investment income				
Interest income				
Related party loans	-	-	14,237	41,418
Investments and external party loans	3,717	6,422	-	-
	3,717	**6,422**	**14,237**	**41,418**
Other Income	18,145	26,106	-	-
Dividends	-	-	369,569	-
Fair value gains	131,305	103,600	-	-
	153,167	**136,128**	**383,806**	**41,418**
Investment income, analysed by category of financial assets is as follows:				
Loans and receivables	3,717	6,422	14,237	41,418
28. Finance costs				
Bank overdraft	10,665	13,619	-	-
Long-term borrowings	119,697	84,461	38,240	29,258
Finance leases	3,917	7,416	-	-
	134,279	**105,496**	**38,240**	**29,258**
Finance costs on other financial liabilities	**134,279**	**105,496**	**38,240**	**29,258**

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
29. Taxation				
Major components of the tax expense (income)				
Current				
Local income tax	14,981	17,287	-	-
Foreign income tax	621	1,845	-	-
	15,602	**19,132**	**-**	**-**
Deferred				
Originating and reversing temporary differences - local tax	(1,184)	60,128	(22,078)	(18,532)
Originating and reversing temporary differences - foreign tax	15,658	13,897	-	-
	14,474	**74,025**	**(22,078)**	**(18,532)**
Taxation	**30,076**	**93,157**	**(22,078)**	**(18,532)**
Tax recognised in other comprehensive income				
Namibia normal tax				
Deferred tax expense relating to origination and reversal of temporary differences	(8,925)	(780)	-	-
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	32.00%	33.00%	32.00%	33.00%
Tax for the year as a percentage of profit before tax	6.69%	23.50%	(8.10)%	33.00%
Non taxable income from Life Insurance operations	13.03%	7.00%	-%	- %
Effect of foreign tax rate differential	1.30%	1.20%	- %	- %
Losses for which no deferred tax asset was raised	(20.67)%	(10.70)%	- %	- %
Tax rate adjustment	2.33%	- %	0.68 %	- %
Movement in contingency reserve	(0.20)%	0.20%	- %	- %
Non-taxable other income and capital income	20.22%	0.57%	- %	- %
Non-taxable gains on fair value adjustments	9.3%	11.23%	- %	- %
Non-taxable dividends received	-%	-%	39.42%	- %
	32.00%	**33.00%**	**32.00%**	**33.00 %**

The group has an estimated tax losses of NAD557.7 million (2015: NAD497 million) available for set off against future taxable income. The company has a tax loss of NAD120.9 (2015: NAD49.7 million) available for future set off against taxable income.

	2016	2015
30. Earnings, headline earnings and dividends per share		
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent	419,798	303,238
Headline earnings		
Profit attributable to ordinary shareholders	419,798	303,238
Adjustments:		
(Profit)/loss on disposal of property, plant and equipment	(221)	2,098
Fair value adjustments on investment properties	(300)	400
Gain on bargain purchase	-	(29,244)
Tax effect thereon	155	(748)
Headline earnings	**419,432**	**275,744**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
30. Earnings, headline earnings and dividends per share (continued)				
Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share				
Weighted average number of ordinary shares used for basic earnings per share ('000)	758,124	695,582		
Adjusted for:				
Contingently issuable shares as a result of business combinations ('000)	4,922	4,922		
Weighted number of ordinary shares for the purposes of **diluted earnings per share ('000)**	**763,046**	**700,504**		
Basic earnings per share (cents)	55.37	43.59		
Diluted earnings per share (cents)	55.02	43.29		
Headline earnings per share (cents)	55.32	39.64		
Diluted headline earnings per share (cents)	54.97	39.36		
Dividends per share			**7.40**	**5.75**
During the year under review normal dividends of 7.40 cents per share (2015: 5.75 cents) amounting to a total of NAD49.4 million (2015: 44.4 million) were declared and paid by the company.				
31. Cash generated from (used in) operations				
Profit before taxation	449,874	396,396	272,697	(48,396)
Adjustments for:				
Depreciation and amortisation	46,381	49,180	-	-
Net (profit)/ loss on disposal of property, plant and equipment	(221)	2,098	-	-
Investment income	(3,717)	(6,421)	(383,806)	(41,418)
Finance costs	134,279	105,496	38,240	29,258
Fair value adjustments	(131,605)	(103,200)	-	-
Impairment of loans and receivables and bad debts	(1,476)	35,102	-	-
Gain on bargain purchase	-	(29,244)	-	-
Increase/(decrease) in technical provision	3,726	(1,233)	-	-
Increase in policyholders' liability under insurance contracts	7,920	6,319	-	-
Other non-cash items	2,271	(6,436)	-	-
Changes in working capital:				
Inventories	(3,702)	19,933	-	-
Trade and other receivables	(187,835)	(343,616)	(11,111)	(6,246)
Trade and other payables	126,570	46,760	56,192	1,390
	442,465	**171,134**	**(27,788)**	**(65,412)**
32. Tax paid				
Balance outstanding at beginning of year				
- Current tax assets	(12,982)	(4,716)	(1,002)	-
- Current tax liabilities	7,945	5,561	-	854
	(5,037)	**845**	**(1,002)**	**854**
Current tax for the year recognised in profit or loss	15,602	19,132	-	-

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015
Adjustment in respect of subsidiaries acquired	6	-	-	-
Balance outstanding at end of year	-			
Current tax assets	7,496	12,982	1,002	1,002
- Current tax liabilities	(10,257)	(7,945)	-	-
	7,810	**25,014**	**-**	**1,856**

33. Business combinations

The group recognises a business combination by applying IFRS 3 Business Combinations, which requires that the assets acquired and liabilities assumed of the acquiree/ investee constitute a business and that the acquiree controls the acquirer. The group has gained control over the acquirees acquired during the period by transferring cash, cash equivalents or other assets. The acquirees were businesses as defined by IFRS 3.B7 at the time of acquisition.

As per the guidance of IFRS 10, the group had control over the entities as at the time of acquisition, it had power over the investee, exposure or rights, to variable returns from its involvement with the entities and the ability to use its power over the investee to affect the amount of the investor's returns.

Watermeyer Mining and Construction (Pty) Ltd

On 30 June 2015 the group acquired 100% of the voting equity interest of Watermeyer Mining and Construction (Pty) Ltd ("WMC") which resulted in the group obtaining control over WMC. WMC is a construction company specializing in construction projects. The assets and resources acquired include staff and office buildings related to the operations. The group has taken over the management of the operations of the entity. This expansion will augment the existing investment and property development operations of the group and extend the foreseeable development timetable.

Goodwill of NAD9.5 million arising from the acquisition is attributable to the expected savings to be made by the group relating to the reduced cost of bulk servicing via WMC rather than external vendors. Goodwill is not deductible for income tax purposes.

WMC's acqusition is to be settled in cash in 2 instalments. The first instalment of NAD15.0 million was paid in July 2015, with the second instalment of NAD15.0 due in July 2016.

Fair value of assets acquired and liabilities assumed	
Property, plant and equipment	24,000
Current tax assets	38
Trade and other receivables	17,499
Cash and cash equivalents	2,769
Borrowings	(11,097)
Deferred tax liabilities	(4,004)
Current tax liabilities	(44)
Trade and other payables	(10,345)
Total identifiable net assets	18,816
Goodwill	9,497
	28,313
Acquisition date fair value of consideration paid	
Cash	(15,000)
Deferred consideration	(13,313)
	(28,313)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Acquisition related costs

The acquisition related costs amounted to NAD385,000. These costs have been expensed in the year of acquisition and are included in the comprehensive income.

Revenue and profit or loss of WMC

Revenue of NAD16.7 million and loss of NAD11.0 million of WMC have been included in the group's results since the date of acquisition. Revenue of NAD22.3 million and a loss of NAD16.6 million would have been included had WMC been acquired on 1 April 2015.

34. Related parties

The group is controlled by Q van Rooyen who owns 50.76% of the company's shares. Material related parties are disclosed in notes 5 & 26.

Other related parties are:

Subsidiaries

Agricultural Export Company (Pty) Ltd
Arru Island Investments (Pty) Ltd
Discuss Properties (Pty) Ltd
Erf 7179 (Pty) Ltd
Elisenheim Property Development Company (Pty) Ltd
Farm Herboths (Pty) Ltd
Insurance Claims Exchange (Pty) Ltd
Institute for Open Learning (Pty) Ltd
Komada Holdings (Pty) Ltd
Watermeyer Mining and Construction (Pty) Ltd
Legal Shield Holdings (Pty) Ltd
New Adventure Insurance Brokers (Pty) Ltd
November Properties (Pty) Ltd
Printas (Pty) Ltd
Thera Island Investments (Pty) Ltd
Trustco Accommodation (Pty) Ltd
Trustco Administrative Support Services (Pty) Ltd
Trustco Air Services (Pty) Ltd
Trustco Bank Namibia Ltd
Trustco Business Developments (Pty) Ltd
Trustco Capital (Pty) Ltd
Trustco Corporate Management Services (Pty) Ltd
Trustco Education (Pty) Ltd
Trustco Estate Planners and Administrators (Pty) Ltd
Trustco Finance (Pty) Ltd
Trustco Financial Services (Pty) Ltd
Trustco Fleet Management Services (Pty) Ltd
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)
Trustco Group International (Pty) Ltd (inc. in Republic of South Africa)
Trustco Informatix (Pty) Ltd
Trustco Insurance Ltd
Trustco Intellectual Property Holdings (Pty) Ltd
Trustco Intermediary Solutions (Pty) Ltd
Trustco Life Ltd
Trustco Media (Pty) Ltd
Trustco Mobile (Pty) Ltd
Trustco Newspapers (Pty) Ltd
Trustco Property Holdings (Pty) Ltd
Trustco Resources (Pty) Ltd
Trustco Reinsurance Ltd
Trustco Restaurants (Pty) Ltd
Trustco Tourism Holdings (Pty) Ltd
Sunda Island Investments Ltd

Entities in which board members have significant influence

Foxtrot Properties (Pty) Ltd
Golf Properties (Pty) Ltd
Namibia Medical Investments (Pty) Ltd
Next Investments (Pty) Ltd
Northern Namibia Development Company (Pty) Ltd
Othinge Investments (Pty) Ltd
Huso Investments (Pty) Ltd
Morse Investments (Pty) Ltd

Other related entities

Trustco Senior Employees Trust
Trustco Staff Share Incentive Scheme Trust

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.

Figures in Namibia Dollar thousand	Group 2016	Group 2015	Company 2016	Company 2015

34. Related parties (continued)

Related party transactions

Interest received from related parties				
Trustco Capital (Pty) Ltd*	-	-	14,237	15,451
Trustco Finance (Pty) Ltd*	-	-	-	25,967
Charter income received from/(fees paid to) related parties				
Next Investments (Pty) Ltd^	498	202	-	-
Northern Namibia Development Company (Pty) Ltd^	842	1,278	-	-
Trustco Air Services (Pty) Ltd	-	-	(936)	-
Advertising income received from /(fees paid to) related parties				
Trustco Newspapers (Pty) Ltd*	-	-	(747)	(248)
Next Investments (Pty) Ltd^	-	4	-	-
Northern Namibia Development Company (Pty) Ltd^	-	6	-	-
Morse Investments (Pty) Ltd^	3	-	-	-
Management fees (paid to)/received from related parties				
Next Investments (Pty) Ltd^	(28,287)	(22,036)	(10,935)	(7,562)
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)*	-	-	7,385	4,670
Facility fee (paid to)/received from related parties				
Next Investments (Pty) Ltd^	(18,641)	(11,130)	-	-
Trustco Financial Services (Pty) Ltd*	-	-	-	19,151
Dividend received				
Legal Shield Holdings (Pty) Ltd.	-	-	369,569	-

* - Indirect subsidiary.

^ - Common director: Q van Rooyen.

35. Segment results

Primary reporting format: Business segments

The group is organised into four business segments. These segments form a basis by which the group executive committee (chief operating decision-maker) formulates key operating decisions, allocate resources and assess performance. The reportable segments are differentiated and grouped by their relative size, namely: Insurance, Banking & Finance, Investments.

Insurance includes the short term and long term insurers, as well as South African insurance operations. Given the related insignificance of the South African operations, this insurance business is aggregated into insurance segment. This segment derives income from insurance premiums.

Banking and finance includes Trustco Bank Namibia Limited, Trustco Finance (Pty) Limited and Trustco Capital (Pty) Limited. All operations in this segment relate to banking and non-banking finance activities and earn interest, fees and commissions from customers.

Investments remain predominantly property sales, rental income, and investment property activities. The remaining immaterial businesses which earn tuition income and other income do not warrant separate disclosure based on both their small asset and earnings size as well as being managed and reported to the group executive committee on a singular basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand
Segment results are as follows:

2016	Banking & finance	Insurance	Investments	Group total
Segment revenue	231,157	203,866	846,242	1,281,265
Inter-segment revenue	(9,664)	(2,580)	(118,735)	(130,979)
External revenue	**221,493**	**201,286**	**727,507**	**1,150,286**
Segment result	15,841	90,770	727,616	834,227
Inter-segment	41,485	(45,737)	(410,177)	(414,429)
Profit for the year	**57,326**	**45,033**	**317,439**	**419,798**
Segment assets	1,507,636	325,639	2,180,726	4,014,001
Segment liabilities	561,563	148,914	1,114,460	1,824,937
Capital expenditure	-	1,030	49,557	50,587
Depreciation	471	1,978	20,092	22,541
Impairment of receivables and loans	(8,921)	-	-	(8,921)
Interest paid	52,910	81	81,288	134,279
Interest income	937	1,540	1,240	3,717
Income tax expense	(12,724)	(1,648)	(15,704)	(30,076)
Amortisation of intangible assets	-	16,086	7,754	23,840

2015	Banking & finance	Insurance	Investments	Group total
Segment revenue	187,093	104,420	662,943	954,456
Inter-segment revenue	(13,979)	(101,470)	(2,509)	(117,958)
	173,114	2,950	660,434	836,498
Insurance income	-	180,575	-	180,575
External revenue	**173,114**	**183,525**	**660,434**	**1,017,073**
Segment result	61,916	(33,830)	389,409	417,495
Inter-segment	(9,388)	18,378	(123,248)	(114,258)
Profit for the year	**52,528**	**(15,451)**	**266,161**	**303,238**
Segment assets	1,521,863	422,611	1,214,626	3,159,100
Segment liabilities	465,309	109,507	1,034,119	1,608,935
Capital expenditure	8,406	10,631	62,997	82,034
Depreciation	945	5,433	15,863	22,241
Impairment of receivables and loans	9,274	-	277	9,551
Income tax expenses	(13,311)	(15,962)	(63,884)	(93,157)
Interest paid	37,357	7,107	61,032	105,496
Interest income	366	5,728	327	6,421
Amortisation of intangible assets	15,159	6,808	4,972	26,939

36. Fair values and fair value hierarchy

Determination of fair values

All financial instruments, are initially recorded at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price, that is the fair value of the consideration given or received. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only observable data.

In general none of the carrying amounts of financial assets and liabilities carried at amortised cost have a fair value significantly different to their carrying amounts. Such assets and liabilities primarily comprise variable-rate financial assets and liabilities that re- price as interest rates change, short-term deposits or current assets.

Loans and advances

Loans and advances include mortgage loans, other asset-based loans, including collateralised debt obligations, and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using a credit-adjusted zero-coupon rate.

Borrowed funds

The fair values of amounts included in borrowed funds are based on quoted market prices at the reporting date where applicable, or by reference to quoted prices of similar instruments.

Other assets and liabilities

The fair values of other non-financial assets and liabilities, such as property, plant and equipment measured under the revaluation model, or investment property carried at fair value is generally measured with reference to market factors and calculated under a fair value observable model. The income or sales comparison method are usually favoured.

The fair values of other financial assets and liabilities (which comprise cash and cash equivalents, cash with central banks, other assets and liabilities) are reasonably approximated by the carrying amounts reflected in the statement of financial position as they are short term in nature or re-price to current market rates frequently.

Fair valued assets and liabilities are grouped into Levels 1 to 3 based on the extent to which the fair value is observable. The best evidence of fair value is a quoted price in an active market. In the event that the market for an asset or liability is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The levels are classified as follows:

Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets. As at 31 March 2016, the group had no Level 1 assets or liabilities.

Level 2: valuation techniques using observable inputs: assets and liabilities with quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

Group assets and liabilities fair value disclosures

The table below presents the group's financial and non-financial assets and liabilities for which fair values are disclosed in the notes to the consolidated statement of financial position according to their classification in terms of the fair value hierarchy as required by IFRS.

	Level 1	Level 2	Level 3	Total amount carrying
2016				
Group: Assets				
- Land and buildings	-	128,642	-	128,642
- Aircraft	-	247,091	-	247,091
- Investment property	-	816,180	-	816,180
- Advances	-	-	1,184,063	1, 184,063
- Trade and other receivables-	-	-	765,949	765,949
- Cash and cash equivalents	-	-	99,835	99,835
	-	**1,191,913**	**2,049,847**	**3,241,760**
2016				
Group: Liabilities				
- Insurance contract liabilities	-	-	75,365	75,365
- Bank overdraft	-	-	17,249	17,249
- Trade and other payables	-	-	215,806	215,806
- Other liabilities	-	-	42,038	42,038
- Borrowings	-	-	1,104,695	1,104,695
	-	**-**	**1,455,153**	**1,455,153**

	Level 1	Level 2	Level 3	Total amount carrying
2015				
Group: Assets				
- Land and buildings	-	117,617	-	117,617
- Aircraft	-	109,268	-	109,268
- Investment property	-	708,835	-	708,835
- Advances	-	-	806,965	806,965
- Trade and other receivables	-	-	603,131	603,131
- Cash and cash equivalents	-	-	118,701	118,701
	-	**935,270**	**1,528,797**	**2,464,517**
2015				
Group: Liabilities				
- Insurance contract liabilities	-	-	63,719	63,719
- Bank overdraft	-	-	15,020	15,020
- Trade and other payables	-	-	107,632	107,632
- Other liabilities	-	-	92,750	92,750
- Borrowings	-	-	1,045,641	1,045,641
	-	**-**	**1,324,762**	**1,324,762**

37. Financial risk management

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 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. 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.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 12 and , shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in note 16 to inclusive.

The group monitors total combined capital using a ratio of tangible net asset value to liabilities. For this purpose, adjusted liabilities is defined as total liabilities, comprising all balance sheet liabilities less insurance provisions. Tangible net asset value is the total shareholders equity on a consolidated basis less intangible assets and negative reserves. Management monitors this ratio to ensure that it meets the capital requirements of any debt covenants required by its bondholders
(limit is 1 times (2015: 1.5 times)).

Total liabilities per AFS	1,824,937	1,608,934
Less: Insurance provisions	(75,365)	(63,719)
Total liabilities per covenant requirements	1,749,572	1,545,215
Tangible net asset value	1,979,215	1,352,542
TNAV to liabilities ratio	0.88	1.14

Trustco Bank Namibia Ltd is subject to a Bank of Namibia imposed capital adequacy and Tier one leverage minimum. These ratios are calculated under Basel rules and are measured monthly. The current minimum capital adequacy ratio is 15%, Trustco Bank Namibia Ltd is currently at 46.5% (2015: – 53%). The minimum Tier one leverage ratio is 6%, Trustco Bank Namibia Ltd's ratio is currently 20.79% (2015: 52.11%).

From time to time the group purchases its own shares on the market; the timing of these purchases depends on market prices. Buy and sell decisions are made on recommendation of management to the board and approved by the Audit and risk committee; the group does not have a defined share buy-back plan, but shareholders have passed a general resolution allowing the company to buy back its own shares from time to time. The group sold 61.7 million (2015: 15.2 million) shares which it had held in treasury shares.

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

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 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 and interest rates 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

37. Financial risk management (continued)

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.

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

Foreign currency risk sensitivity analysis

A 10% weakening of Namibian Dollar exchange rate versus the US Dollar (most common foreign currency exposure) at 31 March as broadly anticipated by the market and exco would have increased equity by NAD0.062 million (2015: increased by NAD0.40 million). The analysis assumes that all other variables would remain constant.

Interest rate risk management

Ultimate responsibility for interest rate risk management rests with the exco, which has established an appropriate framework for management of the group's exposure to changes in rates.

Entities within the group prepare quarterly interest rate gap analysis to determine the effect of a parallel shift in interest rate curves on interest bearing assets, liabilities and off-balance sheet items. The result of the gap analysis are benchmarked to a maximum set risk amount.

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.

The group's cash balances are held at A rated local banks. Other financial assets due from customers and borrowers are assessed for credit risk based on probability of default, triggered by a past event.

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.

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 establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

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.

Financial instruments by category

Group			
2016			
Financial assets	**Loans and receivables**	**Amortised cost**	**Total carrying amount**
Students advance advanced	721,810	-	721,810
Other loans advanced	41,290	-	41,290
Property advances	420,963	-	420,963
Trade and other receivables	765,949	-	765,949
Cash and cash equivalents	99,835	-	99,835
	2,049,847	**-**	**2,049,847**
Financial liabilities			
Trade and other payables	-	215,806	215,806
Amounts owing by related parties	-	30,368	30,368
Borrowings	-	1,104,695	1,104,695
Other liabilities	-	40,853	40,853
Bank overdraft	-	17,249	17,249
	-	**1,408,971**	**1,408,971**
2015	**Loans and receivables**	**Amortised cost**	**Total carrying amoun**
Financial assets			
Student advance advanced	630,805	-	630,805
Other loans advanced	50,873	-	50,873
Property advances	125,287	-	125,287
Trade and other receivables	574,390	-	574,390
Cash and cash equivalents	118,701	-	118,701
	1,500,056	**-**	**1,500,056**
Financial liabilities			
Trade and other payables	-	78,891	78,891
Amounts owing by related parties	-	527	527
Borrowings	-	1,045,641	1,045,641
Other liabilities	-	92,750	92,750
Bank overdraft	-	15,020	15,020
	-	**1,232,829**	**1,232,829**

The carrying amounts approximates the fair values.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

37. Financial risk management (continued)

Company

2016	**Loans and receivables**	**Amortised cost**	**Total carrying amount**
Financial assets			
Amounts due by related parties	1,061,794	-	1,061,794
Trade and other receivables	17,696	-	17,696
Cash and cash equivalents	58,244	-	58,244
	1,137,734	**-**	**1,137,734**
Financial liabilities			
Trade and other payables	-	81,540	81,540
Borrowings	-	285,587	285,587
Amounts due to related parties	-	219,574	219,574
	-	**586,701**	**586,701**

2015	**Loans and receivables**	**Amortised cost**	**Total carrying amount**
Financial assets			
Trade and other receivables	1,611	-	1,611
Cash and cash equivalents	2,228	-	2,228
Amounts due by related parties	836,926	-	836,926
	840,765	**-**	**840,765**
Financial liabilities			
Trade and other payables	-	20,373	20,373
Borrowings	-	294,546	294,546
Amounts due to related parties	-	205,792	205,792
Bank overdraft	-	441	441
	-	**521,152**	**521,152**

The carrying amounts approximates the fair values.

Figures in Namibia Dollar thousand

Liquidity tables

The following tables detail the group and the company's future liquidity position arising from 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, or customers are expected to settle.

Group	Effective interest rate %	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years	Total
2016							
Group: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables	-	215,806	-	-	-	-	215,806
Variable interest rate instruments							
- Term loans	6.75 - 12.65	274,251	292,807	206,602	157,492	176,831	1,107,983
- Listed bonds	8.98 - 11.83	153,883	145,402	29,003	13,300	-	341,588
- Mortgage loans	6.50 - 10.50	91,316	7,761	7,761	7,761	18,057	132,656
- Asset backed finance	8.00 - 10.50	53,869	7,957	128,509	7,957	89,571	287,863
- Amounts due to related parties	9.25	30,368	-	-	-	-	30,368
- Finance lease obligations	8.00 - 10.50	11,252	6,687	4,989	4,612	3,821	31,361
- Vendors for acquisition	10.50	15,000	-	-	-	-	15,000
- Bank overdraft	10.50	17,249	-	-	-	-	17,249
- Insurance contract liabilities	10.50	24,980	12,282	14,234	15,729	34,761	101,986
		672,168	**472,896**	**391,098**	**206,851**	**323,041**	**2,066,054**

	Effective interest rate %	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years	Total
2015							
Group: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables	-	78,891	-	-	-	-	78,891
Variable interest rate instruments							
- Term loans	6.75 - 12.65	238,144	188,967	111,547	72,876	108,450	719,984
- Listed bonds	8.98 - 11.83	29,790	145,211	136,231	34,741	34,741	380,714
- Mortgage loans	6.50 - 10.25	10,321	10,321	10,321	10,321	134,176	175,460
- Liabilities under instalment sale agreement	8.00 - 10.25	-	-	-	110,283	-	110,283
- Amounts due to related parties	9.25	527	-	-	-	-	
527							
- Finance lease obligations	8.00 - 10.25	3,339	4,391	-	-	-	7,730
- Vendors for acquisition	10.25	63,999	26,000	-	-	-	89,999
- Bank overdraft	9.75	15,020	-	-	-	-	15,020
		440,031	**374,890**	**258,099**	**228,221**	**277,367**	**1,578,608**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Namibia Dollar thousand

37. Financial risk management (continued)

Company	Effective interest rate %	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years	Total
2016							
Company: Liabilities Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		-	81,540	-	-	-	81,540
- Amounts due to related parties	-	-	-	219,574	-	-	219,574
Variable interest rate instruments							
- Listed bonds	8.98-11.83	-	123,087	125,000	25,000	12,500	285,587
		-	**204,627**	**344,574**	**25,000**	**12,500**	**586,701**

	Effective interest rate %	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years	Total
2015							
Company: Liabilities Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		25,348	-	-	-	-	25,348
- Amounts due to related parties	-	-	210,616	-	-	-	210,616
Variable interest rate instruments							
- Listed bonds	8.98 - 11.83	29,790	145,211	136,231	31,741	31,741	374,714
		55,138	**355,827**	**136,231**	**31,741**	**31,741**	**610,678**

Interest rate risk (Gap Analysis)

The interest rate sensitivity gap classifies all assets, liabilities and off balance sheet transactions by effective maturity from an interest rate reset perspective. This comparison gives an approximate view of the interest rate risk of the balance sheet to determine an effect on profitability should rates rise in a parallel fashion. Weighting factors for the interest rate shock in each repricing or maturity bucket are based on an estimate of the duration of the assets and liabilities. The result of the gap analysis combined with the duration weighting factor gives a rough approximation of the change in the group's economic value.

	Group						
	Within 12 months	One to two years	Two to three years	Three to five years	Over five years	Non-interest bearing	Total
As at 31 March 2016							
Assets							
Total Assets	1,323,385	906,537	-	-	-	1,956,658	4,186,580
Total Liabilities	1,124,249	29,359	19,668	27,587	3,744	620,330	1,824,937
Net interest repricing gap	199,136	877,178	(19,668)	(27,587)	(3,744)	1,336,328	2,361,643
Weighting factor for interest rate shock (%)	0.70	1.25	1.75	2.25	3.75	0.00	-
Earnings effect of an interest rate increase	1,394	10,965	(344)	(621)	(140)	-	-
Total earnings effect of interest rate increase	11,254						

	Within 12 months	One to two years	Two to three years	Three to five years	Over five years	Non-interest bearing	Total
As at 31 March 2015							
Assets							
Total Assets	1,215,034	298,004	-	-	-	1,658,449	3,171,487
Total Liabilities	1,128,540	15,727	10,627	6,987	-	383,332	1,545,213
Net interest repricing gap	86,494	282,277	(10,627)	(6,907)	-	1,275,117	1,626,274
Weighting factor for interest rate shock (%)	0.70	1.25	1.75	2.25	3.75	-	-
Earnings effect of an interest rate increase	605	3,528	(186)	(157)	-	1,326	
Total earnings effect of interest rate increase	5,116						

No gap analysis is performed for the company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

38. New Standards and Interpretations

38.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendment to IFRS 8: Operating Segments: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IAS 24: Related Party Disclosures: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IAS 40: Investment Property: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IFRS 3: Business Combinations: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IFR 3: Business Combinations: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	01 July 2014	The impact of the amendment is not material.
• Amendment to IAS 38: Intangible Assets: Annual improvements project	01 July 2014	The impact of the amendment is not material.

38.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers material impact	01 January 2017	Unlikely there will be a
• Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016	Unlikely there will be a material impact
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	Unlikely there will be a material impact
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	Unlikely there will be a material impact
• Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	01 January 2016	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Impact still to be assessed