2017

ANNUAL FINANCIAL STATEMENTS

TRUSTCO

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CONTENT

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 JSE Limited (JSE) and Namibia Stock Exchange (NSX).

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 mitigate and 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 2018 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 11.

The annual financial statements set out on pages 15 to 72, which have been prepared on the going concern basis, were approved by the board on 22 August 2017 and were signed on their behalf by:

R Heathcote

ADV. R HEATHCOTE
Chairman of the board

Q VAN ROOYEN
Group managing director

Windhoek
22 August 2017

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in terms of Section 88(2)(e) of the South African Companies Act, in so far as it applies to the group.

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
22 August 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRUSTCO GROUP HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS.

Opinion

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on pages 15 to 72, which comprise the statements of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2017, 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 (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition on un-serviced land Refer to the accounting estimates and judgements note 1.1, accounting policies note 1.15 relating to property sales revenue and notes 3 and 22 to the annual financial statements for selected disclosures applicable to this matter. During the year the group sold un-serviced land in two separate transactions to a property developer and also provided loan finance on both transactions. Although the transactions were in separate legal entities within the group, for group purposes the sale of un-serviced land and the financing arrangements are seen as one packaged deal and needed to be assessed together to ensure the requirements of IAS 18 Revenue recognition was met. Due to the significance of the transactions this was considered a key audit matter.	Our procedures included amongst others: • We obtained internal technical experts opinions regarding the sale of un-serviced land and the financing transactions on meeting the revenue recognition criteria in terms of IAS 18 *Revenue recognition.* • The internal technical experts also critically assessed opinions on the matter provided by management experts regarding the transactions per the agreements meeting the revenue recognition criteria in terms of IAS 18 *Revenue recognition*. • We obtained legal advice on the legal interpretation of the provisions of the contracts. • We critically assessed management's judgments regarding revenue recognition on property transactions. • We critically assessed the measurement basis and disclosures of property sales transactions in terms of the relevant accounting standards.
Fair value adjustments on investment property Refer to the accounting estimates and judgements note 1.1, the accounting policies note 1.8, and notes 8 and 35 to the annual financial statements for selected disclosures applicable to this matter. Investment property makes up a significant portion of the total assets of the Group. The fair value adjustment on the investment properties of the long term insurance group, which is included under investment income is significant. The valuations of the properties are performed by independent expert valuators and are based on both observable and un-observable data. The valuator makes various key estimates and assumptions that directly affect the valuations and as a result the fair value adjustments are a key audit matter. Due to the amount of judgment involved in the valuation of property, this was considered a key audit matter.	Our procedures included amongst others: • We have tested the assumptions and data used by management's expert (the valuator), to derive at the fair values of the investment properties by independently verifying reasonability of these assumptions and data to 3rd parties and market data. We evaluated the competence, capabilities, objectivity and independence of the valuator. • We evaluated the appropriateness of the valuation methods used, based on the type and use of the properties. • We have also established through discussions with management and their experts that the valuations complied with the requirements of IFRS 13 *Fair Value Measurement*. • We critically assessed the measurement basis and disclosures for the valuation in accordance with International Financial Reporting Standards.
Educational loans advanced impairment Refer to the accounting estimates and judgements note 1.1, accounting policies note 1.11 and note 3 to the annual financial statements for selected disclosures applicable to this matter. The educational loans advanced makes up a significant portion of the total assets of the Group. Due to the nature of the micro lending business there is an inherent risk that the loans may not be recoverable. Due to the degree of estimation involved when assessing the recoverability of the loans this is a key audit matter.	The procedures performed included amongst others: • We obtained management's calculation for the provision of impairment on the advances book based on the year end information. The procedures performed entailed an independent calculation of a representative probability of default and loss given default for the loan book based on the historic losses incurred on the loan book. • We recalculated the provision using an independently calculated probability of default and loss given default as calculated by the data analytics team. • We followed up on material differences. We performed a retrospective review of provisioning from the prior year. • We also assessed whether the impairment of the loans advanced meet the requirements of IAS 39 - *Financial Instruments: Recognition and Measurement.*

Key Audit Matter	How the matter was addressed in the audit
Long term Insurance contracts Refer to the accounting estimates and judgements note 1.1, accounting policies note 1.16, and notes 14 and 35 to the annual financial statements for selected disclosures applicable to this matter. The group has incurred obligations in respect of policyholder liabilities related to long-term insurance contracts. A high degree of estimation is required over a variety of uncertain future outcomes, including policy for creating and releasing discretionary margins, economic assumptions such as discount rates, and operating assumptions, such as mortality/morbidity, maintenance expenses and persistency. Due to the significant estimation involved in the determination of the policyholder liabilities, this was considered a key audit matter.	Our procedures included amongst others: • We tested the design, implementation and operating effectiveness of key controls over identification, measurement and management of the group's calculation of the policy holder liabilities relating to long-term insurance contracts and evaluation of the consistency of methodologies and appropriateness of the assumptions used by the group; • We have assessed the independence of management's expert that performed the valuations (the actuaries), their experience and professional certification; • We have evaluated the source of data used by the actuaries in their valuation to ensure there is no data discrepancies between policy administration systems, accounting systems and the actuarial data extract from the actuarial valuation systems; • We have compared the valuation method and assumptions, used by the actuaries in the valuation, applied per insurance product/business to prior year for material discrepancies and to recent actual long-term experiences and industry trends to ascertain whether the method and assumptions used are comparable with industry benchmarks; • We have assessed whether disclosures made in the financial statements relating to the long-term policy holder liabilities complies with IFRS and the methodologies applied by management.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report the Audit Committee's Report, Company Secretary's report and Integrated Report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO South Africa Inc.

BDO South Africa Incorporated
Director: J Schoeman
Registered Auditor

22 August, 2017
22 Wellington Road
Parktown Johannesburg
2193
South Africa

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRUSTCO GROUP HOLDINGS LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS.

Opinion

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on pages 15 to 72, which comprise the statements of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2017, 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 (IFRSs) and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the independence requirements applicable to performing audits of financial statements in Namibia which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We have fulfilled our other ethical responsibilities in accordance with the ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report, Company Secretary's Report and the Integrated Report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: JSW de Vos
Partner

22 August 2017
61 Bismarck Street
Windhoek
Namibia

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, 2017.

1. Financial results

The financial results of the company and group for the year under review are reflected in the consolidated and separate annual financial statements set out on page 15 onwards. The statement of comprehensive income is set out on page 17.

Net profit after tax for the group for the year ended 31 March, 2017 was NAD530 million (2016: NAD420 million).

2. Shareholders' value

Based on the results, shareholders value for 2017 is NAD2.5 billion (2016: NAD2.2 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 5.00 cents per share (2016: 7.40 cents) amounting to a total of NAD33 million (2016: NAD49 million) were declared and paid by the group.

No interim or final year dividend was declared for the financial year 2017. The directors will reassess on dividend declaration at time of the half year 2018 results publication. The cash reserves of the group will be applied towards capitalisation of Trustco Bank, further capital investment in the Resources segment bringing it into production and further buy back of shares in terms of the group's approved buy back program.

4. Borrowings

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

5. Directorate and appreciation

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.

R. McDougall, the financial director, resigned on 31 December 2016. On 1 January 2017, M. van Niekerk was appointed financial director and resigned on 5 April 2017. F. J. Abrahams, appointed as an executive director and Group Head: Treasury, was appointed as the group financial director with effect from 5 April 2017.

The directors are:
- Dr Q Van Rooyen;
- W Geyser;
- R Taljaard;
- F J Abrahams;
- Adv R Heathcote;
- J Mahlangu (South African); and
- QZ Van Rooyen (Alternate to Dr Q Van Rooyen).

6. Going concern concept

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2018. 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

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.

Dr. Q 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 the average inflation rate of Namibia plus 5%, then the management charge is doubled. Inflation in Namibia was recorded at 7% for the year to 31 March 2017.

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 value of assets pledged. The fee is calculated quarterly.

Next indemnified Trustco against any financial loss of up to USD25 million for a period of four years commencing from 31 January 2017 as set out in the Indemnity Agreement relating to the acquisition of EL07/2015 in Sierra Leone. This indemnity was provided pursuant to the Meya Mining Acquisition, details of which were set out in the announcement dated 23 August 2016.

The indemnity was provided to give additional security to Trustco Resources and Trustco minority shareholders against possible losses from the Meya Mining Acquisition.

8. Special resolution

The following special resolutions were passed during the year under review:

8.1 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 22 September, 2016.

8.2 Repuchase of 42 million shares from Buckley Capital Partners LP was approved on 15 February 2017.

9. Treasury shares

42.0 million shares were repurchased at an average price of NAD4.80 per share during the current year in terms of this general authority. These shares are held as treasury shares. Settlement of purchase consideration of NAD200.7 million was deferred to 31 January 2018. The treasury shares are included in the issued ordinary shares of the company at the reporting date.

During the financial year ended 31 March 2016, the group sold 61.7 million 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		Company's interest % held		Shares at cost	
	2017	2016	2017	2016	2017	2016
	NAD	NAD	%	%	NAD	NAD
Legal Shield Holdings (Pty) Ltd	100	100	100	100	931,450,543	931,450,543
Trustco Bank Namibia Ltd	120,000,000	100,000,000	100	100	67,000,000	47,000,000
Trustco Business Developments (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
					998,451,043	**978,451,043**

The aggregate contribution made by the subsidiaries in the group amounted to NAD640 million (2016: NAD486 million) and the company contributed a loss NAD110 million (2016: loss of NAD66 million) to group earnings.

11. Subsequent events

The company (Trustco Group Holdings Ltd) has entered into a convertible loan agreement with Riskowitz Value Fund LP ("the Fund") dated 6 July 2017. In terms of the agreement, the Fund will lend the company NAD250 000 000 (two hundred and fifty million). The loan will be converted into 58 823 529 ordinary shares of the company at a conversion price of NAD4.25, subject to obtaining all requisite regulatory approvals and activation of the trigger events (reference is made to the Huso transaction and the Buckley transaction) as disclosed in the agreement. This agreement does not constitute a change in control.

Dr Q Van Rooyen, the majority shareholder has signed an irrevocable undertaking to vote in favour of the agreement.

The conversion price represents a 3.16% premium to NAD4.12 being company's 30-day volume weighted average price on the exchange operated by JSE Limited ("JSE") up to and including 5 July 2017, being the date immediately prior to the signature date of the agreement.

At the time of reporting, the group is in negotiations with its funders to amend repayment terms of its current facilities whilst maintaining interest payments as part of its ongoing capital raising strategies.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

12. Huso transaction

The parties of the Huso transaction entered into an agreement where the payment terms of the Huso transaction were amended. The payment terms were amended to reflect an EBITDAASA (earnings before interest, tax, depreciation, amortisation after stock adjustments) payment instead of resource driven payment. The shareholders approved the amendment to the Huso transaction on the 13th of June 2017. The amendment will be effective upon conclusion of the Huso transaction when the mining licence is issued to Northern Namibia Development Company (Pty) Ltd.

13. The year ahead

The board of directors is very pleased with the results of this financial year, which has again sent a strong positive signal to the group's stakeholders. The board and management are confident of continued growth and success by the group.

14. Acknowledgments

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

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2017

		Group		Company	
Figures in Namibia Dollar thousand	Notes	2017	2016	2017	2016
Assets					
Cash and cash equivalents	2	46,017	99,835	3,416	58,244
Advances	3	1,818,811	1,184,063	-	-
Trade and other receivables	4	762,225	765,949	17,620	17,696
Current tax assets	31	7,534	7,496	1,002	1,002
Amounts due by related parties	5	-	-	1,711,095	1,061,794
Inventories	6	339,278	327,619	-	-
Property, plant and equipment	7	609,416	459,335	-	-
Investment property	8	1,010,812	816,180	-	-
Intangible assets	9	467,579	209,849	-	-
Investments in subsidiaries	10	-	-	998,451	978,451
Deferred tax assets	11	94,718	143,675	37,131	37,131
Total Assets		**5,156,390**	**4,014,001**	**2,768,715**	**2,154,318**
Equity and Liabilities					
Liabilities					
Bank overdraft	2	12,640	17,249	-	-
Borrowings	12	1,657,445	1,104,695	751,845	285,587
Trade and other payables	13	477,513	215,806	192,547	81,540
Current tax liabilities	31	28,018	10,257	-	-
Insurance contract liabilities	14	94,350	75,365	-	-
Amounts due to related parties	5	2,678	30,368	496,197	219,574
Other liabilities	15	82,609	42,038	-	-
Deferred tax liabilities	11	308,687	329,159	-	-
Total Liabilities		**2,663,940**	**1,824,937**	**1,440,589**	**586,701**

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2017

		Group		Company	
Figures in Namibia Dollar thousand	Notes	2017	2016	2017	2016
Capital and reserves					
Equity Attributable to Equity Holders of Parent					
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	(178,358)	-	(178,358)	-
Other reserves		47,875	87,282	14,976	14,976
Retained income		2,399,031	1,877,887	1,267,613	1,328,746
		2,492,443	2,189,064	1,328,126	1,567,617
Non-controlling interest		7	-	-	-
Total capital and reserves		**2,492,450**	**2,189,064**	**1,328,126**	**1,567,617**
Total Equity and Liabilities		**5,156,390**	**4,014,001**	**2,768,715**	**2,154,318**

STATEMENTS OF PROFIT OR LOSS

and Other Comprehensive Income for the year ended 31 March 2017

		Group		Company	
Figures in Namibia Dollar thousand	Notes	2017	2016	2017	2016 (reclassified)
Revenue*	22	1,246,762	1,150,286	19,500	376,954
Cost of sales		(208,896)	(272,818)	-	-
Gross profit		**1,037,866**	**877,468**	**19,500**	**376,954**
Investment income*	26	225,467	153,167	93,548	14,237
Operating expenses		(459,895)	(400,587)	(72,000)	(80,254)
Insurance benefits and claims	23	(48,292)	(45,895)	-	-
Finance costs	27	(173,669)	(134,279)	(69,090)	(38,240)
Profit/(loss) before taxation	24	**581,477**	**449,874**	**(28,042)**	**272,697**
Taxation	28	(51,525)	(30,076)	-	22,078
Profit/(loss) for the period		**529,952**	**419,798**	**(28,042)**	**294,775**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
(Losses) / gains on revaluation of property, plant and equipment		(32,494)	35,539	-	-
Income tax relating to items that will not be reclassified		8,590	(9,725)	-	-
Total items that will not be reclassified to profit or loss		**(23,904)**	**25,814**	-	-
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		12,912	(2,498)	-	-
Income tax relating to items that may be reclassified		(4,132)	799	-	-
Total items that may be reclassified to profit or loss		**8,780**	**(1,699)**	-	-
Other comprehensive (loss)/income for the period net of taxation		**(15,124)**	**24,115**	**-**	**-**
Total comprehensive income/(loss) for the period		**514,828**	**443,913**	**(28,042)**	**294,775**
Earnings per share					
Basic earnings per share (cents)	29	69.11	55.37	-	-
Diluted earnings per share (cents)	29	68.67	55.02	-	-

*Dividends received by the company of NAD nil (2016: NAD370 million) were reclassified from investment income to revenue to better reflect the results of the company as its main object is investment holding.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2017

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 attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group											
Balance at 1 April, 2015	**177,595**	**46,300**	**(5,936)**	**52,083**	**14,976**	**2,250**	**(57,043)**	**1,319,941**	**1,550,166**	-	**1,550,166**
Profit for the period	-	-	-	-	-	-	-	419,798	419,798	-	419,798
Other comprehensive income	-	-	(1,699)	25,814	-	-	-	-	24,115	-	24,115
Total comprehensive income for the period	-	-	**(1,699)**	**25,814**	-	-	-	**419,798**	**443,913**	-	**443,913**
Transfer between reserves	-	-	-	(639)	-	-	-	639	-	-	-
Deemed treasury shares sold	-	-	-	-	-	-	57,043	187,342	244,385	-	244,385
Transfer to contingency reserve	-	-	-	-	-	433	-	(433)	-	-	-
Dividends	-	-	-	-	-	-	-	(49,400)	(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**	-	**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**	-	**2,189,064**

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2017

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 attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 1 April, 2016	**177,595**	**46,300**	**(7,635)**	**77,258**	**14,976**	**2,683**	**-**	**1,877,887**	**2,189,064**	-	**2,189,064**
Profit for the period	-	-	-	-	-	-	-	529,952	529,952	-	529,952
Other comprehensive income	-	-	8,780	(23,904)	-	-	-	-	(15,124)	-	(15,124)
Total comprehensive Income for the period	**-**	**-**	**8,780**	**(23,904)**	**-**	**-**	**-**	**529,952**	**514,828**	**-**	**514,828**
Transfer between reserves	-	-	-	(24,283)	-	-	-	24,283	-	-	-
Deemed treasury shares purchased	-	-	-	-	-	-	(178,358)	-	(178,358)	-	(178,358)
Dividends	-	-	-	-	-	-	-	(33,091)	(33,091)	-	(33,091)
Minority interest	-	-	-	-	-	-	-	-	-	7	7
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(24,283)**	**-**	**-**	**(178,358)**	**(8,808)**	**(211,449)**	**7**	**(211,442)**
Balance at 31 March, 2017	**177,595**	**46,300**	**1,145**	**29,071**	**14,976**	**2,683**	**(178,358)**	**2,399,031**	**2,492,443**	**7**	**2,492,450**
Notes	16	16		19							

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2017

Figures in Namibia Dollar thousand	Share capital	Share premium	Share for vendors	Deemed treasury shares	Retained income	Total equity
Company						
Balance at 1 April, 2015	**177,595**	**46,300**	**14,976**	**(1,861)**	**1,077,108**	**1,314,118**
Profit for the period	-	-	-	-	294,775	294,775
Total comprehensive income for the period	-	-	-	-	**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 1 April, 2016	**177,595**	**46,300**	**14,976**	-	**1,328,746**	**1,567,617**
Loss for the period	-	-	-	-	(28,042)	(28,042)
Total comprehensive Loss for the period	-	-	-	-	**(28,042)**	**(28,042)**
Deemed treasury shares purchased	-	-	-	(178,358)	-	(178,358)
Dividends	-	-	-	-	(33,091)	(33,091)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	**(178,358)**	**(33,091)**	**(211,449)**
Balance at 31 March, 2017	**177,595**	**46,300**	**14,976**	**(178,358)**	**1,261,613**	**1,328,126**
Note	16	16	18			

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2017

		Group		Company	
Figures in Namibia Dollar thousand	Note	2017	2016	2017	2016
Cash flows from operating activities					
Cash generated by operations before working capital changes	30	651,326	507,432	(52,430)	(72,869)
Changes in working capital	30	(219,286)	(64,967)	(66,500)	45,081
Interest received	26	432	3,717	77,795	383,806
Finance costs	27	(170,456)	(134,279)	(69,090)	(34,699)
Net advances disbursed		(642,579)	(375,622)	-	-
Net funding from liabilities for student advances		308,810	76,252	-	-
Taxation paid	31	(861)	(7,810)	-	-
Net cash (utilised in)/from operating activities		**(72,614)**	**4,723**	**(110,225)**	**321,319**
Cash flows from investing activities					
Additions to property, plant and equipment	7	(27,790)	(126,846)	-	-
Proceeds from property, plant and equipment	7	42,729	8,164	-	-
Additions to investment property	8	(212)	(526)	-	-
Proceeds from investment property	8	-	3,500	-	-
Additions to intangible assets	9	(53,946)	(15,711)	-	-
Proceeds from intangible assets	9	1,369	2,917	-	-
Acquisition of subsidiary, net of cash acquired	32	(14,146)	(12,231)	-	-
Movement in investments	10	-	-	(20,000)	-
Advances to related parties		-	-	(649,301)	-
Net cash used in investing activities		**(51,996)**	**(140,733)**	**(669,301)**	**-**
Cash flows from financing activities					
Proceeds on sale of deemed treasury shares	17	-	244,384	-	8,124
Proceeds from borrowings		391,972	112,757	601,638	-
Repayment of borrowings		(202,636)	(141,051)	(119,697)	(12,500)
Repayment of other liabilities		(52,379)	(81,615)	-	-
Dividends paid		(33,091)	(49,400)	(33,091)	(49,400)
Proceeds from related parties		-	29,841	276,623	68,689
Advances to related parties		(27,690)	-	-	(279,775)
Purchase of deemed treasury shares	17	(775)	-	(775)	-
Net cash from/(used in) financing activities		**75,401**	**114,916**	**724,698**	**(264,862)**
Net change in cash and cash equivalents		**(49,209)**	**(21,094)**	**(54,828)**	**56,457**
Cash and cash equivalents at the beginning of the period		82,586	103,680	58,244	1,787
Cash and cash equivalents at the end of the period	2	**33,377**	**82,586**	**3,416**	**58,244**

ACCOUNTING POLICIES

for the year ended 31 March 2017

Significant accounting policies

1. Basis of preparation

The consolidated and separate 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 judgements and estimates. The consolidated and separate annual financial statements have been prepared on the historical cost basis, except for the measurement of certain property, plant and equipment and investment properties, and incorporate the principal accounting policies set out below.

The consolidated and separate annual financial statements are presented in Namibia Dollar and rounded to the nearest thousand.

1.1 Accounting estimates and judgements

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

Estimation relates to uncertain future events and their effect on certain assets and liabilities accounted for in the annual financial statements, and includes the following:

Fair value of non-financial assets
Fair value of non-financial assets (land and buildings, investment property and aircraft) is determined using a variety of methodologies. Valuations of the non-financial assets are performed by independent valuators and are based on a combination of observable data and estimates. These valuation techniques and estimates are detailed in notes 7 and 8.

Deferred revenue
Management assesses an appropriate land servicing period, in which property sales revenue will be likely to be received. The service obligation (deferred revenue) is netted off of against property debtors and is subsequently recognised on stage of completion of the servicing obligation. When the estimated period differs from previous estimate, the change is applied prospectively. Refer note 4 for further information.

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. Refered to notes 3 and 4.

Impairment testing
The impairment for advances, amounts due by related parties 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. Refered to notes 3 and 4.

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 make 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.

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.

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 provisions 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, 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 reviewed 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.

Discounting of deferred consideration of real estate debtors
The group discounts deferred consideration of real estate debtors using the discounted cash flow method; the group considers that the three months Johannesburg Interbank Agreed Rate (JIBAR) is the most appropriate discount rate and this is a significant estimate.

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.

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.

Exploration and evaluation assets
The application of the group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future sale or exploitation. In addition to applying judgement to determine whether future economic benefits are likely to arise from the group's exploration and evaluation assets the group has to apply a number of estimates and assumptions. The determination of mineral reserve (measured or inferred) is itself an estimation process that involves varying degree of uncertainty. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalized amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available. Refer to note 32 for further information.

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

Critical accounting judgements in applying the group's accounting policies
Judgements 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:

Property Sales
Real estate sold by the group is recognised to separately identifiable components which directors judge to reflect the substance of the transaction. Property sale contracts are split between sale of land and servicing of land. Refer to notes 3, 4 and 22.

Business combinations
Judgement is required to determine whether acquisitions made during the year constitute business combination or purchase of assets. In considering business combinations management assesses whether the asset acquired meet the definition of business. The three elements of a business are defined as follows:

- Input: Any economic resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.

- Output: The result of inputs and processes applied to those inputs that provide or have the ability to provide a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Refer to note 32 for further information.

1.2 Basis of consolidation

Investments in subsidiaries

Company annual financial statements
Investments in subsidiaries are carried at cost less any accumulated impairment.

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any), over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amount of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis.

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.

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 are 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 goodwill 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 recognised for goodwill is not reversed in 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 hyper-inflationary economy) that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- 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 segments namely: insurance, banking & finance, resources and investments.

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.

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 the installation of roads and infrastructure, arising from progress billings from contracts, are initially recognised in work-in-progress, until such time that the assets are available to use as evidenced by engineering approval certificates.

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

Increases in the carrying amounts of land, buildings and aircraft arising on revaluation are recognised in other comprehensive income. Decreases that off-set previous increases of the same assets and all other decreases are charged to other 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 reserve to retained earnings. On the subsequent sale or retirement of revalued asset, the attributable revaluation surplus remaining in the property's revaluation reserve is transfered directly to returned earnings.

On the subsequent sale or retirement of revalued land, buildings and aircraft the attributable revaluation surplus remaining in the revaluation reserve is transferred directly 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
Exploration assets	
• Motor vehicles and equipment	5 years
• Buildings	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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss.

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.

Transfers 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.

1.9 Exploration and evaluation assets

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.
Exploration and evaluation activity includes:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Conducting market and finance studies.

The depreciation on items of plant and equipment used in the activities described above (for example, drilling and sampling) also represents exploration and evaluation expenditure. Any such depreciation is treated on a consistent basis with the group's other exploration and evaluation expenditure. It is carried forward as an asset.

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised as intangible assets and amortised over the term of the permit.

All other costs directly related to exploration and evaluation activities in the area of interest are capitalised as intangible assets. General and administrative costs are allocated to an exploration and evaluation intangible asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest. Capitalised exploration and evaluation expenditure is written off when the group concludes that a future economic benefit is more likely than not to be realised.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. However, should an economic resource be identifiable, these costs will be capitalised.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Capitalised exploration and evaluation costs are subsequently transferred into Mines and Construction when the group starts developing the mine. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within Mines under Construction. Development expenditure is net of proceeds from all the incidental sale of mineral resource extracted during development phase.

Mine development costs are depreciated over the useful life of the mine plant from the time that the group enters commercial production.

1.10 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:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.

- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss.

1.11 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 in the group and the company's statements of financial position when the group and the company become 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.

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 derecognises 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 the consideration received and receivable 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 (including trade and other receivables, bank balances and cash, advances and amounts due by related parties) 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' 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 receivables 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 receivables.

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.

1.12 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.

Deferred tax assets and liabilities, as far as permissible, are offset at the taxpayer level, and different balances are shown accordingly either as assets or liabilities on the statement of financial position.

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.

1.13 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 (asset backed financing arrangements) in the statement of financial position at amounts equal to the fair value of the leased assets 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.

1.14 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.

1.15 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 there are construction contracts, revenue is recognised on the basis of stage of completion.

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 when the company's right to receive payment has been established.

1.16 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 cost recoveries for death;
- policies which provide salary cover;
- policies which provide short term cover relating to property, accident and personal accident;
- 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 insurance 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 consist 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.

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 advance. This is calculated by multiplying the premium by 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 exceed 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, 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.

1.17 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 income.

1.18 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.

1.19 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

for the year ended 31 March 2017

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

2. Cash and cash equivalents

Bank balances	46,017	99,835	3,416	58,244
Bank overdraft	(12,640)	(17,249)	-	-
	33,377	**82,586**	**3,416**	**58,244**
The group's available banking facilities and the extent to which they have been used are as follows:				
Available	20,000	20,000	-	-
Utilised	12,640	17,249	-	-

Bank balances are current assets and bank overdrafts are current liabilities.

These banking facilities are secured as follows: Cession of covering mortgage bond over Elisenheim property in favour of Bank Windhoek Ltd.

3. Advances

Property advances	1,046,206	420,963	-	-
Student advances	734,696	721,810	-	-
Other loans advanced	37,909	41,290	-	-
	1,818,811	**1,184,063**	-	-
Current assets	561,980	199,102	-	-
Non-current assets	1,256,831	984,961	-	-
	1,818,811	**1,184,063**	-	-
Reconciliation of advances				
Advances at beginning of the year	1,220,056	851,879	-	-
Impairment of loans at beginning of the year	(35,993)	(44,914)	-	-
Opening balance	**1,184,063**	**806,965**	**-**	**-**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Movements				-
Loans advanced (including transaction costs)	941,912	678,063	-	-
Payments received	(299,333)	(302,441)	-	-
Bad debts written off	(3,000)	(7,445)	-	-
(Increase) / decrease in impairment provision	(4,831)	8,921	-	-
	1,818,811	**1,184,063**	**-**	**-**
Consisting of:				
Advances at end of the year	1,859,635	1,220,056	-	-
Impairment of loans at end of the year	(40,824)	(35,993)	-	-
	1,818,811	**1,184,063**	**-**	**-**
Reconciliation of impairment				
Opening balance	35,993	44,914	-	-
(Decrease)/increase in provision for impairment for the year	4,831	(8,921)	-	-
Closing balance	**40,824**	**35,993**	**-**	-

Property advances

The purchasers of land sold by the group are able to apply for loans to finance the purchase price. The advances are split as follows:

Property advances - commercial finance

The group has two commercially structured property loans, detailed as follows:

- NAD359 million (2016: NAD319 million) loan repayable in 3 instalments (2016: 3 instalments) over a period of 24 months (2016:36 months) at an interest rate of 11.5% pa (2016: 11.5% pa).
- NAD618 million loan to a property developer and is repayable in 6 instalments over 52 months with the final repayment date July 2021. The loan is interest free.

Property advances - other

The balance of property advances with a carrying amount of NAD69 million (2016: NAD101 million) bear interest at rates ranging between 11.75% pa to 13.75% pa (2016: 11.5% pa to 14.5% pa), the average mortgage-type contracts are repayable over an average of 240 (2016: 240) monthly instalments of NAD0.585 million (2016: NAD1.087 million).

Loans are secured by properties sold. Personal surety or cession of shares in property holding companies are 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 NAD33.5 million (2016: NAD41.1 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. These loans bear interest at 21.5% pa (2016: 21.0% pa), are unsecured and repayable over periods between 12 and 60 months.

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

All advances are classified as 'loans and receivables'.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Reconciliation of total gross advances				
– past due but not impaired	32,892	41,142	-	-
– past due and impaired	40,824	35,374	-	-
– not past due or impaired	1,785,919	1,143,540	-	-
Total gross advances	**1,859,635**	**1,220,056**	-	-

4. Trade and other receivables

	Group 2017	Group 2016	Company 2017	Company 2016
Trade receivables	1,875	8,100	1,826	5,642
Amounts due by related parties^	39,283	-	-	-
Property sales receivables*	644,555	690,785	-	-
VAT	44,517	29,076	15,794	12,054
Other receivable**	31,995	37,988	-	-
	762,225	**765,949**	**17, 620**	**17,696**

*Property sales receivables include erven sold by the group for which proceeds can only be collected once bulk services have been installed. The average period to completion is 20 months. Bulk servicing of phase 3 of Elisenheim was completed during the year and NAD272 million is collectable during the next 12 months in cash. Property sales receivables is disclosed net of deferred interest amounting to NAD59 million (2016: NAD54 million).

**Included in other receivable is NAD30.8 million (2016: NAD30.8 million) receivable from DexGroup. Refer to note 18 for further information.

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

^Amounts due by related parties is an amount due by Next Investments (Pty) Ltd ("Next"). Mining equipment worth NAD39.3 million needs to be purchased by Northern Namibia Development Company (Pty) Ltd ("NNDC") from Next. NNDC is using the mining equipment for its mining operations. In terms of the Huso transaction (refer to note 12 of the directors' report) the group is required to maintain these assets. The assets will be transferred to the group on successful conclusion of the transaction.

As of 31 March, 2017, NAD372 million (2016: NAD313 million) of property sales receivables relating to sales of erven in Elisenheim are due to be received more than 12 months after the end of the financial year.

	Group 2017	Group 2016
Current assets	389,915	452,954
Non- current assets	372,310	312,995
	762,225	**765,949**

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.

All receivables not recoverable, have been impaired.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

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

Subsidiaries of the company				
Trustco Group International (Pty) Ltd			-	409,634
Institute of Open Learning (Pty) Ltd*			-	109,354
Trustco Finance (Pty) Ltd			(150,770)	(36,303)
Trustco Capital (Pty) Ltd			28,251	13,335
Trustco Insurance Ltd			(49,644)	-
Trustco Life Ltd			(76,450)	-
Trustco Air Services (Pty) Ltd*			-	18,477
Trustco Property Holdings (Pty) Ltd			1,162,205	435,035
Legal Shield Holdings (Pty) Ltd			(191,805)	(118,855)
Trustco Education (Pty) Ltd			34,369	34,369
Trustco Investment Management Company (Pty) Ltd			(234)	-
Trustco Unit Trust Company (Pty) Ltd			(2,560)	-
Trustco Administrative Support Services (Pty) Ltd*			-	30,252
Trustco Media (Pty) Ltd*			-	7,582
Farm Herboths (Pty) Ltd			-	(1,350)
Trustco Bank Namibia Ltd			(9,030)	-
Trustco Group International (Pty) Ltd (Incorp in Republic of South Africa)			283	-
Morse Investments Mauritius			(2,985)	-
Trustco Mobile Mauritius			3,756	3,756
Elisenheim Property Development Company (Pty) Ltd			17,386	(50,350)
Trustco Business Developments (Pty) Ltd			117,807	-
Trustco Resources (Pty) Ltd			199,981	-
Trustco Corporate Management Services (Pty) Ltd			84,557	-
Germinate SL Ltd	(2,678)	-	-	-
Next Investments (Pty) Ltd	-	(30,368)	-	-
Trustco Staff Share Incentive Scheme Trust	-	-	(12,719)	(12,716)
Trustco Finance (Pty) Ltd-back to back loan with ResponsAbility Management Company SA^			62,500	-
	(2,678)	**(30,368)**	**1,214,898**	**842,220**

Non-current assets	-	-	1,711,095	1,061,794
Non-current liabilities	-	-	(496,197)	(219,574)
Current liabilities	(2,678)	(30,368)	-	-
	(2,678)	**(30,368)**	**1,214,898**	**842,220**
Amounts included elsewhere				
Short term deposits - Trustco Bank Namibia Ltd	-	-	773	55,995
Trade creditors - Trustco Insurance Ltd	-	-	-	(59,731)
Trade receivables - Next Investments (Pty) Ltd	39,283	-	-	-
Net inter-group exposure	**36,605**	**(30,368)**	**1,215,671**	**838,484**

The balance owing to Next Investments (Pty) Ltd is unsecured, bears interest at the Namibian prime lending rate of 10.75% pa (2016: 10.50% pa) and is repayable within the next 12 months.

Amounts to/(from) related parties, all of which are with direct or indirect subsidiaries 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.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

*These amounts to subsidiaries have been subordinated in favour of other external creditors.

^ Loan is repayable in 3 instalments due from June 2018, bearing an average interest of three month Johannesburg Interbank Agreed Rate (JIBAR 7.358%) plus 8.25% per annum. This loan is interest free to 31 March 2017 and will bear interest in the new financial year. Amount is disclosed separately from the amount due to Trustco Finance (Pty) Ltd of NAD150.8 million as there is no current legally enforceable right of set-off between the receivable and the payable.

The carrying amounts approximate fair value.

6. Inventories

Work in progress	327,651	320,177	-	-
Finished goods	11,627	7,442	-	-
	339,278	**327,619**	-	-

Work in progress of NAD327.7 million (2016: NAD320.1 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 NAD109.6 million (2016: NAD103.4 million). During the year the group transferred a portion of investment property amounting to NAD nil (2016: NAD17.9 million) to inventory.

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

7. Property, plant and equipment

	2017			2016		
Group	Cost or revaluation NAD '000	Accumulated depreciation NAD '000	Carrying value NAD '000	Cost or revaluation NAD '000	Accumulated depreciation NAD '000	Carrying value NAD '000
Land and buildings	136,709	(2,728)	133,981	130,573	(1,931)	128,642
Machinery and equipment	34,616	(21,199)	13,417	31,570	(15,930)	15,640
Motor vehicles	75,381	(15,634)	59,747	64,622	(13,275)	51,347
Office equipment and furniture	14,010	(3,646)	10,364	13,039	(3,978)	9,061
Aircraft	228,078	(10,371)	217,707	280,846	(33,755)	247,091
Computer equipment	29,082	(21,707)	7,375	25,622	(18,068)	7,554
Exploration assets (Vehicles & Equipment)	86,791	(2,451)	84,340	-	-	-
Exploration assets (Mining plant)	78,961	-	78,961	-	-	-
Exploration assets (Buildings)	3,613	(89)	3,524	-	-	-
Total	**687,241**	**(77,825)**	**609,416**	**546,272**	**(86,937)**	**459,335**

The following capitalised leased assets are included in property, plant and equipment:		
Motor vehicles	40,049	28,847
Exploration assets (vehicles & equipment)	78,321	-
Leased assets carrying value	**118,370**	**28,847**

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance NAD '000	Additions NAD '000	Disposals NAD '000	Non-cash Additions NAD '000	Revaluations NAD '000	Depreciation Capitalised to exploration Assets NAD '000	Depreciation NAD '000	Total NAD '000
Land and buildings	128,642	1,181	-	-	4,956	-	(798)	133,981
Machinery and equipment	15,640	2,429	(214)	-	-	-	(4,438)	13,417
Motor vehicles	51,347	2,503	(1,670)	12,334	-	-	(4,767)	59,747
Office equipment and furniture	9,061	3,200	(15)	-	-	-	(1,882)	10,364
Computer equipment	7,554	4,657	-	-	-	-	(4,836)	7,375
Aircraft	247,091	1,116	(59,223)	78,256	(37,450)	-	(12,083)	217,707
Exploration assets (Mining plant)	-	2,916	-	76,045	-	-	-	78,961
Exploration assets (Buildings)	-	3,613	-	-	-	(89)	-	3,524
Exploration assets (Vehicles and equipment)	-	6,175	-	80,616	-	(2,451)	-	84,340
	459,335	**27,790**	**(61,122)**	**247,251**	**(32,494)**	**(2,540)**	**(28,804)**	**609,416**

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance NAD '000	Additions NAD '000	Additions through business combinations NAD '000	Disposals NAD '000	Transfer from investment property NAD '000	Revaluations NAD '000	Non-cash Additions NAD '000	Depreciation NAD '000	Total NAD '000
Land and buildings	117,617	2,625	-	-	3,366	5,494	-	(460)	128,642
Machinery and equipment	2,342	300	12,679	(3,371)	-	-	6,337	(2,647)	15,640
Motor vehicles	23,859	629	10,539	(4,144)	-	-	24,566	(4,102)	51,347
Office equipment and furniture	6,245	4,503	782	(333)	-	-	-	(2,136)	9,061
Computer equipment	9,998	4,088	-	(95)	-	-	-	(6,437)	7,554
Aircraft	109,268	114,701	-	-	-	29,881	-	(6,759)	247,091
	269,329	**126,846**	**24,000**	**(7,943)**	**3,366**	**35,375**	**30,903**	**(22,541)**	**459,335**

Property, plant and equipment encumbered as security

Refer to note 12 for details of property, plant and equipment encumbered as security for borrowings.

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. The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and shown in 'revaluation reserves' in shareholder's equity.

Valuation techniques used to determine fair values
The aircraft were valued using methodology 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
Valuation of aircraft is based on Aircraft Bluebook which is the accepted source for aircraft valuations worldwide. Valuation of the aircraft is based upon the current operating hour and cycle readings of the aircraft. Values reflect prices to purchase similar aircraft 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 considered that these valuations materially represent fair value as at 31 March 2017.

Land and buildings
The properties fair value has been determined based on valuations performed by Gert Hamman Property Valuers CC and CP Marais, during March 2017. Gert Hamman Property Valuers CC and CP Marais are not connected to the group, are qualified property valuators and have 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 assumptions:

- Rental fee of NAD130 to NAD650 (2016: NAD130 to NAD600) per square metre, depending on space being rented;
- 15% (2016: 15%) expenses has been applied to gross income;
- 0% (2016: 0%) vacancy factor; and
- 8.5% (2016: 8.5%) capitalisation rate.

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

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
	NAD '000	NAD '000	NAD '000
2017	69,467	210,165	279,632
2016	69,084	202,048	271,132

Refer to note 35 for the fair value of hierarchy.

8. Investment property

Group	2017 Valuation NAD '000	2017 Accumulated depreciation NAD '000	2017 Carrying value NAD '000	2016 Valuation NAD '000	2016 Accumulated depreciation NAD '000	2016 Carrying value NAD '000
Investment property	1,010,812	-	1,010,812	816,180	-	816,180

Reconciliation of investment property - Group - 2017

	Opening balance NAD '000	Additions NAD '000	Fair value adjustments NAD '000	Total NAD '000
Investment property	816,180	212	194,420	1,010,812

Reconciliation of investment property - Group - 2016

	Opening balance NAD '000	Additions through business combinations NAD '000	Disposals NAD '000	Transfer to inventory NAD '000	Transfer to property, plant and equipment NAD '000	Fair value adjustments NAD '000	Total NAD '000
Investment property	708,835	526	(3,500)	(17,920)	(3,366)	131,605	816,180

Investment properties have been determined based on valuations performed by Gert Hamman Property Valuers CC and CP Marais during March 2017. In accordance with IFRS 13 Fair Value Measurement. Gert Hamman Property Valuers CC and CP Marais 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 assumptions:

- land selling prices between NAD825 to NAD850 (2016: NAD850) per bulk square metre, depending on services installed and intended usage, based on recent comparable sales;
- 45% (2016: 30%) factor is applied to make provision for roads and public open spaces, per zoning obligation;
- a cost to establish bulk servicing of 36% - 39% (2016: 45%), based on recent developing costs;
- Professional fees of 12%;
- Marketing fee of 4%;
- Developers profit of gross capital value of 15% - 20%;
- Average erven size of 300 sqm; and
- Average development period of 5 years.

(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 assumptions:

- land selling prices of NAD350 (2016: NAD125) per bulk square metre, based on recent comparable sales;
- 50% (2016: 30%) factor is applied to make provision for roads and public open spaces, per zoning obligations;
- a cost to establish bulk servicing of 43% (2016: 70%) (The valuator has decreased the cost of establishing bulk servicing as some of the costs are now separately itemised);
- Professional fees of 12%;
- Marketing fee of 4%;
- Developers profit of gross capital value of 16%;
- Average erven size of 5 000 sqm (2016: 10 000sqm); and
- Average development period of 5 years.

(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 in combination with the Land Residual valuation method and includes the following assumptions:

- land selling prices between NAD40 to NAD425 (2016: NAD60 and NAD420) per bulk square metre, depending on services installed and intended usage, based on recent comparable sales;
- 16% factor is applied to make provision for roads and public open spaces, per zoning obligations;
- Professional fees of 12%;
- Marketing fee of 4%;
- A cost to establish bulk servicing of 51%;
- Developers profit of gross capital value of 20%;
- Average light industrial erven size of 4 424 sqm and informal erven size of 22,836; and
- Average development period of 2 years.

(iv) Farm Herboths
The value of the farmland in Farm Herboths was compared to recent sales of other farming land and a rate of NAD18,500 (2016: NAD16,000) per hectare was used.

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 35 for the fair value hierarchy.

9. Intangible assets

Group	**2017**			**2016**		
	Cost NAD '000	Accumulated amortisation NAD '000	Carrying value NAD '000	Cost NAD '000	Accumulated amortisation NAD '000	Carrying value NAD '000
Trademarks, licenses and patents	63,375	(13,517)	49,858	63,067	(8,507)	54,560
Computer software - Finite life	210,411	(60,309)	150,102	185,421	(39,629)	145,792
Exploration assets - work in progress	52,491	-	52,491	-	-	-
Goodwill	215,128	-	215,128	9,497	-	9,497
Total	**541,405**	**(73,826)**	**467,579**	**257,985**	**(48,136)**	**209,849**

Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Additions through business combinations	Disposals	Amortisation	Total
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Trademarks, licenses and patents	54,560	887	-	(1,369)	(4,220)	49,858
Computer software - Finite life	145,792	25,778	-	-	(21,468)	150,102
Exploration assets - work in progress	-	52,491	-	-	-	52,491
Goodwill	9,497	-	205,631	-	-	215,128
	209,849	**79,156**	**205,631**	**(1,369)**	**(25,688)**	**467,579**

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Additions through business combinations	Disposals	Transfer from debtors	Amortisation	Total
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
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**

Computer software includes internally generated computer software and purchased software which is now deployed in systems across the group. Trademarks, licences and patents 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.

Construction Operations - Trustco Construction Services (Pty) Ltd
The goodwill associated with Trustco Construction Services (Pty) Ltd arose when the 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 impairment of goodwill is considered necessary. The carrying amount of goodwill is NAD9.5 million (2016: NAD9.5 million).

Mining Operations - Meya Mining Ltd
Goodwill of NAD206 million arose from the aquisition of Meya Mining Ltd and is largely attributable to the exploration and evaluation resource and prospecting right. The recoverable amount of this unit is determined based on financial budgets approved by the directors covering a
5 year period with the following assumptions;
• Turnover growth of 15%;
• Discount rate of 6.86%;
• Cost of sales growth of 15%; and
• Operating expenditure growth of 15%.

Projections during the budget period are based on the same expected gross margins and raw materials with a price inflation throughout the budget period. The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the unit.
The carrying amount of goodwill is NAD205.6 million and accounted for as provisional. Refer to note 32 for further details.

10. Investment in subsidiaries

Company	Carrying amount 2017 NAD '000	Carrying amount 2016 NAD '000
Legal Shield Holdings (Pty) Ltd	931,451	931,451
Trustco Bank Namibia Ltd**	67,000	47,000
Trustco Business Developments (Pty) Ltd*	-	-
Trustco Corporate Management Services (Pty) Ltd*	-	-
Trustco Education (Pty) Ltd*	-	-
Trustco Group International (Pty) Ltd* (Inc in Republic of South Africa)	-	-
Trustco Mobile Mauritius*	-	-
	998,451	**978,451**

All subsidiaries are 100% held, refer to note 10 of the directors' report for further information.
*The carrying amount of the subsidiary is NAD100.
**The company made a further capital injection in Trustco Bank of NAD20 million.

11. Deferred tax assets and (liabilities)

2017	Group			Company		
	Opening balance NAD '000	Movement for the year NAD '000	Closing balance NAD '000	Opening balance NAD '000	Movement for the year NAD '000	Closing balance NAD '000
Property, plant and equipment	(70,729)	7,394	(63,335)	-	-	-
Land	(17)	1	(16)	-	-	-
Inventory	(28,519)	3,184	(25,335)	-	-	-
Investment properties	(8,316)	(3,280)	(11,596)	-	-	-
Intangible assets	(5,100)	960	(4,140)	-	-	-
Finance lease liability	7,166	(140)	7,026	-	-	-
Prepayment	(1,806)	(2,007)	(3,813)	(1,584)	-	(1,584)
Property debtors	(278,378)	56,475	(221,903)	-	-	-
Provision for doubtful debts	49	-	49	-	-	-
Income received in advance	18,738	17,922	36,660	-	-	-
Provision for leave and bonuses	1,100	1,808	2,908	-	-	-
Foreign currency translation	3,722	(3,292)	430	-	-	-
Deferred tax on assessed loss	176,606	(107,510)	69,096	38,715	-	38,715
	(185,484)	**(28,485)**	**(213,969)**	**37,131**	**-**	**37,131**

2016						
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**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

Reconciliation of deferred tax asset / (liability)

At beginning of year	(185,484)	(158,082)	37,131	15,053
Movements during the year in profit and loss	(32,941)	(14,474)	-	22,078
Movements for the year in other comprehensive income	4,456	(8,925)	-	-
Recognised in business combinations	-	(4,003)	-	-
	(213,969)	**(185,484)**	**37,131**	**37,131**
Deferred tax assets	94,718	143,675	37,131	37,131
Deferred tax liabilities	(308,687)	(329,159)	-	-
	(213,969)	**(185,484)**	**37,131**	**37,131**

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 having had their deferred tax assets reversed, the remaining assets now align board approved budgets. The total deferred tax asset relating to assessed losses in all South African entities amounts to NAD13.6 million (2016: NAD13 million). Probable future income forecast 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 utilise tax losses, relating to recognised asset.

In Namibia, the entities in an assessed loss position are expected to fully utilise these tax benefits through tax planning opportunities in the near future.

12. Borrowings

Held at amortised cost

Term loans	1,186,020	484,927	592,788	-
Listed bonds	159,057	285,587	159,057	285,587
Asset backed financing arrangements	221,863	217,388	-	-
Mortgage bonds	90,505	116,793	-	-
	1,657,445	**1,104,695**	**751,845**	**285,587**
Non-current portion	1,213,319	818,462	536,669	160,587
Current portion	444,126	286,233	215,176	125,000
	1,657,445	**1,104,695**	**751,845**	**285,587**

The borrowings of the group consist of :	Year of loan value maturity	Loan value 2017 NAD '000	Loan value 2016 NAD '000	Instalment paid per annum 2017 NAD '000	Instalment paid per annum 2016 NAD '000	Interest rate 2017 %	Interest rate 2016 %
Term loans	2017- 2026	1,186,020	484,927	260,766	212,247	12.00	11.62
Listed bonds	2017 - 2019	159,057	285,587	135,877	35,787	11.58	11.31
Asset backed financing arrangements	2017 - 2021	221,863	217,388	31,726	65,121	10.75	11.50
Mortgage bonds	2017 - 2029	90,505	116,793	9,284	7,765	10.75	10.45
		1,657,445	**1,104,695**	**437,653**	**320,920**		

The borrowings of the company consist of :	Year of loan value maturity	Loan value 2017 NAD '000	Loan value 2016 NAD '000	Instalment paid per annum 2017 NAD '000	Instalment paid per annum 2016 NAD '000	Interest rate 2017 %	Interest rate 2016 %
Term loans	2017- 2026	592,788	-	56,351	-	12.00	-
Listed bonds	2017 - 2019	159,057	285,587	135,877	35,787	11.58	11.31
		751,845	**285,587**	**192,231**	**35,787**		

Asset backed financing arrangements
Asset backed financing arrangements are secured over aircraft with a carrying amount of NAD217.7 million (2016: NAD217.2 million) refer to note 7. These arrangements are further backed by cession of shares by Dr Q. van Rooyen.

Approved domestic medium term note programme
As at 31 March, NAD800 million (2016: NAD700 million) of NAD1 billion JSE approved domestic medium term note programme was unissued. Bonds are presented net of transaction costs.

Security
The following additional 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 Dr Q van Rooyen & C van Rooyen in favour of Bank Windhoek Ltd;
- First cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Advances Book, in favour of IFC;
- Second cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Advances Book, to be shared pari passu with the IFC, AfDB, DEG and PROPARCO;
- Shares pledged by Dr Q van Rooyen & C van Rooyen to serve as security Standard Bank Namibia Ltd loan;
- Shares pledged by Dr Q van Rooyen & C van Rooyen to serve as security for an instalment sale facility from The Inselberg Trust;
- Unlimited surety by Dr Q van Rooyen & C van Rooyen in favour of Standard Bank Namibia Ltd;
- A mortgage bond over two undeveloped zoned industrial land portions (portion A and portion 133) to serve as security to ZAR100 million of the issued bond. The value of this investment property is currently NAD529.8 million;
- The mortgage loans are secured over land and buildings and investment properties with carrying values of NAD134 million (2016: NAD129 million) and NAD64.5 million (2016: NAD58.25 million);
- 1st, 2nd, 3rd, 4th, 5th and 6th covering mortgage bond over Portion 5 (a portion of portion 4) Elisenheim development with carrying value of NAD310.7 million and real estate inventory with a carying value of NAD 286.9 million;
- Unlimited suretyship by Trustco Group Holdings Ltd, Trustco Education (Pty) Ltd and Institute for Open Learning (Pty) Ltd for Development Bank of Namibia's loan;
- Cession of intercompany loans by Trustco Group Holdings Ltd for Development Bank of Namibia's loan;
- The company provided a guarantee and pledged and ceded its shares in and loans to Trustco Air Services (Pty) Ltd for the full obligation under asset backed financing arrangements in favour of The Inselberg Trust; and
- The company provided limited suretyship in favour of Standard Bank Namibia Ltd.

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 NAD812.4 million (2016: NAD821.1 million).

Unutilised committed borrowings
As at 31 March, NAD391 million (2016: NAD217 million) of borrowing facilities not yet fully utilised remain undrawn.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

13. Trade and other payables

Trade payables	33,400	13,936	5,602	76,115
VAT	4,911	9,308	-	-
Contingent consideration*	191,492	-	-	-
Deferred share payment**	180,312	-	180,312	-
Other payables	67,398	192,562	6,633	5,425
	477,513	**215,806**	**192,547**	**81,540**

Current liabilities	286,022	215,806	192,547	81,540
Non-current liabilities	191,491	-	-	-
	477,513	**215,806**	**192,547**	**81,540**

Included in trade and other payables of the company are insurance premiums due to Trustco Insurance Ltd of NAD nil (2016: NAD59.7 million).

Included in other payables of the group is NAD nil (2016: 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.

* Refer to note 32 for further information.
** Refer to note 17 for further information.

14. Insurance contract liabilities

Long-term insurance contracts	73,944	56,395	-	-
Short-term insurance contracts	20,406	18,970	-	-
	94,350	**75,365**	**-**	**-**

A) Long-term insurance contracts

Provision for outstanding claims	1,168	592	-	-
Unearned premium reserve	4,223	3,044	-	-
Policyholders' liability under insurance contracts	68,553	52,759	-	-
	73,944	**56,395**	-	-

Reconciliation of long-term insurance contract liabilities - Group - 2017

	Opening balance	Movement	Total
Provision for outstanding claims	592	576	1,168
Unearned premium reserve	3,044	1,179	4,223
Policyholders' liability under insurance contracts	52,759	15,794	68,553
	56,395	**17,549**	**73,944**

Reconciliation of long-term insurance contract liabilities - Group - 2016

	Opening balance	Movement	Total
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
	47,440	**8,955**	**56,395**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

B) Short-term insurance contracts

Provision for IBNR	2,476	2,577	-	-
Provision for outstanding claims	10,463	9,456	-	-
Unearned premium reserve	7,467	6,937	-	-
	20,406	**18,970**	**-**	**-**

Reconciliation of short-term insurance contract liabilities - Group - 2017

	Opening balance	Movement	Total
Provision for IBNR	2,577	(101)	2,476
Provision for outstanding claims	9,456	1,007	10,463
Unearned premium reserve	6,937	530	7,467
	18,970	**1,436**	**20,406**

Reconciliation of short-term insurance contract liabilities - Group - 2016

	Opening balance	Movement	Total
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
	16,279	**2,691**	**18,970**

Solvency margin

Solvency margin of Trustco Insurance Ltd	36.5 %	37.1 %	-	-

The solvency margin represents shareholders' interest of NAD22.1 million (2016: NAD23.9 million) expressed as a percentage of net premium income of NAD60.6 million (2016: NAD64.4 million) for the year under review.

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.

Provision for IBNR
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 the outstanding term to the original term of the policies in force.

Assumptions and estimates (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 determined based on the experience gained from investigations. Where data was limited, industry information was used. Recent trends evident in the data were allowed for.

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:

Assumptions	Additional variables	Compulsory margin
Investment earnings	0.84% per annum (2016: 3.5%)	Investment earnings assumption was increased or decreased by 0.25% depending on which gives the higher liability
Expense Inflation	Expected inflation 6.43% (2016: 6.76%)	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 gained from investigations in each country modified for expected trends. Generally 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' liability 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

The best estimate valuation interest rate assumption was decreased from 3.5% pa to 0.8% pa. The inflation rate decreased from 6.76% pa to 6.34% pa.

The impact of the above changes resulted in increase of the actuarial liability by NAD5.7 million and decrease in profit by NAD5.7 million.

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:

Excess of assets over liabilities	1,002,672	951,981
Minimum statutory requirement	4,000	4,000
ASSA Capital adequacy benchmark*	55,328	45,554
CAR ratio	1,812 %	2,090 %

* 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 litigation and loss of income. 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 insurance 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 insurance 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 year-end 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.

Regulatory risks

Continuous legislation changes in the 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 its available cash resources from claims arising. Liabilities are matched by appropriate assets and the operations have significant liquid resources to cover its obligations.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

15. Other liabilities

Lease liabilities	82,609	27,540	-	-
Vendors for acquisition	-	14,498	-	-
	82,609	**42,038**	**-**	**-**
Vendors for acquisitions				
Balance at beginning of year	14,498	85,410	-	-
Movement during the year	(14,498)	(70,912)	-	-
Balance at end of year	**-**	**14,498**	**-**	**-**
Lease liabilities				
Minimum lease payment due:				
• Within one year	59,677	11,252	-	-
• In second to fith year inclusive	34,093	20,109	-	-
	93,771	31,361	-	-
Less: future finance charges	(11,162)	(3,821)	-	-
	82,609	**27,540**	**-**	**-**
Current portion	45,907	25,750	-	-
Non-current portion	36,702	16,288	-	-
	82,609	**42,038**	-	-

Included in vendors for acquisition was the consideration for the purchase of Trustco Construction Services (Pty) Ltd which was deferred. The purchase consideration was payable by the group in two instalments of NAD15 million, the first having been paid in July 2015 and the second instalment paid in July 2016. The balance was interest free.

The lease liabilities bear interest rates ranging between 8.25% to 12.75% pa (2016: 8.00% to 10.50% pa), and an average monthly instalments of NAD1.1 million (2016: NAD0.6 million).

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 2017, no shares were issued during 2017.

17. Deemed treasury shares

	Number of shares		Group		Company	
	2017 '000	2016 '000	2017 NAD '000	2016 NAD '000	2017 NAD '000	2016 NAD '000
Open market purchase of shares	**42,033**	-	**178,358**	-	**178,358**	-

In September 2016, the company purchased 225,675 treasury shares at an average price of NAD3.43. Settlement amount of NAD775,000 was paid in cash.

On 15 February 2017, the company acquired 41,806,778 treasury shares at price of NAD4.80. Settlement of purchase consideration of NAD200,672,534 was deferred to 31 January 2018. At year end the fair value of the unsettled amount was included in trade and other payables (note 13).

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

18. Shares for vendors

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 DexGroup's in various legal proceedings. The group's accounting policies require that this amount is not netted off against the outstanding receivables.

19. Revaluation reserve

Balance at beginning of year	77,258	52,083	-	-
Revaluation of property, plant and equipment	(32,494)	35,539	-	-
Release of revaluation reserve to distributable reserve	(24,283)	(639)	-	-
Deferred tax on revaluation	8,590	(9,725)	-	-
	29,071	**77,258**	**-**	**-**

The revaluation reserve arising from the changes in fair value of property, plant and equipment 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 income. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.

20. Contingent liabilities and guarantees

20.1 City of Windhoek
The group has guaranteed the undertaking of bulk services on its real-estate inventory (Lafrenz and Elisenheim development) amounting to NAD0.66 million and NAD3.93 million respectively.

20.2 Pending legal cases
The group has pending legal cases for which the total legal costs are estimated to be not more than NAD10 million.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

21. Capital commitments authorised capital expenditure

Not yet contracted for but authorised by directors	**68,522**	**60,057**	**-**	**-**

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.

22. Revenue

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

Insurance premium revenue	153,726	192,841	-	-
Property sales*	770,039	620,901	-	-
Tuition and other related fees	80,068	155,532	-	-
Interest earned on student advances	160,237	142,575	-	-
Interest earned on property advances	39,681	-	-	-
Management fees	-	-	19,500	7,385
Dividends**	-	-	-	369,569
Other revenue	43,011	38,437	-	-
Total revenue	**1,246,762**	**1,150,286**	**19,500**	**376,954**

*During the year, the group recognised NAD10.6 million (2016: NAD56.4 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.

**Dividends received of NAD nil (2016: NAD370 million) were reclassified from investment income to revenue to better reflect the results of the company as its main object is investment holding.

23. Claims and benefits paid on insurance contracts

Long-term insurance contracts				
Death claims paid	18,223	22,838	-	-
Change in provision for outstanding claims	576	323	-	-
Transfer to policyholders' liabilities	15,794	7,920	-	-
	34,593	**31,081**	**-**	**-**
Short-term insurance contracts				
Claims paid out	12,793	12,197	-	-
Increase in provision for IBNR	(101)	173	-	-
Change in provision for outstanding claims	1,007	2,444	-	-
	13,699	**14,814**	**-**	**-**
Total claims	**48,292**	**45,895**	**-**	**-**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

24. Profit before taxation

Operating profit for the year is stated after accounting for the following:

Amortisation on intangible assets	25,688	23,840	-	-
Depreciation on property, plant and equipment	28,804	22,541	-	-
Employee costs	151,130	145,672	10,852	15,634
Profit on foreign exchange differences	25,179	6,978	15,683	-
Fair value gains on investment property	194,420	131,305	-	-
Auditors' remuneration - Audit fees	6,408	5,652	1,191	793
Loss/(profit) on disposal of property, plant and equipment	18,393	(221)	-	-
Impairment of loans and receivables and bad debts written off	3,000	7,445	-	-
Increase/(decrease) in provision for doubtful debts relating to student advances	4,831	(8,921)	-	-

25. Directors' emoluments

2017 **Holding company**	Number of shares '000	Market value of shares NAD'000	Basic NAD'000	Bonuses NAD'000	Other benefits NAD'000	Directors' fees NAD'000	Total NAD'000
Executive directors							
Q van Rooyen**	392,554	1,585,919	-	-	-	-	-
FJ Abrahams*	1,417	5,724	1,801	234	573	-	2,608
R McDougall (resigned 31.12.16)	35	142	1,599	-	90	-	1,689
M van Niekerk (appointed 01.01.17 & resigned 05.04.17)	-	-	879	-	62	-	941
	394,006	**1,591,785**	**4,279**	**234**	**725**	**-**	**5,238**
Non executive directors							
W Geyser	40	162	-	-	-	261	261
Adv. R Heathcote	1,336	5,398	-	-	-	516	516
J Mahlangu	-	-	-	-	-	179	179
R Taljaard	18	73	-	-	-	273	273
	1,394	**5,633**	**-**	**-**	**-**	**1,229**	**1,229**
Subsidiary company directors							
A Lambert*	243	981	782	178	213	-	1,173
E Janse van Rensburg*	774	3,020	1,277	224	342	-	1,843
QZ van Rooyen**	-	-	-	-	-	-	-
I Calitz	141	571	721	-	131	-	852
T Slabbert (appointed 01.04.17)	-	-	-	-	-	-	-
K Fick	-	-	1,277	-	1	-	1,278
	1,158	**4,572**	**4,057**	**402**	**687**	**-**	**5,146**
Non-executive directors of subsidiary boards							
W Geyser	-	-	-	-	-	526	526
R Taljaard	-	-	-	-	-	255	255
T Newton	-	-	-	-	-	260	260
NJ Tshitayi	-	-	-	-	-	128	128
S Similo	-	-	-	-	-	119	119
	-	**-**	**-**	**-**	**-**	**1,288**	**1,288**
Total	**396,558**	**1,601,990**	**8,336**	**636**	**1,412**	**2,517**	**12,901**

As from financial year end to the date of this report, there have been trades by directors as follows:
- WJ Geyser acquired 57 799 shares;
- TJ Slabbert acquired 14 139 shares;
- FJ Abrahams acquired 5 822 shares;
- RJ Taljaard acquired 4 630 shares; and
- E Janse van Rensburg acquired 46 230 shares.

* Sabbatical leave included in other benefits.

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

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 sureties 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 2017, the value of surety pledged was NAD812.4 million (2016: NAD839.5 million).

During 2017, the group paid Next Investments (Pty) Ltd a management fee of NAD14.4 million (2016: NAD28.3 million) and guarantee fee of NAD21.7 million (2016: NAD18.7 million).

For further details on payments made and balances due to/from the Group Managing Director by the group refer to notes 5 and 33.

2016 **Holding company**	Number of shares '000	Market value of shares NAD'000	Basic NAD'000	Bonuses NAD'000	Other benefits NAD'000	Directors' fees NAD'000	Total NAD'000
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
	394,681	**1,184,043**	**3,455**	**234**	**344**	**-**	**4,033**
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
	1,280	**3,840**	**-**	**-**	**-**	**1,350**	**1,350**
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
QZ van Rooyen (appointed 16.03.16)	-	-	-	-	-	-	-
B Kandetu (resigned 15.07.15)	-	-	121	-	3	-	124
I Calitz	141	423	523	19	160	-	702
	3,798	**11,394**	**3,878**	**216**	**633**	**-**	**4,727**
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
	-	**-**	**-**	**-**	**-**	**1,186**	**1,186**
Total	**399, 759**	**1, 199, 277**	**7,333**	**450**	**977**	**2,536**	**11,296**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

26. Investment income

Related party loans	-	-	76,768	14,237
Investments and external party loans	432	3,717	1,027	-
Other Income*	30,535	18,145	15,753	-
Fair value gains**	194,500	131,305	-	-
	225,467	**153,167**	**93,548**	**14,237**
Investment income, analysed by category of financial assets is as follows:				
Loans and receivables	**432**	**3,717**	**77,795**	**14,237**

* Included in other income are foreign currency translation gains on financial assets of NAD25.2 million for the group and NAD15.6 million for the company.

Fair value gains from investment properties can be reconciled as follows:				
**Fair value gains - insurance company assets	194,500	131,305	-	-
Fair value (loss)/gains - other companies (included in other income)	(80)	300	-	-
Total fair value gains (refer to note 8)	**194,420**	**131,605**	**-**	**-**

Dividends received of NAD nil (2016: NAD370 million) were reclassified from investment income to revenue to better reflect the results of the company as its main object is investment holding.

27. Finance costs

Bank overdraft	3,859	10,665	78	1
Long-term borrowings	165,523	119,697	69,012	38,239
Finance leases	4,287	3,917	-	-
	173,669	**134,279**	**69,090**	**38,240**
Finance costs on other financial liabilities	**173,669**	**134,279**	**69,090**	**38,240**

28. Taxation

Major components of the tax expense (income)

Current				
Local income tax	17,959	14,981	-	-
Foreign income tax	625	621	-	-
	18,584	**15,602**	-	-
Deferred				
Originating and reversing temporary differences - local tax	32,941	(1,184)	-	(22,078)
Originating and reversing temporary differences - foreign tax	-	15,658	-	-
	32,941	**14,474**	-	**(22,078)**
Taxation	**51,525**	**30,076**	**-**	**(22,078)**
Tax recognised in other comprehensive income				
Namibia normal tax				
Deferred tax expense relating to origination and reversal of temporary differences	**4,456**	**(8,925)**	**-**	**-**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.	%	%	%	%
Applicable tax rate	32.00	32.00	32.00	32.00
Tax for the year as a percentage of profit before tax	8.86	6.69	-	(8.10)
Non taxable income from Life Insurance operations	2.44	13.03	-	-
Effect of foreign tax rate differential	0.49	1.30	-	-
Losses for which no deferred tax asset was raised	(24.50)	(20.67)	(17.90)	-
Tax rate adjustment	-	2.33	-	-
Movement in contingency reserve	-	(0.20)	-	-
Non-taxable other income and capital income	34.01	20.22	49.90	0.68
Non-taxable gains on fair value adjustments	10.70	9.30	-	-
Non-taxable dividends received	-	-	-	39.42
	32.00	**32.00**	**32.00**	**32.00**

The group has estimated tax loss of NAD705.7 million (2016: NAD557.7 million) available for set off against future taxable income. The company has a tax loss of NAD246.1 million (2016: NAD120.9 million) available for set off against future taxable income. Deferred tax was not raised for the tax losses of NAD489.7 million and NAD42.4 million (2016: NAD nil and NAD nil) for the group and the company respectively.

29. Earnings, headline earnings and dividends per share

Basic earnings per share

	Group 2017	Group 2016	Company 2017	Company 2016
Reconciliation of profit or loss for the period to basic earnings				
Profit or loss for the period attributable to equity holders of the parent	529,952	419,798	-	-
Headline earnings				
Profit attributable to ordinary shareholders	529,952	419,798	-	-
Adjustments:				
Loss/(profit) on disposal of property, plant and equipment	18,393	(221)	-	-
Fair value adjustments on investment properties*	80	(300)	-	-
Tax effect thereon	(5,908)	155	-	-
Headline earnings	**542,517**	**419,432**	**-**	**-**
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)	766,785	758,124	-	-
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)	**771,707**	**763,046**	-	-

* Refer to note 26.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Basic earnings per share (cents)	69.11	55.37	-	-
Diluted earnings per share (cents)	68.67	55.02	-	-
Headline earnings per share (cents)	70.75	55.32	-	-
Diluted headline earnings per share (cents)	70.30	54.97	-	-

Dividends per share

Dividends per share (cents)			**5.00**	**7.40**

During the year under review normal dividends of 5.00 cents per share (2016: 7.40 cents) amounting to a total of NAD33.1 million (2016: NAD49.4 million) were declared and paid by the company.

30. Cash generated from/(used in) operations

Profit before taxation	581,477	449,874	(28,042)	272,697
Adjustments for:				
Depreciation and amortisation	54,492	46,381	-	-
Net loss/(profit) on disposal of property, plant and equipment	18,393	(221)	-	-
Profit on foreign exchange	(25,179)	-	(15,683)	-
Investment income	(432)	(3,717)	(77,795)	(14,237)
Finance costs	173,668	134,279	69,090	38,240
Fair value adjustments	(194,420)	(131,605)	-	-
Impairment of loans and receivables and bad debts	7,831	(1,476)	-	-
Increase in technical provision	3,191	3,726	-	-
Increase in policyholders' liability under insurance contracts	15,794	7,920	-	-
Other non-cash items	16,511	2,271	-	-
Dividends received	-	-	-	(369,569)
Cash generated by operations before working capital changes	651,326	507,432	(52,430)	(72,869)
Changes in working capital:				
Inventories	(11,659)	(3,702)	-	-
Trade and other receivables	3,724	(187,835)	76	(11,111)
Trade and other payables	(211,351)	126,570	(66,576)	56,192
Changes in working capital	(219, 286)	(64,967)	(66,500)	45,081
	432,040	**442,465**	**(118,930)**	**(27,788)**

31. Tax paid

Balance outstanding at beginning of year				
- Current tax assets	(7,496)	(12,982)	(1,002)	(1,002)
- Current tax liabilities	10,257	7,945	-	-
	2,761	**(5,037)**	**(1,002)**	**(1,002)**
Current tax for the period recognised in profit or loss	18,584	15,602	-	-
Adjustment in respect of subsidiaries acquired	-	6	-	-
Balance outstanding at end of year				
- Current tax assets	7,534	7,496	1,002	1,002
- Current tax liabilities	(28,018)	(10,257)	-	-
	861	**7,810**	**-**	**-**

32. 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 acquirer controls the acquiree. The group has gained control over the acquiree acquired during the period by transferring cash, cash equivalents or other assets. The acquiree was a business as defined by IFRS 3.B7 at the time of acquisition.

In terms of the guidance of IFRS 10, in order to determine whether the group has gained control over an investee, the group must have:

1. Power over the investee;
2. Exposure or rights to variable returns from its involvement with the investee; and
3. The ability to use its power over the investee to affect the amount of the group's returns.

Business combinations occurring during the current year (Meya Mining Ltd ("Meya"))

On 11 November, 2016 the group acquired 51% of the voting equity interest of Meya which resulted in the group obtaining control over Meya. Meya is incorporated in Mauritius and is the holder of Exploration Licence No. EL 07/2015 granted under the Provision of the Mines and Minerals Act 2009, of the Republic of Sierra Leone. This acquisition represents a natural progression of the group's expansion strategy. The acquisition offers a best fit strategic opportunity to diversify the revenue stream of the group. The numbers used for the business combination are provisional.

Determination of Meya as a business

In concluding that Meya is a business, management considered the following:

1. Meya holds a 4-year exclusive diamond exploration licence over an area of 130.38 sq km (previously held by Germinate SL Ltd and transferred to Meya as part of the transaction).

2. The area of exploration is adjacent to a pre-existing and well-established diamond mining operation (KOIDU) which has been in existence for many years and on which the key individuals, employed by Meya, have worked for over a decade in key positions overseeing operations. These are:
   a. Jan Joubert (representive of buyer); and
   b. Ibrahim Kamara (representive of seller).

3. Leading up to the finalisation of the sale of shares agreement, these two key individuals were party to developing a Work Program which relies heavily on their experience and expertise to consider how the activities of the Meya Project will be conducted. Developing this Work Program prior to executing the sale agreement was a critical step in determining whether Trustco would invest and how much it would be prepared to invest.

Based on the above it was management's judgement that the group is capable of operating Meya as a business through the integration of its own inputs and processes and accordingly the transaction was accounted for as an acquisition of a business.

Goodwill of NAD206 million arising from the acquisition is largely attributable to an intangible asset (exploration and evaluation resource and a prospecting right). The prospecting right can however not be reliably measured and thus is included in goodwill. Goodwill is not deductible for income tax purposes.

The following table summarises the consideration paid at fair value of assets acquired and liabilities assumed at the acquisition date:

	NAD '000
Fair value of assets acquired and liabilities assumed	
Other asset	14
Total identifiable net assets	14
Non-controlling interest	(7)
Goodwill	205,630
	205,637
Acquisition date fair value of consideration paid	
Cash	(14,146)
Contingent consideration arrangement	(191,491)
	(205,637)

Contingent consideration arrangements

Upon completion of the 18 month exploration program, commencing on the date of purchase, if the result is either of the following:

- resource statement of at least 3 million carats; or
- resource statement valued at least USD1 billion (at international market price),

the group will pay an additional USD25 million to the seller provided that a mining licence has been issued to Meya. The fair value is based on significant inputs that are not observable in the market, key assumptions are a discount rate of 6.86% and an assumed probability of 60%. The contingent consideration is included in trade and other payables in note 13. The estimate is accounted for as provisional and might change once the resource evaluation program is completed by December 2017.

Meya commenced a resource evaluation program in November 2016, with the aim of verifying the intrinsic geo economic potential within the exploration licence area, EL 07/2015. The evaluation programme is scheduled into several phases and multiple zones across the licence area, Dyke Zone B was prioritised for the 2017/2018 periods. The phases include; diamond drilling, bulk sampling, geological modelling, micro diamond analysis and diamond valuation. A total of 9,559m was drilled along the 11,500m strike of Dyke Zone B for the year ended 31 March 2017. All the holes, with the exception of two, intersected kimberlite along the strike, which confirms continuation of Dyke Zone B. The intersections range from 120m to 370m vertical depths, thus indicating the depth of kimberlite extensions.

Based on the drilling results and assumptions derived from historical information from previous experience of the management team regarding diamond grade, rock density and diamond values from this specific ore body, a preliminary high level estimation indicates that the potential in situ diamond resource of Dyke Zone B (down to 500m) is 6.6 million carats contained in 11 million tonnes of kimberlite, thus an in situ value of more than US$2 billion. Processing of the bulk samples extracted from EL 07/2015 will start during July 2017.

Acquisition related costs
Acquisition-related costs of NAD250 000 have been charged to administrative expenses in profit or loss for the period ended 31 March 2017.

Group revenue and profit or loss for full year
Had the business combinations taken place at the beginning of the reporting year, the revenue for the group would have been NAD nil (2016: NAD nil) and the net loss would have been NAD nil (2016: NAD nil).

Non-controlling interest
The non-controlling interest, which is a present ownership interest, entitles their holders to a proportionate share of the entity's net assets in the event of liquidation and is measured at the present ownership interest's proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

33. Related parties

The group is controlled by Q van Rooyen who owns 50.84% of the company's shares. Material related parties are disclosed in notes 4, 5 & 25.

Other related parties are:
Subsidiaries

Trustco Media (Pty) Ltd
Agricultural Export Company (Pty) Ltd
Trustco Mobile (Pty) Ltd
Arru Island Investments (Pty) Ltd
Trustco Newspapers (Pty) Ltd
Discus Properties (Pty) Ltd
Trustco Property Holdings (Pty) Ltd
Erf 7179 (Pty) Ltd
Trustco Resources (Pty) Ltd
Elisenheim Property Development Company (Pty) Ltd
Trustco Reinsurance Ltd
Farm Herboths (Pty) Ltd
Trustco Restaurants (Pty) Ltd
ICE Insurance Claims Exchange (Pty) Ltd
Trustco Tourism Holdings (Pty) Ltd
Institute for Open Learning (Pty) Ltd
Sunda Island Investments Ltd
Komada Holdings (Pty) Ltd
Trustco Construction Services (Pty) Ltd
Legal Shield Holdings (Pty) Ltd
New Adventure Insurance Brokers (Pty) Ltd
November Properties (Pty) Ltd
Meya Mining Ltd
Morse Investments Mauritius
Printas (Pty) Ltd
Thera Island Investments (Pty) Ltd
Trustco Mixed Marketing (Pty) Ltd
Trustco Administrative Support Services (Pty) Ltd
Trustco Air Services (Pty) Ltd
Trustco Bank Namibia Ltd
Trustco Unit Trust Management Company (Pty) Ltd
Trustco Capital (Pty) Ltd
Trustco Investment Management Company (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)
Elisenheim One Hundred (Pty) Ltd
Trustco Informatix (Pty) Ltd
Trustco Insurance Ltd
Morse Diamonds Mauritius
Trustco Intermediary Solutions (Pty) Ltd
Trustco Life Ltd

Entities in which board members have significant influence

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

Other related entities

Germinate SL Ltd (inc. in Republic of Sierra Leone)
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:

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Related party transactions				
Interest received from related parties				
Trustco Capital (Pty) Ltd*	-	-	21,820	14,237
Trustco Property Holdings (Pty) Ltd *	-	-	54,948	-
Charter income received from/(fees paid to) related parties				
Next Investments (Pty) Ltd^	1,367	498	-	-
Northern Namibia Development Company (Pty) Ltd^	738	842	-	-
Trustco Air Services (Pty) Ltd*	-	-	(2,731)	(936)
Portsmut Hunting Safaris (Pty) Ltd^	467	-	-	-
Advertising income received from /(fees paid to) related parties				
Trustco Newspapers (Pty) Ltd*	-	-	(1,206)	(747)
Morse Investments (Pty) Ltd^	5	3	-	-
Northern Namibia Development Company (Pty) Ltd^	24	-	-	-
Management fees (paid to)/received from related parties				
Next Investments (Pty) Ltd^	(14,407)	(28,287)	(14,407)	(10,935)
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)*	-	-	6,400	7,385
Trustco Administrative Support Services (Pty) Ltd*	-	-	8,800	-
Trustco Insurance Ltd*	-	-	4,300	-
Guarantee fee paid to related parties				
Next Investments (Pty) Ltd^	(21,694)	(18,641)	(3,438)	-
Dividend received				
Legal Shield Holdings (Pty) Ltd	-	-	-	369,569
Equipment rent received from related parties				
Northern Namibia Development Company (Pty) Ltd^	1,239	-	-	-

* - Indirect subsidiary.
^ - Common director: Q van Rooyen.

34. 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, allocates resources and assess performance. The reportable segments are differentiated and grouped by their relative size, namely: Insurance, Banking & Finance, Investments and Resources. The group operates in Namibia, South Africa, Mauritius and Sierra Leone.

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, thus insurance business is aggregated into the insurance segment. This segment earns income from insurance premiums.

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

Resources primarily conducts mining operations in Namibia and Sierra Leone.

Investments segments income remains predominantly property sales, rental income, and investment property activities. The remaining immaterial businesses which earn 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.

Segmental revenue and results

2017	Total segment revenue	Inter-segment revenue	Revenue from external customers	Profit for the period	Depreciation and amortisation	Interest income	Interest expense	Impairment of receivables and loans	Taxation
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Insurance	184 344	(24 658)	159 686	40 370	20 418	396	383	-	3 602
Banking and finance	226 676	(13 647)	213 029	60 593	878	636	68 690	7 408	31 426
Investments	1 035 789	(161 742)	874 047	440 131	33 195	(607)	101 383	-	16 497
Resources	-	-	-	(11 142)	1	4	3 213	-	-
Total	**1 446 809**	**(200 047)**	**1 246 762**	**529 952**	**54 492**	**429**	**173 669**	**7 408**	**51 525**

2016	Total segment revenue	Inter-segment revenue	Revenue from external customers	Profit for the period	Depreciation and amortisation	Interest income	Interest expense	Impairment of receivables and loans	Taxation
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Insurance	203 866	(2 580)	201 286	45 033	18 064	1 540	81	-	4 192
Banking and finance	231 157	(9 664)	221 493	57 326	471	937	52 910	(8 921)	16 772
Investments	846 242	(118 735)	727 507	317 439	27 846	1 240	81 288	-	9 112
Total	**1 281 265**	**(130 979)**	**1 150 286**	**419 798**	**46 381**	**3 717**	**134 279**	**(8 921)**	**30 076**

2017	Total assets	Total liabilities
	NAD '000	NAD '000
Insurance	210 432	114 571
Banking and finance	1 908 870	605 912
Investments	2 554 628	1 651 152
Resources	482 460	292 305
Total	**5 156 390**	**2 663 940**

2016	Total assets	Total liabilities
	NAD '000	NAD '000
Insurance	325 639	148 914
Banking and finance	1 507 636	561 563
Investments	2 180 726	1 114 460
Total	**4 014 001**	**1 824 937**

Geographical information	Revenue by location of customer - 2017	Revenue by location of customer - 2016	Assets by location of assets - 2017	Assets by location of assets - 2016
	NAD '000	NAD '000	NAD '000	NAD '000
Namibia	1 238 436	1 134 274	4 538 453	3 796 320
Outside Namibia	8 326	16 012	617 937	217 681
Total	**1 246 762**	**1 150 286**	**5 156 390**	**4 014 001**

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

Revenue from major products and services

The following is an analysis of the group's revenue from operations from its major products and services.

Insurance premium revenue	153,726	192,841		
Property sales	770,039	620,901		
Tuition and other related fees	80,068	155,532		
Interest earned on student advances	160,237	142,575		
Interest earned on property advances	39,681	-		
Other revenue	43,011	38,437		
	1,246,762	**1,150,286**		

Information about major customers
Included in revenues arising from direct sales of property of NAD770 million (2016: NAD621 million) are revenues of approximately NAD618 million (2016: NAD327 million) from the Investments segment which arose from sales to the groups' largest customer. No other single customer contributed 10% or more to the group's revenue for both 2017 and 2016.

35. 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 (note 7) measured under the revaluation model, or investment property (note 8) carried at fair value is generally measured with reference to market factors and calculated under a fair value observable model.

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.

		Group		Company	
Figures in Namibia Dollar thousand		2017	2016	2017	2016

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 2017, 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.

Group assets and liabilities fair value disclosures
The table below presents the carrying amounts of group's financial and non-financial assets and liabilities measured at fair value as well as those for whom 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. Financial instrument's fair values approximate their carrying amounts.

	Note	Group 2017	Group 2016	Company 2017	Company 2016
Level 2					
Non-financial assets					
Land and buildings	7	-	128,642	-	-
Aircraft	7	-	247,091	-	-
Investment property	8	-	816,180	-	-
Level 3					
Non-financial assets					
Investment property	8	1,010,812	-	-	-
Land and buildings	7	133,981	-	-	-
Aircraft	7	217,707	-	-	-
Financial Assets (Loans and receivables)					
Cash and cash equivalents	2	46,017	99,835	3,416	58,244
Advances	3	1,818,811	1,184,063	-	-
Trade and other receivables	4	678,425	765,949	1,826	17,696
Related party balances	5	39,283	-	1,711,095	1,061,794
Financial liabilities (Amortised cost)					
Bank overdraft	2	(12,640)	(17,249)	-	-
Related party balances	5	(2,678)	(30,368)	(496,197)	(219,574)
Borrowings	12	(1,657,445)	(1,104,695)	(751,845)	(285,587)
Trade and other payables	13	(472,602)	(215,806)	(192,547)	(81,540)
Insurance contract liabilities	14	(94,350)	(75,365)	-	-
Other liabilities	15	(82,609)	(42,038)	-	-

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between level 1 and level 2 in the period under review.

Transfers out of level 2

	Group 2017	Group 2016	Company 2017	Company 2016
Non - financial assets				
Investment property	1,010,812	-	-	-
Land and buildings	133,981	-	-	-
Aircraft	217,707	-	-	-

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

Non-financial assets were moved out of level 2 into level 3 in 2017 financial year as variables used to determine their fair values are not observable by the public.

Management's policy for recognising transfers between levels is to recognise the transfer at the end of reporting period.

The carrying amount approximates the fair values.

36. 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 15, shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in notes 16 to 19 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 provision and contingent consideration. 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 1.2 times). The actual ratio at year end was as follows:

Liabilities	2,164,129	1,749,572
Tangible net worth	2,239,992	1,979,215
Liabilities to tangible net worth ratio	0.97	0.88

Trustco Bank Namibia Ltd is subject to a Bank of Namibia imposed capital adequacy minimum. This ratio is calculated under Basel rules and is measured monthly. The current minimum capital adequacy ratio is 15%, Trustco Bank Namibia Ltd is currently at 109.65% (2016: 50.84%). The minimum Tier one leverage ratio is 6%, Trustco Bank Namibia Ltd's ratio is currently 52.40% (2016: 21.50%).

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 purchased/(sold) 42.0 million (2016: (61.7) million) 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, price risk, credit risk, liquidity risk and cash flow interest rate risk).

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

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.

The historic debt service cover ratio is used to monitor cash flow available to service debt obligation, the minimum being are 1:2 as required by funders. The actual ratio at year end was as follows:

	2017	2016
Cash flow	633,830	275,305
Debt obligations	444,126	141,492
Historic debt service cover ratio	1.4	1.9

The long term debt to EBITDA ratio is a measurement of the ability to pay incurred debt, a maximum of 350% as required by funders. The actual ratio at year end was as follows:

	2017	2016
Total long term debt	1,250,021	1,104,695
EBITDA	622,982	500,803
Long term debt to EBITDA ratio	189%	221%

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.

Foreign currency risk management

The group is exposed to currency risk on borrowings 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.

The carrying amount of the group's foreign currency dominated monetary assets and monetary liabilities at the end of the reporting periods are as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Cash and cash equivalents	1,164	103	-	-
Trade and other receivables	2,975	106	-	-
Trade and other payables	(233,864)	(164)	-	-
Borrowings	(380,669)	-	(322,807)	-
	(610, 394)	**45**	**(322,807)**	**-**

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 would decrease the group's and company's profit by NAD61.0 million and NAD31.3 million (2016: NAD0.004 million and nil) respectively. The analysis assumes that all other variables would remain constant.

Credit risk management

Credit risk is the risk of financial loss to the group and the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group 2017	Group 2016	Company 2017	Company 2016
Cash and cash equivalents	46,017	99,835	3,416	58,244
Advances	1,818,811	1,184,063	-	-
Trade and other receivables	717,708	765,949	1,826	17,696
	2,582,536	**2,049,847**	**5,242**	**75,940**

Credit risk on advances is managed through credit approval procedures, by requiring regular repayments and by requiring guarantees and/or security deposits as a prerequisite for advances. Property advances and property sales debtors are secured by properties sold. The group lends to individuals and businesses. The group's and company's cash balances are held at A rated local banks.

	Group		Company	
Figures in Namibia Dollar thousand	2017	2016	2017	2016

Except of the largest customer of the group (refer to note 34), the group does not have significant credit risk exposure to any single counterparty. Concentration of customer risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Management considers all other financial assets to be of good credit quality.

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 as well as by monitoring the current ratio. At least 1:1 (100%), as required by funders. The actual ratio at year end was as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Current assets	1,344,724	1,087,006		
Current liabilities	839,797	619,408		
Current ratio	160%	175%		

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.

Interest rate sensitivity analysis
The sensitivity analysis below have been determined based on the exposure to interest rates for financial assets or financial liabilities at the end of the reporting period. The analysis is prepared assuming the balance of the financial instrument at the end of the reporting period was receivable/(payable) for the whole year. A 50 basis point increase or decrease is used when reporting interest risk internally to key management personnel and represents a management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's and company's profit for the year ended 31 March 2017 would decrease/increase by NAD0.4 million and NAD4.1 million (2016: decrease/increase by NAD0.2 million and NAD2.8 million) respectively. This is mainly attributable to the group's and company's exposure to interest rates on its variable rate borrowings.

Liquidity tables
The following tables detail the group and the company's future liquidity position arising from its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and the company can be required to pay.

2017	Effective interest rate %	Due in less than one year NAD '000	Due in one to two years NAD '000	Due in two to three years NAD '000	Due in three to four years NAD '000	Due after four years NAD '000	Total NAD '000
Group: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		281,111	191,491	-	-	-	472,602
Variable interest rate instruments		**531,860**	**458,905**	**516,385**	**359,636**	**469,859**	**2,336,645**
- Term loans	9.96 - 15.50	267,574	294,998	433,846	313,086	259,624	1,569,128
- Listed bonds	8.98 - 11.58	135,877	26,600	14,000	-	-	176,477
- Mortgage loans	8.50 - 10.75	8,894	8,894	8,894	8,464	61,003	96,149
- Liabilities under instalment sale agreement	7.43 - 10.75	31,726	83,770	49,095	27,536	109,138	301,265
- Amounts due to related parties	10.50	2,866	-	-	-	-	2,866
- Finance lease obligations	8.25 - 12.75	49,677	34,093	-	-	-	83,770
- Bank overdraft	10.50	12,640	-	-	-	-	12,640
- Insurance contract liabilities	10.50	22,606	10,550	10,550	10,550	40,094	94,350
		812,971	**650,396**	**516,385**	**359,636**	**469,859**	**2,809,247**

2016	Effective interest rate %	Due in less than one year NAD '000	Due in one to two years NAD '000	Due in two to three years NAD '000	Due in three to four years NAD '000	Due after four years NAD '000	Total NAD '000
Group: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		215,806	-	-	-	-	215,806
Variable interest rate instruments		**672,168**	**472,896**	**391,098**	**206,851**	**323,041**	**2,066,054**
- 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
- Liabilities under instalment sale agreement	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
		887,974	**472,896**	**391,098**	**206,851**	**323,041**	**2,281,860**

	Effective interest rate %	Due in less than one year NAD '000	Due in one to two years NAD '000	Due in two to three years NAD '000	Due in three to four years NAD '000	Due after four years NAD '000	Total NAD '000
2017							
Company: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		192,547	-	-	-	-	192,547
Variable interest rate instruments							
- Term loans	9.96 - 15.50	56,354	138,059	154,134	228,914	243,927	821,388
- Listed bonds	8.98 - 11.53	135,877	26,600	14,000	-	-	176,477
- Amounts due to related parties	0 - 10	126,094	370,103	-	-	-	496,197
		510,872	**534,762**	**168,134**	**228,914**	**243,927**	**1,686,609**

	Effective interest rate %	Due in less than one year NAD '000	Due in one to two years NAD '000	Due in two to three years NAD '000	Due in three to four years NAD '000	Due after four years NAD '000	Total NAD '000
2016							
Company: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		81,540	-	-	-	-	81,540
Variable interest rate instruments							
- Listed bonds	8.98 - 11.83	123,087	125,000	25,000	12,500	-	285,587
- Amounts due to related parties	0 - 10	-	219,574	-	-	-	219,574
		204,627	**344,574**	**25,000**	**12,500**	**-**	**586,701**

37. Going concern concept

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2018. 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.

38. Subsequent events

38.1 Convertible loan agreement with Riskowitz Value Fund LP

The company (Trustco Group Holdings Ltd) has entered into a convertible loan agreement with Riskowitz Value Fund LP ("the Fund") dated 6 July 2017. In terms of the agreement, the Fund will lend the company NAD250 000 000 (two hundred and fifty million). The loan will be converted into 58 823 529 ordinary shares of the company at a conversion price of NAD4.25, subject to obtaining all requisite regulatory approvals and activation of the trigger events (reference is made to the Huso transaction and the Buckley transaction) as disclosed in the agreement. This agreement does not constitute a change in control.

Dr Q Van Rooyen, the majority shareholder has signed an irrevocable undertaking to vote in favour of the agreement.

The conversion price represents a 3.16% premium to NAD4.12 being company's 30-day volume weighted average price on the exchange operated by JSE Limited ("JSE") up to and including 5 July 2017, being the date immediately prior to the signature date of the agreement.

38.2 Huso Transaction

The parties of the Huso transaction entered into an agreement where the payment terms of the Huso transaction were amended. The payment terms were amended to reflect an EBITDAASA (earnings before interest, tax, depreciation, amortisation after stock adjustments) payment instead of resource driven payment. The shareholders approved the amendment to the Huso transaction on the 13th of June 2017. The amendment will be effective upon conclusion of the Huso transaction when the mining licence is issued to Northern Namibia Development Company (Pty) Ltd.

38.3 Capital Management

At the time of reporting, the group is in negotiations with its funders to amend repayment terms of its current facilities whilst maintaining interest payments as part of its ongoing capital raising strategies.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

39. New Standards and Interpretations

39.1 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:
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January, 2016	The impact of the amendment is not material.
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	1 January, 2016	The impact of the amendment is not material.
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	1 January, 2016	The impact of the amendment is not material
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	1 January, 2016	The impact of the amendment is not material.
• Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	1 January, 2016	The impact of the amendment is not material.

39.2 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 1 April, 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected Impact:
• IFRS 16 Leases	1 January, 2019	**
• IFRS 9 Financial Instruments	1 January, 2018	**
• IFRS 15 Revenue from Contracts with Customers	1 January, 2018	**
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January, 2018	**
• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January, 2018	*
• Amendments to IAS 7: Disclosure initiative	1 January, 2017	**
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January, 2017	*

**The group is currently performing an assessment to determine the potential impact of the new standard on the group's statement of financial position and performance. The group is still considering the transition approach to be applied. The group expects that significant additional disclosures will be added to the financial statements to meet the revised requirements of the standard.

*The group is in the process of assessing the impact of standard and the transitional provisions.

These standards will be adopted by the group in the first financial reporting period commencing after the effective date.

CORPORATE INFORMATION

Trustco Group Holdings Ltd
(Incorporated in Namibia)
Company Registration Number: 2003/058
NSX Share code: TUC
JSE Share code: TTO

Executive Directors
F J Abrahams
Dr Q Van Rooyen

Non-Executive Directors
W Geyser
R Taljaard
J Mahlangu (South African)
Adv R Heathcote

Company Secretary
Ms A Bruyns

Auditors: Namibia
BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
61 Bismark Street
Windhoek Namibia

Bankers: Namibia
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First National Bank of Namibia Ltd
Standard Bank Namibia Ltd

NSX Sponsor
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ABSA
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Transfer Secretaries South Africa
Computershare Investor Services (Pty) Ltd
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Principal business
Trustco is a diversified dual listed financial services group that invests and operates in sustainable high growth assets in emerging markets. Trustco operates from four business segments being:
- Investments (properties, education, air services and strategic media);
- Banking and finance;
- Mining (resources); and
- Insurance.