

INTERIM RESULTS

SEPTEMBER 2017

TRUSTCO GROUP HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED
INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2017



TRUSTCO
oshi li nawa | it's all good



NET ASSET VALUE



20%

NATURE OF THE BUSINESS

Trustco is a diversified dual listed financial services group that invests and operates in sustainable high growth assets in emerging markets.

BUSINESS REVIEW AND OUTLOOK

During the past year, Trustco weathered increasingly difficult conditions in the Namibian economy. With Q1 and Q2 growth in Namibian GDP both showing negative growth of 1.7%, and economists predicting a similar picture for Q3, the country remained in a technical recession for the entire reporting period. This resulted in an average private sector credit extension (PSCE) growth of 7.4% as at 31 August 2017, a reduction of 4.7% from 12.1% for the 2016 corresponding period. The slow PSCE growth, evidenced by reduced growth in credit advanced to the household and corporate sectors, impacted mortgage and instalment credit the most.

Only two economic sectors in Namibia, namely mining and agriculture, managed to register strong growth for the first 8 months of 2017, which offset the negative growth for the construction, wholesale and retail trade and transport sectors.

Although growth projections for the economies of Namibia and Southern Africa remain weak, the growth projections for the global economy reflect an increase of 0.4% from 3.2% to 3.6% for 2018.

A weakened ZAR/USD exchange rate further negatively impacted the growth of Namibia, given that the country remains a net importer. This exposure to a domestic economy where so many of its inputs, such as exchange rate, food prices, drought and global liquidity remain outside of the control of government as well as private sector, shows that Trustco's pursuit of cross border expansion and US dollar based revenues remains key for continued growth.

Notwithstanding the above, Trustco's operations continued to demonstrate reliable performance coupled with resilience, even in the face of adverse financial conditions.

The Board of Directors will continue to exercise its mandate to aggressively repurchase shares as approved by the shareholders.



Trustco earned Royal status and was placed in the Top 10 of the Sunday Times Top 100 companies of the JSE for the 3rd consecutive year. Royal status is awarded to companies who have placed in the Top 20 positions for a third consecutive year.

INSURANCE

Insurance premiums decreased from the previous reporting period by 10%, mostly due to a reduction in Credit Life policies written. The remaining life products and short term policies continued with a measured and steady organic growth. A decline in claims and its resultant provisioning (39% decrease from the 2016 corresponding period) has favourably affected the insurance segment results. South African operations also continued with their push towards profitability with the development of a new mobile product initiative.

BANKING & FINANCE

The strategy of the banking and finance segment remains on track with its strategic plan to target mortgage lending, student loans, SME financing and all savings and deposit products.

Trustco Bank is poised to capitalise on the synergies that exist in the group and has successfully implemented a new core banking system. Trustco Bank is also in the process of finalising electronic cell phone banking as well as card systems. Trustco Bank remains well capitalised with a Tier 1 capital ratio of 57.37% as at September 2017 with the group injecting NAD 80 million as equity into Trustco Bank after the reporting period.

Trustco Finance, regulated by Namfisa, provides loans to students. The current economic circumstances together with stricter credit processes have resulted in tempered growth. The student loan book is still performing well despite a slight increase in non-performing loans from 4.4% in the 2016 corresponding period to 5.5%.

INVESTMENTS (OF THE INSURANCE SEGMENT)

As mentioned above, the reduced growth in private sector credit extension, alongside a reduction of liquidity in the Namibian banking sector, has resulted in a slowdown in property development, especially in the central region of Namibia. However, during this time, there still remains a strong demand in the housing sector, with specific focus on the lower to middle-income group and first time buyers. Despite the liquidity pressure currently experienced in the country, there has been a slight improvement in the granting of credit by the banking sector. The slowdown was also driven by the lack of serviced land in Windhoek as opposed to the general belief that water restrictions were the cause thereof.



Trustco placed second in the Deloitte's annual "Best Company to Work For 2017" survey in Namibia and also earned a Platinum Achievers Award Seal. The seal is a demonstration of the attractiveness of the organisation and commitment to its people, enabling the organisation to market itself as an employer of choice.

To a large extent, the lack of available serviced land has contributed to an increase in the number of plans for additions and alterations (of existing structures) being applied for to the City of Windhoek Municipality over the last 15 years, and therefore, lessening the plans for newly built properties. As such, during the past year, the City of Windhoek Municipality reported the lowest number of building plans submitted for approval for new residential, commercial and industrial development for the past 20 years. The amount of building plans approved by the City of Windhoek Municipality for the 2017 year to date increased in value by 17.4% to NAD 1.83 billion. Approximately NAD260 million of the approved plans pertain to the Elisenheim Development, the prime property development of the group.

Trustco Properties thus remains ideally placed to alleviate the pressures with regard to mixed use land development in the Central and Northern areas of Namibia.

The Elisenheim Development will benefit from increased levels of liquidity in the commercial banks and in Trustco Bank. This will increase Trustco's footprint of homeowners on the Elisenheim Development and enables Trustco to explore other ventures. Elisenheim currently has approximately 4 265 residents and construction workers that enter the estate on a daily basis. This number is growing by the month as the Elisenheim development is becoming the "area to live in" in the Windhoek basin.

RESOURCES

During the first half year of 2018, Trustco Resources' primary focus was establishing operational readiness at Meya Mine in Sierra Leone and executing phase 1 of the exploration programme within the ambitious 18 month project schedule. In anticipation of fulfilment of the final CP's related to the Huso transaction, management initiated optimisation initiatives that will enable Northern Namibia Development Company (Pty) Ltd (NNDC) to improve processing efficiency and effectiveness. Both the aforementioned focus areas underpin our vision to establish a vertically integrated diamond business across the complete diamond value chain.

MEYA MINING

Based on management's experience and understanding of the geological setting within Meya Mine's area of operation, Trustco Resources is confident that the geo-economic potential within EL 07/2015 will achieve the initial expectations. Thus, notwithstanding Meya Mine starting off as a greenfield exploration programme, the plan is to establish an optimal mine configuration

that will enable Trustco Resources to evaluate the geo-economic potential of the resource within the exploration licence, but then also to transition into trial mining immediately after phase 1 of the exploration programme has been completed. This includes; delineation drilling, establishing mine infrastructure, mobilising the mining fleet, constructing a bespoke processing plant, conducting an environmental impact assessment study and extracting / processing three bulk samples. Apart from determining the economic viability, the results will enable Meya Mine to apply for a long term large-scale mining licence.

DRILLING

As reported in the Integrated Annual Report (IAR) for FY 2017, the Phase 1 drilling programme focused on delineating Dyke Zone B only. The drilling results confirmed continuation of the Dyke over a 12 000 meter strike down to a vertical depth of 450 meters. Phase 2 will recommence in December 2017. It will target deep intersections, supplemented with wedges in each hole, in order to recover sufficient material for micro diamond analysis in support of formulating the initial resource statement. A total of 6 700 meters of material is planned to be completed by January 2018.

MAPPING AND SAMPLING

Petrographic and micro diamond samples were collected from core that was extracted during the first phase delineation drilling. A total of 250kgs of core was sampled and submitted to the Saskatchewan Research Council (SRC) laboratory in Canada. Initial results received were positive and these were used in part to plan Phase 2.

All of the core from the 38 holes drilled was logged by Meya Mine and SRK. This included: geological, geotechnical mapping and density tests. Favourable feedback was received from SRK, Meya Mine's appointed Competent Person, who regularly visited the site and reviewed all the work completed.

Two out of three bulk sample sites have been opened and the kimberlite dyke exposed. These two sites are labelled Meya River, which is located on the eastern boundary of the licence, and Bardu, which is located in the middle of the Dyke Zone B strike. Both areas were mapped in detail and chip samples were collected and submitted to SRC laboratory in Canada. A total of 484kgs of sample material was sent to SRC laboratory in Canada for analysis. These results are still outstanding.

BULK SAMPLING (MINING)

Mining commenced with stripping of overburden and weathered kimberlite material at all three bulk sample sites. At the time of writing this report,

950 000 tonnes were stripped of which 290 000 tonnes were mined prior to April 2017. This included 23 039 tonnes of weathered kimberlite, 17 134 tonnes from Bardu and 5 905 tonnes from Meya River, which were processed during August / September 2017.

The first kimberlite exposure was at the Bardu site on 8 April 2017 and at Meya River on 15 May 2017. At each sample a 300m strike has been exposed for extraction. On 20 October 2017 Meya reached another milestone when it successfully executed the first blast targeting the first competent kimberlite sample. A total of 144 148 tonnes was mined from the first blast, 5 492 tonnes of kimberlite and 138 656 tonnes of waste (granite).

PROCESSING

The consultant (Consulmet) completed construction of the 50 tonnes per hour DMS Processing Plant, designed specifically to process Meya Mine's kimberlites, in August 2017. The first diamond was recovered on 18 August 2017, during the C4 commissioning phase, from the weathered kimberlite material. The C4 commissioning, with weathered kimberlite only, was completed on 26 September 2017. Despite being highly diluted, the yield from this relatively small sample of weathered material was 2 885 carats.

Until the blast of the 20th of October 2017, the plant feed was only weathered material. Processing of competent kimberlite ore only commenced on 26 October 2017. A total of 9 180 tonnes run-of-mine ore was treated over a 20-day period. This included 39% waste that had to be carried as part of the mining slot development. The total yield from the first 5 492 tonnes of ore (kimberlite) was 3 365 carats at an average stone size of 0.36 carats. This includes the recovery of an exceptional 476.8 carat Type IIA diamond, labelled as the Meya Prosperity Diamond, which was recovered on 9 November 2017, just five days after the final plant sign off. Another significant stone of 27.97 carats of exceptional colour and quality was recovered on 10 November 2017.

MARKETING AND SALES

Meza Mine signed an off-take agreement with Morse Investments, who opted to make use of an independent tender house in Antwerp, to market and sell Meza Mine's diamonds through a closed tender process. The tender process presents a transparent and real time market insight at the time of tender/sale and transactions are strictly cash based. All Meza Mine's diamonds have been exported in accordance with industry best practices and the Kimberley Certification Scheme (KPC) to Antwerp, which offers easy access to the global market.

The first diamond parcel of 2 646 carats recovered from the weathered material sold for USD 394 363 or at an average of USD 149 per carat.

Three more parcels were exported in November 2017, including the 476 carat Meza Prosperity Diamond, a 27.98 carat stone and a 3 058 carat parcel, all recovered from the competent kimberlite extracted from the Meza River sample. The parcel will be sold in December 2017.

FUTURE

Meya Mine's initial results are encouraging, however, management will remain on course to finalise the phase 1 exploration programme in order to formulate a Resource Statement that would be compliant with international mining codes. Meya Mine shall apply for a long term mining licence as soon as the Resource Statement is completed. Notwithstanding this process, proactive steps are taken to ensure a smooth transition from exploration to steady state mining.

NNDC AND MORSE INVESTMENTS (Kunene River diamond operation and diamond polishing factory in Namibia)

A decision was made to temporarily suspend operations at NNDC and Morse Investments until the Mining Licence, ML156, has been secured from the Ministry of Mines and Energy in Namibia.

NNDC received a "Preparedness to Grant" letter for Mining Licence 156 from the Ministry of Mines and Energy on 25 October 2017. The Mining Licence is *inter alia* conditional on approval of an Environmental Clearance Certificate which in turn requires a Scoping Study and an Environmental Management Programme. A project to initiate the environmental work commenced during November 2017. At the time of publishing, other conditions were under negotiations with the Namibian Ministry of Mines. When the mining licence is issued a SENS announcement in this regard will be published, which will perfect the Huso transaction.

DIVIDENDS

The board of directors has decided to defer the declaration of any 2018 interim dividend.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the group for the financial reporting period commencing 1 April 2018.

IFRS 15 requires an entity to recognise revenue in such a manner as to depict the transfer of the goods or services to customers, at an amount representing the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard has a 5-step process which is required to be applied to all contracts with customers. The standard provides guidance for identifying the contract with the customer, identification of the deliverables (performance obligations), determination of the transaction price (including the treatment of variability in the transaction price, and significant financing components), how to allocate the transaction price, and when to recognise revenue.

The group is in the process of assessing their significant revenue streams in line with the new standard. The group is still to make a decision on the transition method to be applied.

IFRS 16 LEASES

The standard is effective for years commencing on or after 1 January 2019. The standard will be adopted by the group for the financial reporting period commencing 1 April 2019.

IFRS 16 requires a lessee to recognise a right of use asset and lease obligations for all leases except for short term leases, or leases of low value assets which may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments, and recognises a right of use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right of use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item.

The group has a number of property rental agreements in place. In accordance with the standard, right of use assets and lease obligations associated with these rentals would be recognised in the statement of financial position, the extent thereof is yet to be determined.

The group is still to make a decision on the transition method to be applied or the application of exceptions related to short term and low value asset leases.

IFRS 9 FINANCIAL INSTRUMENTS

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the group for the financial reporting period commencing 1 April 2018.

IFRS 9 provides guidance on the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39.

The standard establishes three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. Classification of financial assets into these categories is dependent on the entity's business model (which depicts its objectives with respect to the management of financial assets as a whole) and the characteristics of the contractual cash flows of the specific financial asset. There were no significant changes to the classification guidance for financial liabilities.

IFRS 9 introduces a new expected credit loss impairment model that replaces the incurred loss impairment model used in IAS 39.

The group will have to adjust its impairment models to incorporate new principles such as 12 months expected credit loss, lifetime expected credit loss,

forward looking information and time value of money in order to comply with expected credit loss impairments under IFRS 9. The group is still in the process of quantifying the impacts of this change.

The group is still to make a decision on the transition method to be applied.

BASIS OF PREPARATION AND PRESENTATION STATEMENT OF COMPLIANCE

The unaudited interim results have been prepared in accordance with the framework concepts and measurement and recognition criteria of IFRS and comply with IAS34 Interim Financial Reporting and are in accordance with the SAICA Financial Reporting Guides as issued by the Financial Reporting Standards Council, the Namibian Companies Act, No 28 of 2004 (as amended) and the Listings Requirements of the JSE Limited and the NSX.

BASIS OF PREPARATION

The unaudited condensed consolidated financial statements are prepared in thousands of Namibian Dollars (“NAD`000”). The group`s functional and presentation currency is Namibian Dollars. At 30 September 2017, NAD 1 was equal to ZAR 1.

These interim results are unaudited and have not been reviewed by the auditors. The accounting policies applied are in accordance with IFRS and are consistent with those of the previous annual financial statements.

The preparation of the interim results has been supervised by the Group Financial Director, Floors Abrahams, BCom (Acc).

ACKNOWLEDGEMENTS

The board of directors of Trustco acknowledge with gratitude the efforts and commitment from stakeholders and staff.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 Sep 2017	31 Mar 2017	30 Sep 2016
	Notes	Unaudited NAD'000	Audited NAD'000	Unaudited NAD'000
ASSETS				
Cash and cash equivalents		21 029	46 017	36 898
Advances	1	1 820 602	1 818 811	1 195 434
Trade and other receivables	2	923 282	762 225	1 081 951
Current tax assets		7 510	7 534	7 494
Inventories		358 723	339 278	334 389
Property, plant and equipment	3	644 332	609 419	496 734
Investment property		1 042 684	1 010 812	843 894
Intangible assets		573 764	467 579	205 905
Deferred tax assets		113 202	94 718	154 457
Total assets		5 505 128	5 156 390	4 357 156
EQUITY AND LIABILITIES				
Liabilities				
Bank overdraft		14 903	12 640	17 699
Borrowings	4	1 699 455	1 657 445	1 431 951
Trade and other payables		514 942	477 513	143 508
Current tax liabilities		28 018	28 018	10 262
Amounts due to related parties		3 429	2 678	-
Other liabilities		55 198	82 609	22 066
Deferred tax liabilities		301 905	308 687	323 943
Insurance contract liabilities		94 222	94 350	85 376
Total liabilities		2 712 072	2 663 940	2 034 805
Capital and reserves				
Share capital		177 595	177 595	177 595
Share premium		46 300	46 300	46 300
Deemed treasury shares	5	(178 358)	(178 358)	(775)
Other reserves		48 891	47 875	87 917
Equity loan	6	250 000	-	-
Distributable reserves		2 448 621	2 399 031	2 011 314
Reserves for parent company		2 793 049	2 492 443	2 322 351
Non controlling interest	8	7	7	-
Total capital and reserves		2 793 056	2 492 450	2 322 351
Total equity and liabilities		5 505 128	5 156 390	4 357 156

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 Months ended 30 Sep 2017 Unaudited NAD'000	6 Months ended 30 Sep 2016 Unaudited NAD'000	Year ended 31 Mar 2017 Audited NAD'000
Revenue		408 066	560 171	1 246 762
Investment income		41 184	34 436	225 467
Income from operations		449 250	594 607	1 472 229
Insurance benefits and claims		(16 309)	(27 486)	(48 292)
Operating expenses		(284 051)	(339 228)	(668 791)
Finance costs		(121 114)	(78 171)	(173 669)
Profit before taxation	9	27 776	149 722	581 477
Taxation		25 266	16 796	(51 525)
Profit for the period		53 042	166 518	529 952
Other comprehensive income, net of tax		(2 436)	635	(15 124)
Items that will not be subsequently reclassified to profit or loss - Revaluation of property, plant and equipment		-	(2 537)	(23 904)
Items that may be subsequently reclassified to profit or loss - Foreign currency translation adjustment		(2 436)	3 172	8 780
Total comprehensive income for the period		50 606	167 153	514 828
Earnings per share				
Basic earnings per share		7.11	21.57	69.11
Diluted earnings per share		6.55	21.43	68.67

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended 30 Sep 2017 Unaudited NAD'000	6 Months ended 30 Sep 2016 Unaudited NAD'000	Year ended 31 Mar 2017 Audited NAD'000
Cash generated by operations before working capital changes	159 790	275 861	651 326
Changes in working capital	(143 073)	(395 070)	(219 286)
Interest received	1 160	2 834	432
Finance costs	(121 114)	(78 171)	(170 456)
Net advances disbursed	(4 848)	(13 704)	(642 579)
Proceeds from funding liabilities for advances	-	410 179	308 810
Taxation received / (paid)	24	1	(861)
Net cash from operating activities	(108 061)	201 930	(72 614)
Cash flows from investing activities			
Additions to property, plant and equipment	(38 739)	(79 102)	(27 790)
Proceeds from property, plant and equipment	611	27 114	42 729
Additions to investment property	-	-	(212)
Additions to intangible assets	(120 031)	(8 937)	(53 946)
Proceeds from intangible assets	-	-	1 369
Acquisition of subsidiary; net of cash acquired	-	-	(14 146)
Proceeds from investment property	-	36	-
Net cash from investing activities	(158 159)	(60 889)	(51 996)
Cash flows from financing activities			
Proceeds of equity loan	250 000	-	-
Proceeds from borrowings	82 212	21 216	391 972
Repayment of borrowings	(40 202)	(136 161)	(202 636)
Repayment of other liabilities	(53 792)	(19 972)	(52 379)
Dividends paid	-	(33 091)	(33 091)
Proceeds from related party loans	751	-	-
Advances to related parties	-	(35 645)	(27 690)
Purchase of deemed treasury shares	-	(775)	(775)
Net cash from financing activities	238 969	(204 428)	75 401
Net change in cash and cash equivalents	(27 251)	(63 387)	(49 209)
Cash and cash equivalents at the beginning of the period	33 377	82 586	82 586
Cash and cash equivalents at the end of the period	6 126	19 199	33 377

CONDENSED CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

Balance at the beginning of the period	2 492 450	2 189 064	2 189 064
Deemed treasury shares purchased	-	(775)	(178 358)
Dividends for the period	-	(33 091)	(33 091)
Total comprehensive income for the period	50 606	167 153	514 828
Equity loan advanced	250 000	-	-
Minority interest	-	-	7
Balance at the end of the period	2 793 056	2 322 351	2 492 450

CONDENSED SEGMENT ANALYSIS

	Total NAD'000	Insurance NAD'000	Investments NAD'000	Resources NAD'000	Banking & Finance NAD'000
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6 Months 30 September 2017 - unaudited

Revenue	511 664	76 955	292 081	2 700	138 928
External revenue	408 066	70 461	208 552	2 700	126 353
Intersegment revenue	103 598	6 494	83 529	-	13 575
Net profit/(loss) after tax	53 042	23 738	(33 278)	(7 770)	70 352
Taxation	25 266	-	25 266	-	-
Total assets	5 505 128	215 394	2 729 964	620 767	1 939 003
Total liabilities	2 712 072	124 768	1 692 858	319 101	575 345

6 Months 30 September 2016 - unaudited

Revenue	671 317	84 852	487 568	-	98 897
External revenue	560 171	78 496	403 383	-	78 292
Intersegment revenue	111 146	6 356	84 185	-	20 605
Net profit/(loss) after tax	166 518	14 722	128 912	(3 072)	25 956
Taxation	16 796	-	16 796	-	-
Total assets	4 357 156	228 290	2 490 993	187	1 637 686
Total liabilities	2 034 805	102 446	1 087 316	95	844 948

Year ended 31 March 2017 - audited

Revenue	1 446 809	184 344	1 035 789	-	226 676
External revenue	1 246 762	159 686	874 047	-	213 029
Intersegment revenue	200 047	24 658	161 742	-	13 647
Net profit/(loss) after tax	529 952	40 370	440 131	(11 142)	60 593
Taxation	(51 525)	(3 602)	(16 497)	-	(31 426)
Total assets	5 156 390	210 432	2 554 628	482 460	1 908 870
Total liabilities	2 663 940	114 571	1 651 152	292 305	605 912

RECONCILIATION OF HEADLINE EARNINGS PER SHARE

	6 Months ended 30 Sep 2017 Unaudited NAD'000	6 Months ended 30 Sep 2016 Unaudited NAD'000	Year ended 31 Mar 2017 Audited NAD'000
Profit attributable to ordinary shareholders	53 042	166 518	529 952
Adjustments: (Profit)/Loss on disposal of property, plant & equipment	(7)	(172)	12 565
Fair value adjustments on investment properties	(11)	(253)	18 393
Tax effect	-	-	80
	4	81	(5 908)
Headline earnings	53 035	166 346	542 517

EARNINGS PER SHARE

Earnings per share:			
Basic earnings per share	7.11	21.57	69.11
Diluted earnings per share	6.55	21.43	68.67
Headline earnings per share	7.11	21.54	70.75
Diluted headline earnings per share	6.55	21.41	70.30
Dividends per share	-	8.40	5.00

SHARES

Total number of ordinary shares in issue ('000s)	772 142	772 142	772 142
Weighted number of ordinary shares in issue ('000s)	745 806	772 100	766 785
Contingently issuable shares as a result of business acquisition ('000s)	4 922	4 922	4 922
Shares issuable as a result of convertible equity loan ('000s)	58 824	-	-

Weighted number of ordinary shares for diluted earnings per share ('000s)	809 552	777 022	771 707
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NOTES TO THE CONDENSED INTERIM RESULTS

	30 Sep 2017 Unaudited NAD'000	31 Mar 2017 Audited NAD'000	30 Sep 2016 Unaudited NAD'000
1. Advances			
Gross loans advanced	1 860 924	1 859 635	1 233 760
Provision for bad debts	(40 322)	(40 824)	(38 326)
Net advances	1 820 602	1 818 811	1 195 434
Short-term portion	212 085	561 980	399 950
Long-term portion	1 608 517	1 256 831	795 484
2. Trade and other receivables			
VAT receivables	40 695	44 517	55 501
Property and other receivables	882 587	717 708	1 026 450
	923 282	762 225	1 081 951
3. Property, plant and equipment			
Property acquired	65 120	275 041	79 102
Disposals	(600)	(61 122)	(27 114)
4. Borrowings			
Term loans	1 206 863	1 186 020	814 249
Bonds issued	157 499	159 057	285 000
Mortgages and other borrowings	335 093	312 368	332 702
	1 699 455	1 657 445	1 431 951

5. Deemed treasury shares

The carrying value of treasury shares as at 30 September 2017 is NAD 178 m (2016: NAD 0.78 m). The group purchased nil treasury shares (2016: 0.25m shares) during the period.

6. Equity loan

The company (Trustco Group Holdings Ltd) entered into a convertible loan agreement with Riskowitz Value Fund LP ("the Fund") dated 6 July 2017. In terms of the agreement, the Fund lend the company NAD250 000 000 (two hundred and fifty million). The majority shareholder signed an irrevocable undertaking to vote in favour of the transaction.

As further set out in note 11.1, the equity loan has been converted into ordinary Trustco shares at a conversion price of NAD4.25. This agreement does not constitute a change in control.

The company obtained shareholder's approval for this transaction on 26 October 2017.

	30 Sep 2017 Unaudited NAD'000	31 Mar 2017 Audited NAD'000	30 Sep 2016 Unaudited NAD'000
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7. Fair value hierarchy

Level 2

Land and buildings	-	-	128 396
Aircraft	-	-	286 940
Investment property	-	-	843 894

Level 3

Financial assets

Advances	1 820 602	1 818 811	1 195 434
Trade and other receivables	882 587	717 705	1 081 951
Cash and cash equivalents	21 029	46 017	36 898

Financial liabilities

Insurance contract liabilities	(94 222)	(94 350)	(85 376)
Trade and other payables	(506 614)	(472 599)	(138 819)
Other liabilities	(55 198)	(82 609)	(22 066)
Borrowings	(1 699 455)	(1 657 455)	(1 431 951)
Bank overdraft	(14 903)	(12 640)	(17 699)
Related party balances	(3 429)	(2 678)	-

Non-financial assets

Investment property	1 042 684	1 010 812	-
Land and buildings	133 510	133 981	-
Aircraft	214 342	217 707	-

Advances, trade and other receivables, trade and other payables and borrowings are carried at amortised cost using the effective interest method. The group applies market related discount rates where appropriate and hence all carrying values approximate fair values.

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

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

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

Land and buildings, aircraft and investment property which are fair valued or revalued are valued either by independent experts or by reference to quoted similar assets. The techniques and inputs used have not changed since the period end. Technical provisions and policyholder liabilities under insurance contracts remain calculated on a forecast modelling and/or pre-identified factor. Such factors have not been adjusted since financial year end.

8. Non-controlling interest

On 11 November 2016 the group acquired 51% of the voting equity interest of Meya Mining Ltd (Meya Mine) which resulted in the group obtaining control over Meya Mine. Meya Mine is incorporated in Mauritius and is the holder of Exploration Licence No. EL 07/2015 granted under the Provisions of the Mines and Minerals Act 2009, of the Republic of Sierra Leone.

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, it is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

	30 Sep 2017 Unaudited NAD'000	30 Sep 2016 Unaudited NAD'000	31 Mar 2017 Audited NAD'000
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9. Profit before taxation

This is arrived at after taking the following into account:

Profit on forex differences	1 608	3 536	25 179
Salaries and directors remuneration	(67 601)	(77 216)	(151 130)
Amortisation and depreciation	(32 700)	(27 733)	(54 492)
Non-performing loan charge	(3 057)	(2 333)	(7 831)

10. Transactions with related parties

Next Investments (Pty) Ltd

Management fees paid	-	(546)	(14 407)
Guarantee fee paid	(11 718)	(10 884)	(21 694)
Charter income received	1 182	1 267	1 367

Northern Namibia Development Company (Pty) Ltd

Charter income received	127	1 117	738
Rental received	2 700	1 548	1 239
Advertising income received	-	-	24

Portsmut Hunting Safaris (Pty) Ltd

Charter income received	191	-	467
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Morse Investments (Pty) Ltd

Advertising income received	-	-	5
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11. Post balance sheet events

11.1 Issue of shares

The Company (Trustco Group Holdings) shareholders approved the specific issue of shares for cash to Riskowitz Value Fund (the Fund) on 26 October 2017. The transaction related to the issuance of 58 823 529 Trustco Shares to the fund, by way of the conversion of an amount of NAD 250 000 000 at a conversion price of NAD 4.25 per share. At the time of signature of the agreements the transaction was closed at a 3.16% premium to the 30 day VWAP. Of the total 58 823 529 Trustco shares, 55 000 000 Trustco shares have already been issued. The balance will be issued in due course. The issue of shares does not constitute a change in control.

11.2 Sale of shares subsidiary

On 24 November 2017 the Company entered into an agreement with the Fund in terms whereof the Company sells of 20% of its interest in Legal Shield Holdings (Pty) Ltd (Legal Shield Holdings) for a purchase price of NAD 1.2 Billion (One Billion Two Hundred Million Namibia Dollars). Legal Shield Holdings is the holding company of the Namibian insurance segment and a portion of the investments segment (including the property division, air services division and the media segment). The SENS announcement providing more information on the transaction was published on 24 November 2017. The first NAD 600 000 000 (Six Hundred Million Namibia Dollars) has already been received by the group as a deposit for the payment of the purchase price. An irrevocable undertaking to vote in favour of the transaction was received from the majority shareholder of Trustco. The transaction does not constitute a change in control in Trustco or Legal Shield Holdings.

11.3 Rotation of Auditors

The Audit and Risk Committee together with the Board were considering implementing a formal rotation policy for the independent auditors of the group at the time of publishing. BDO has been appointed as the independent auditors of the group for more than 10 years.

12. Changes to the board

Ms Marizanne van Niekerk resigned as the financial director with effect from, 5 April 2017. Mr Floors Abrahams was appointed as the group financial director from 5 April 2017.

DIRECTORATE AND ADMINISTRATION

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

Bank Windhoek Ltd

First National Bank of Namibia Ltd

Standard Bank Namibia Ltd

NSX Sponsor

Simonis Storm Securities Proprietary Ltd

(Registration number 96/421)

4 Koch Street, Klein Windhoek, Namibia

PO Box 3970 Windhoek, Namibia

Transfer Secretaries Namibia

Transfer Secretaries (Pty) Ltd

(Reg no: 93/713)

4 Robert Mugabe Avenue, Burg Street, Windhoek, Namibia

PO Box 2401 Windhoek, Namibia

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 four business segments being:

- Investments (properties, air services and strategic media);
- Banking and finance;
- Resources (mining); and
- Insurance (long and short term).

Registered office: Namibia

Trustco House

2 Keller Street

P.O Box 11363

Windhoek

www.tgh.na

Registered office: South Africa

Tuscany Office Park

First Floor, Block 9

6 Coombe Place

Rivonia 2128

www.yambu.co.za

Auditors: South Africa

BDO South Africa Incorporated

22 Wellington Road

Parktown

Johannesburg 2193

South Africa

Bankers: South Africa

ABSA

First National Bank South Africa Ltd

Standard Bank South Africa Ltd

JSE Sponsor

Sasfin Capital, a division of Sasfin Bank Ltd

(Registration Number 1951/002280/06)

29 Scott Street, Waverly, 2090

PO Box 9510, Grant Park, 2051

Transfer Secretaries South Africa

Computershare Investor Services (Pty) Ltd

(Reg no: 2004/003647/07)



Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

PO Box 61051, Marshalltown, 2107

THE COMPLETE INTEGRATED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS ARE AVAILABLE ON THE GROUP'S WEBSITE AT



www.tgh.na

  @trustco_group